

NDPO Board Members

Mike Eby

Chairman of the Board
Dairy Producer - Pennsylvania
(717)799-0057
meby@wdac.com

Paul Rozwadowski

Vice Chairman
Dairy Producer - Wisconsin
(715)644-5079
prozawadowski@centurytel.net

Gary Genske

Treasurer
Dairy Producer - California
(949)650-9580
garyg@genskemulder.com

Pete DeHaan

Dairy Producer - Oregon
(503)437-6628
rcowsgetrdone@hotmail.com

Bob Krucker

Dairy Producer - Idaho
(208)324-7904
rekkmk@bridgemail.com

John J. King

Dairy Producer - Pennsylvania
(717)284-5756



"We pledge to thoroughly and immediately review and study each of the issues that impact the price of milk paid to producers in order to determine and facilitate needed changes that may be required to reach our stated purpose of producer profitability, for now and in the future."

NATIONAL DAIRY PRODUCERS ORGANIZATION, INC.

Producer's Voice

March 2015

www.nationaldairyproducerorganization.com

Bob Krucker heard on Dairy Line January 26, 2015

Dairy Line:

"We should be culling dairy cows' not dairy farmers." That's the message from Bob Krucker, a dairy producer who milks over 1,300 cows in Jerome, Idaho. Bob is also a Board Member of the National Dairy Producers Organization and joins us now on Bob, why did you decide to join the NDPO?

Dairy Line:

Bob Krucker:

Well, it became clear to me that the dairy farmer, the person that's actually milking cows and making the milk, needed someone to represent their interest and to benefit them. There are several dairy industry organizations, coops that attempt to benefit the dairy farmer but they haven't succeeded too well. The coops and the processors all have their interest in terms of profitability. The retailers have their interest of course. So, it appeared like while the processor leg of the dairy stool and the retailer leg of the dairy stool were being effectively represented. The third leg of the stool, the dairy farmer actually wasn't being listened to and didn't really have a designated organization to represent it. Since we've gone from about 600,000 dairy farmers down to around say 45,000 dairy farmers, our numbers are in continual decline. Maybe they ought to be room for and time for a national dairy farmer organization to see if the remaining dairy farmers can survive and be profitable.

Dairy Line:

Bob Krucker:

So, what needs to be done?

I think we're at a time where we need a little dairy farmer free market cooperation instead of competition. And I'd like to start with the big picture and kind of work my way down to the dairy farmer. This country needs to preserve its ability to feed itself and not rely on imported food. To do this, we need to preserve our national milk producing infrastructure. To do this, we need to preserve as many of our remaining dairy farmers as possible. And to do this, our remaining dairy farmers need to sell their milk from more than what it cost to make and be profitable. And to do this, the dairy farmer needs to balance the supply of milk with profitable demand. So, our first message is dairy farmer profitability needs to be first obtained through balancing the supply of milk with profitable demand. And secondly, doing all we can to increase the profitable demand for US made milk. And the reason we continue to decline in numbers, the short answer is the lack of sustainable profitability. Without profitability, the milk stops when the dairy farmer runs out of money. So, in our opinion the US dairy farmer needs to recognize that he cannot buy or pay his way to profitability. He needs to change his mind set and goal from more milk to profitable milk. And to achieve profitability requires balancing the milk supply with profitable demand.

Dairy Line:

So specifically, how does a dairy producer balance this supply of milk with profitable demand?

Bob Krucker:

Every dairy farmer has a bottom 20% to his dairy herd. If this bottom 20% would be culled heavily, not only will the milk supply be brought into balance with profitable demand but the quality of the milk will be greatly improved. NDPO says let's balance the milk supply with profitable demand by culling dairy cow's not dairy farmers. The second thing dairy farmers can do is to effectively increase profitable demand for US made milk by promoting NDPO's 100% USA milk trademark.

Dairy Line:

So, you would encourage your fellow dairy producers to take a look at the National Dairy Producers Organization and perhaps become a member.

Bob Krucker:

That's right. That's our purpose. It is to collect as many members as we can who understand that we do have to comply with basic economic principles here. Otherwise, the loss in number is going to continue. And it might be true; maybe we're going to end up with only 5,000 dairy farmers in this country. Maybe we're going to only end up with 50,000 cow corporate dairy enterprises in this country. But NDPO does not think that is the right way to go.

Dairy Line:

Thanks for the time today, Bob. That's Idaho dairy producer and NDPO board member Bob Krucker.

Tuesday National Calls
8 PM East – 5 PM West
Live Calls:
(712)775-7035
Recorded Calls:
(712)775-7039
Pin: 330090#

the “Small Family Farm”

Paul Rozwadowski as heard on Dairy Line February 23, 2015

- Dairy Line:** Paul Rozwadowski is a dairy producer from Stanley, Wisconsin and joined us now on Dairy Line. Paul thanks for being with us. Give us a little background about your operation.
- Paul:** Okay, well this is by today's standard I guess called a small family farm. We have 60 cows, all Holsteins and then another about 60 head of young stock. We farm 375 acres. Most of it to feed the livestock but some of it we do get to sell some corn most years. I'm 60 years old, so let's see, I've been at this since 1977. I basically made a plan when I first started farming because everybody told me that I wouldn't be able to do it. But I made a plan and I stuck with it. We've made it without any off-farm employment. We've made it and paid the mortgage and did fairly well.
- Dairy Line:** You fought through these cycles of the good times and bad.
- Paul:** We just stuck with it hoping that the down cycles would be shorter than the long cycle but these cycles have been getting worst in the last 15 years or so. Planned through these cycles because you'd never know how high the high cycles are going to be. You don't know how low and for how long the low cycles are going to be. The price of milk is down now roughly 32% to 35% of what the average for the entire year last year. That's a pretty big cut right off the bat. Anybody who's got a crystal ball or try to guess what's going to happen for the last three quarters of this year, it's difficult to see.
- Dairy Line:** Of course that's the big factor why you felt the need to form an organization like the National Dairy Producers Organization. Can you share with us why you decided to jump in and help form this organization?
- Paul:** I've worked with other organizations and most of them were real fine organizations. But there's never been an organization that truly represents the grassroots farmer like The National Dairy Producers Organization. The board works real hard to figure out what has to be done to give the dairy farmers some control in the prices we get for our raw milk. I've been in organizations that have done nothing but lobby the federal government to try to get price plan. I probably worked at that for 20 years and we just didn't accomplish a whole lot. We're not where we ever wanted to be. You've got to be diversified. You have to look at all the outlets available that can be used to try to give us some control over the price we get for raw milk.
- Dairy Line:** One of the main platforms of NDPO is profitability and sustainability? Can you explain?
- Paul:** Well, what we believe is the dairy farmers themselves have to control what they get paid for their milk in some way. The only way we can do that ourselves is to watch how much milk and dairy products we put on the market. We're basically concentrating on the market in the United States. It's a growing market. We believe that we can reasonably manage the amount of milk we produce with the amount of what they call commercial disappearance of dairy products in this country. We believe that if we want to stabilize our price and even enhance our price that one has to match the other in order to keep a good price sustainable.
- Dairy Line:** And trying to get all 40,000 plus dairy producers on board to agree with that, that's probably the biggest challenge, I would think.
- Paul:** Yes, it is right now and would be for any new organization starting up. You got to get the people involved to join you. They have to listen to your philosophy and they have to join you. We have to get as many dairy farmers as possible to join NDPO and that will give you a voice and give you power in what you say and what you do. What I find has happened throughout the history of dairy farming in this country and is continuing to happen is that dairy farmers are very smart, good business people and hard workers. They've done a very good, efficient job of setting up their farms the way they want to run it. They use modern technology and they've become very, very efficient. They've done everything that they need to do to run this business in a good way except for the marketing of their product. We're trying to change that with NDPO and get the dairy farmer involved with the way milk in dairy products are marketed. What we want to do is get as many dairy farmers to join as possible and then when we have enough we will start cutting back on milk production. Like now when there's too much on the market and that's lowering our price too much and just try to curtail the amount of milk that's going in to dairy product. One of our philosophies is to get the members involved and let them be involved. Let them have access to hear what we're planning and give their input. We have Tuesday night call every single week where the public is invited to join in. Anybody can join in on that call and do the same thing. Give their input and listen to what's going on and we talk about some pretty fascinating subjects each week.
- Dairy Line:** Obviously the goal is to have every dairy producer sign up and be a member but for a dairy producer out there listening right now that's not a member?
- Paul:** I would say now is a very good time to get involved. I would suggest is that they tune in on this Tuesday night calls and get a feel for what's going on and what we're trying to accomplish. Then they can decide if this is right for them or not. I think once they listened to us and the other members they'll agree that this is the right direction to go.
- Dairy Line:** Paul Rozwadowski is a Wisconsin Dairy Producer and NDPO's vice chair. For more information, go to NationalDairyProducersOrganization.com.



Mike Eby
January 29, 2015
United States District Court for the District of Vermont
Re: Allen v. Dairy Farmers of America, Inc. No. 5:09-CV-230-CR
NE Dairy Settlement Communication



Dear United States District Court for the District of Vermont,

I am a 7th-generation Lancaster County, Pennsylvania dairy farmer and member of Land-O'Lakes cooperative, marketing Grade milk in Federal Order 1 throughout the entirety of the time period covered by the proposed NE Dairy Settlement. I hold in my hand a 2003 milk check, with a mailbox price of \$10.80 to show the effect this DFA/DMS behavior has caused. In the interest of the ability of future generations to continue my family's dairy farming tradition, I strongly object to the proposed settlement in this case. Your Honor, My 14 year old son, 8th generation heir to the family farm, is in attendance today to witness your decision.

My objection is based on the following reasons. First, the amount of the proposed settlement is \$50 million, or approximately 16 cents per hundredweight. This insignificant amount falls way short of the actual alleged damages caused by DFA/DMS's anticompetitive behavior. The damage amounts calculated by Drs. Kalt and Rausser range from 41 cents to 69 cents per hundredweight. By nature of the scrutiny expected, these calculations are themselves very conservative, and could be considered a "settlement." The same defendants in the recent Southeast Dairy case paid their members roughly \$300 million as compensation for the same anticompetitive behavior. Second, and more important than the dollar amount, is the

accountability for or exoneration from the behavior alleged in the suit that will only occur if the case goes to trial. As dairy farmers, we need to have confidence that our farmer-owned cooperatives truly act in our best interests. The information that would come out in a trial, or be buried in a settlement, is vital to this confidence. It should not be an option for the defendants to pay a relatively small settlement fee for the privilege of continuing business as usual.

Mike Eby
NDPO Board Chairman



National Dairy Producers Organization
1835 Newport Blvd., STE. D-263
Costa Mesa, CA 92627