



NMPF
NATIONAL MILK
PRODUCERS FEDERATION

LEGACY OF LEADERSHIP



100 Years

of the National Milk
Producers Federation

CREDITS

This history was written with help from Art Jaeger of Art Jaeger Editorial Services. The text draws heavily from a similar book published to coincide with the 75th anniversary of the National Milk Producers Federation in 1991. Other primary sources were annual reports, secretary's reports and president's reports going back to the 1950s, and various other documents in the Federation's possession.

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The Federation appreciates the help and cooperation of these organizations and many other individuals, both within and outside the Federation, in the production of this history.

While considerable care has been taken to ensure the reliability of the information in this book, misstatements are inevitable. The Federation makes no guarantee of the accuracy of the content of this history and regrets any errors.

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INTRODUCTION

Cooperatives have thrived in the past century because they embody two formidable philosophies: the democratic power of each member's voice within the organization, and the political and economic power of those voices working in unison.

Likewise, when cooperatives collaborate, they can achieve remarkable outcomes. The need in 1916 to create a unified voice for America's dairy cooperatives is the driving force behind the National Milk Producers Federation's continuing role a century later.

While technologies and trends have evolved through the decades, the role of NMPF remains the same. The primary objective of Federation policies is to improve the economic environment for dairy producers and the cooperatives they own. Achieving this objective assures consumers of adequate domestic supplies of wholesome dairy products at affordable prices. The organization thus serves not only its members, but also contributes to the public health and to society at large.

Through all the change, NMPF remains a grassroots-focused organization. From input provided by its elected board of directors and various committees, delegates selected by member cooperatives establish policy positions on issues that affect dairy producers and their cooperatives. Policies are reviewed annually and modified as needed to reflect changing conditions and shifts in member priorities. These policies serve to unify dairy producers behind common policy goals, and to coordinate efforts to achieve those goals by involving the entire membership.

This report demonstrates that dairy cooperatives and their membership organization are as important today as ever. We are privileged to be stewards of this venerable association as it starts a new century, and are confident that by working together, we can overcome the challenges and capitalize on the opportunities of the next 100 years.



RANDY MOONEY, CHAIRMAN

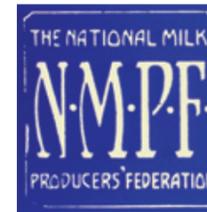


JIM MULHERN, PRESIDENT AND CEO



National Milk Producers Federation

NMPF LOGO EVOLUTION



1920s–1930s



1940s–1950s



1960s–1970s



1974–2015



Current

THE FEDERATION'S LEADERSHIP

In the Federation's 100-year history, 14 men have served as president and six as its chief executive. The longest-serving president was James P. "Tom" Camerlo, who served from 1985–2003. W.P. Davis of New England served the shortest term, less than a year in 1953. The title of president was changed to chairman in 2001.

The longest-serving chief executive was Charles W. Holman, who served from 1921–1954. Before Holman, the organization had one full-time staff member who headed the Washington office. The chief executive's title was secretary until 1982, when it was changed to chief executive officer. In 2001, president was added to the CEO's title.

PRESIDENTS/CHAIRMEN

Milo D. Campbell	1916–1923
John D. Miller	1923–1928
Harry Hartke	1928–1933
N. P. Hull	1933–1941
John Brandt	1941–1953
W. P. Davis	1953
Russell S. Waltz	1953–1960
Glenn Lake	1960–1976
William Q. Powell	1976–1978
Louis E. Larson	1978–1980
Norman H. Barker	1980–1985
James P. "Tom" Camerlo, Jr.	1985–2003
Charles Beckendorf	2003–2008
Randy Mooney	2008–Present

SECRETARIES/CHIEF EXECUTIVES

Charles W. Holman	1921–1954
E. M. (Mike) Norton	1954–1968
Patrick B. Healy	1969–1985
James C. Barr	1985–1997
Jerome J. Kozak	1997–2013
James Mulhern	2013–Present



BUILDING A COOPERATIVE MADE UP OF COOPERATIVES

National Milk Producers Federation



BUILDING A COOPERATIVE MADE UP OF COOPERATIVES

Both farmer-owned cooperatives and national trade associations were established in the 19th century. By the time the National Milk Producers Federation was launched in 1916, associations of dairy farmers had been active in the United States for at least 75 years. Lore has it that the country's first dairy cooperative was formed in Connecticut in 1810. By the 1860s, numerous cooperative milk processing plants were operating across the country. Retail milk distribution cooperatives were also common and, with the dawn of the 20th century, wholesale milk distribution cooperatives became popular. By 1909, there were more than 2,700 dairy cooperatives in the United States. At about that time, the first collective bargaining associations for milk producers were established.

Multiple forces led to the formation of the National Milk Producers Federation a century ago, but it should hardly be surprising that a major factor was a crisis in milk prices. By 1916, retail milk prices in cities including New York, Chicago and Boston had hovered between 7–9 cents per quart for several years. Any attempt to raise prices was met with public outcry. The cost to produce milk often exceeded what the farmer was paid, and increases in distribution costs were routinely taken out of the farmer's share. Urban milk dealers — called the milk trust — colluded to keep farm milk prices low. They simply refused to bargain with the fledgling dairy associations.

The bargaining cooperatives responded by withholding milk. Some of these milk strikes succeeded in raising prices, while others didn't. But they all gave voice to the sentiment that farmers deserved a fair price for their milk and some say in what they were paid. They also highlighted a related problem: Most dairy farmers worked in isolation and were unaware of the prices paid to their counterparts in other areas. The solution? A national organization to serve as a clearinghouse for price information and represent the interests of dairy farmers before government.

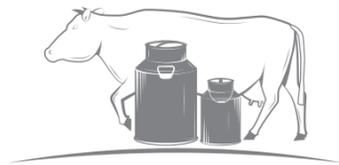
Amid turmoil, in December 1916, approximately 700 dairy leaders from around the country gathered in Chicago as part of a national farm financing conference. The conference's organizer — a young, former farm journalist named Charles W. Holman — was intrigued by the idea of a national dairy farmer organization. By the time the conference adjourned, a constitution and bylaws for the National Milk Producers Federation had been drawn up and the group's first officers named. Early the next year, on February 16, 1917, the organization was formally incorporated under the laws of Illinois as an education and service institution. It had eight initial members.



Trucks and autos made dairy marketing far easier after World War I

Source: Darigold

By 1909, there were more than



2,700
DAIRY COOPERATIVES
in the United States.

Workers and board members gather at the Minnesota Cooperative Creameries Association, 1922

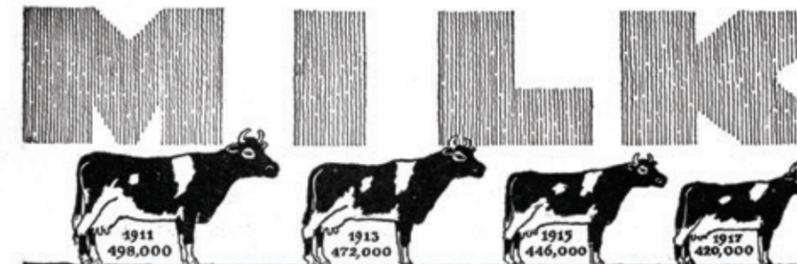
Source: Land O'Lakes



The fledgling Federation bore little resemblance to today's organization. For starters, in addition to farmers, its board included extension workers, college professors, a state dairy commissioner and several lawyers. Even the Federation's first president, Milo D. Campbell, was more a businessman and politician than a dairy farmer. A few years later, with a push from the Federation, Campbell became the first farmer appointed to the Federal Reserve Board. Ironically, he served only eight days before he died.

The early Federation had approximately a dozen cooperative members, no formal financial base and no full-time staff. The organization was concerned exclusively with the problems associated with beverage milk marketing, and had no members representing creameries or cheese factories. Nor was there any specific reference to legislation or lobbying in the organization's bylaws. The organization's objectives were:

- Improving the conditions under which milk is produced
- Improving marketing methods
- Standardizing products
- Actions regarding quality, production costs and milk distribution that promote the interests of both producers and consumers



Is New York's Dairy Herd Doomed?

IT is vital to you people in New York whether the vast herd of 420,000 cows which produce your milk is increasing or decreasing. The herd has decreased at the rate of 13,000 a year for ten years, because the average dairy farmer has made practically no money. With population increasing and milk production decreasing, the time will soon come when a serious milk shortage and high prices will stare you in the face. The October rise in the price of milk has not begun to cover the 35% increased cost of labor, cows and feed.

We Sell Our Milk at About 4 1/2 Cents a Quart

Figure what it costs us for investment charges for pasture lands, barns, stables and live stock, and then bear in mind that we have to buy a large part of the feed for our cows and within one year this has increased 28.5% in cost. Farm labor has increased from 30 to 50%.

Little wonder that there are less dairy farmers and less cows in New York State.

But You Should Have More Milk

Every family should, on the average, drink twice as much milk as it now does. Few other foods are so cheap, so easily digested or so nutritious. Milk is Nature's balanced ration. You take it as Nature offers it to you.

It is a known fact that the more cows there are on a farm, the lower is the cost of milk production. If you wish moderate-priced milk, you must use more of it and so protect the dairy herd.

We dairymen are partly to blame for the milk situation. We have never explained to you until recently why we have never had a living profit for producing your milk, and why you ought to double your milk order in justice to your family's health and your pocket book. No one objects to paying the proper price for anything when he understands its worth to him.

Will you buy milk at 12c a quart or the same amount of nourishment at these prices:			
8 eggs at	40c	2 lbs. of chicken at	50c
1 lb. of fresh cod fish at	35c	3/4 of a lb. of round steak at	18c
3/5 of a lb. of ham at	21c	4/5 of a lb. of pork chops at	18c

For Health's Sake Drink More Milk.
For Economy's Sake Double Your Milk Order Today.

DAIRYMEN'S LEAGUE
New York City Headquarters 110 West 40th Street

Cans were the preferred means of transporting milk for decades
Source: Dairylea Cooperative Inc.



The need for better milk prices was the rallying cry for the formation of NMPF
Source: Dairylea Cooperative Inc.

BUILDING A COOPERATIVE MADE UP OF COOPERATIVES

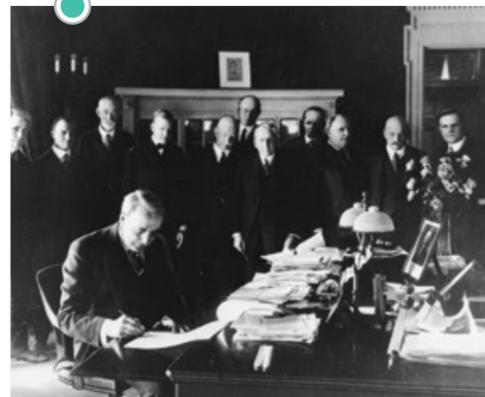
The Federation's initial years were spent getting organized, serving as a clearinghouse for price information and representing dairy farmers before various federal control boards set up during World War I. The goals were straightforward: fair milk prices and workable regulations.

In 1917, the Federation joined the National Grange, the National Farmers Union and other farm organizations in calling for better protections for cooperatives in the Clayton Antitrust Act. The following year, with its membership growing, the Federation began work on what would become the Capper-Volstead Act. The legislation was a reaction to legal challenges against the increasingly strong bargaining cooperatives. Farmers found they could not market milk cooperatively without being in violation of antitrust laws. Dairy associations were prosecuted for conspiring to restrain trade. In one famous case, the directors of the Ohio Farmers' Cooperative Milk Association were arrested and jailed, albeit only briefly.

The Federation and farm groups wanted a clear exemption from antitrust laws to allow cooperatives to sell their members' products collectively. An initial version of what would become the Capper-Volstead Act was written in 1919, mostly by John D. Miller, general counsel of the New York Dairymen's League, a Federation member. Often called the Father of the Capper-Volstead Act, Miller would go on to succeed Milo Campbell as Federation president in 1923 and hold that post for five years.

When the initial antitrust exemption bill went nowhere, it was changed slightly and reintroduced in 1921. The new bill sailed through the House of Representatives, but was bogged down in the Senate until it was endorsed by President Warren Harding. Within a month, it passed the upper chamber and was signed into law on February 18, 1922. It was among the first legislative victories for the Federation, which would go on to be the primary Washington lobbying organization for dairy farmers for the next 100 years.

President Harding signs the Capper-Volstead Act, 1922
Source: U.S. Department of Agriculture



60 Million Dollars to be Saved in Wages
by the American Dairy Farmer in the first year of our Great War.

YOU who have been watching the steadily mounting cost of milk production, know how very significant is the statement of U. S. Senator McComber that this war will require five million Americans for the trenches. Many of these will come from dairying districts.

than two years' time, the Canadian sales of Empire Milking Machines have trebled. The Empire records of labor and time saving, of economy of upkeep and long life, are important factors, but it is the natural way of milking that accounts for Empire prestige throughout Canada as the United States.

NMPF helped farmers deal with government economic policies during World War I
Source: Dairylea Cooperative Inc.



Meanwhile, the Federation was also busy becoming established as a functioning organization. In 1920, it instituted annual dues, opened a Washington office and set up a price-information service. By 1921, it had 20 cooperative members and collected more than \$10,000 in dues. That same year, Charles Holman was hired as the Federation's chief executive, or secretary. Holman would go on to serve as the influential chief lobbyist for the Federation for 34 years.

At the 1922 annual meeting, the Federation voted to include cooperatives representing manufacturing plants in its membership. The first such member, Iowa Co-operative Creameries Association, joined in early 1923, followed the next year by Minnesota-based Land O'Lakes.

In addition to his Federation position, Holman was involved in several other organizations, including the National Board of Farm Organizations. So when the NBFO in 1920 purchased a historic Washington property at 1731 I St., NW, the Federation became a tenant. When the building — its lofty title was the Temple of Agriculture — was in danger of failing financially, the Federation helped out with a loan and eventually took title to the structure. The ground floor served as the Federation's headquarters for the next four decades.

In 1923, the Federation board voted to add the word "cooperative" to its name, making the organization the National Cooperative Milk Producers Federation. That name remained until 1949, when the board voted to drop "cooperative" from its title. By 1924, the Federation had 28 member cooperatives, representing individual dairy farmers from coast to coast. The 10th annual meeting, held in Cleveland in 1926, included reports from 16 districts. Two years later, Secretary Holman called for the formation of yet another organization, a "national unity" of cooperatives. That led to the formation of the National Council of Farmer Cooperatives in 1929.

A building at 1731 I St. in Washington, DC, was the Federation's headquarters from 1920–1960



Land O'Lakes was an early member of NMPF, 1920s
Source: Land O'Lakes



The Federation Worked on Some Curious Issues over 100 Years

In its 100-year history, the Federation has worked on thousands of issues. The overwhelming majority were serious undertakings, but a few seem odd or even comical in retrospect. In the 1940s, for example, the Federation supported independence for the Philippines because as a U.S. territory, the islands were permitted to send coconut oil to the United States duty free. Why the Federation support? Because coconut oil was used in oleomargarine and, if the Philippines were independent, a duty would make it more expensive to produce a product the Federation vigorously opposed. In the early 1960s, amid public hysteria over atomic testing, the Federation distributed hundreds of thousands of brochures titled *How Milk Protects You from Fallout*. At other points, the Federation fought with the post office over the delivery of farmers' milk checks and with the United Mine Workers over a union attempt to organize dairy farmers. The following are some of the other unique issues the Federation worked on during its history:

- With other farm groups, the Federation initially opposed extending Social Security to farmers and farm laborers. As late as the 1950s, the Federation still favored making the program optional for farmers.
- The Federation opposed daylight savings until it was mandated by Congress during World War II.
- Starting in the 1930s, the Federation fought hard to keep agriculture from coming under the Fair Labor Standards Act. In 1966, however, Congress extended modified overtime and minimum wage provisions to farms.
- Recognizing the benefits of the interstate highway system for moving dairy products, the Federation supported its development. But it fought, largely unsuccessfully, a series of proposals in the 1960s and 1970s to regulate agricultural hauling under the Interstate Commerce Act.
- Starting in 1972, the Federation vigorously opposed a federal consumer protection agency. Opposition probably delayed creation of the agency, but it did not stop it.



1940 By 1940, the Federation was collecting more than \$40,000 in dues annually from 60 member associations, divided between beverage milk producers and those selling milk to manufacturing cooperatives. Together, these members represented 250,000 dairy farmers, who produced approximately 16 percent of all milk sold commercially in the country. In his 1940 annual report, Secretary Holman paid special tribute to the Federation's headquarters staff. "Often, they work from nine in the morning to past midnight," he said. "Frequently, without request, I have found them back on the job on Sundays. The staff, while small, is well balanced and forms the most competent team that we have had in the history of the organization."

World War II brought the Federation an important new service for members making manufactured dairy products such as butter and cheese. These members needed help applying for approval from Washington to purchase equipment like boilers and coolers. Metal was in demand and the first priority, of course, was the military. Food processing was important, but no more so than many other industries. So, starting in 1941, the Federation's priority service helped steer the plants' applications through the bureaucracy. At one point, the organization was simultaneously involved in more than 150 of these applications, valued at approximately \$3.5 million. This work required one full-time staff member and part-time help from another. To those who questioned whether this work was appropriate for the Federation, Secretary Holman said the alternative was to allow members to be "scalped" by competing interests.

1941 By the mid-1940s, the Federation had 68 members and offered a full range of member services in addition to its lobbying work. Along with its monthly Price Report, which was already 22 years old, the Federation began issuing the weekly *News for Dairy Co-ops* in 1942. That newsletter remains a primary communications tool today, but is issued electronically and only once a month. The 1944 annual report described a typical day at Federation headquarters:

1944 Each morning, the Congressional Record is studied carefully both as to debates and introduction of bills. Important statements are noted and copies are ordered of all bills having a direct or indirect bearing on dairy farmers' interests. These are studied, catalogued and their progress recorded by a card index system which includes data on amendments, conference reports, preliminary and final action, and the position of every Senator and Representative...The Federation's legislative activities include attendance and appearances at all important Congressional committee hearings involving bills either favorable or unfavorable to milk producers and agriculture. Testimony frequently is prepared — either for presentation by Federation representatives or by other interested parties — and the preparation of this material often calls for extensive research by our economist and legal counsel. Our staff is also frequently called upon to draft or to assist in drafting bills — a task in which the Federation has won recognition for its technical expertise.

1950 The Federation's membership grew rapidly in the 1950s, peaking at 133 cooperatives in 1958. That prompted President Russell Waltz to proclaim the Federation "a formidable institution...and a voice for 500,000 dairy farmers, the core of the industry." Even as Waltz spoke, however, the effect of cooperative mergers was being felt. The 1960 annual report would note that 57 cooperatives had been added to the membership since 1953, but that "consolidations, mergers and other circumstances have reduced the net gain...by 26."



Supermarket dairy cases have evolved in the past 75 years, but they still offer many of the same items as they did in the 1940s
Source: Darigold



Bottling machines made milk easier to process and distribute, 1920s
Source: Dairylea Cooperative Inc.



The Federation's membership grew rapidly in the 1950s, peaking at **133 COOPERATIVES** in 1958.

BUILDING A COOPERATIVE MADE UP OF COOPERATIVES

The 1950s also saw the Federation launch its Young Cooperators program, to build leadership in younger dairy farmers, and its annual booklet of dairy industry statistics, now called Dairy Data Highlights. Both services are still offered today by NMPF. In 1954, E.M. (Mike) Norton succeeded Charles Holman as Federation secretary after Holman's 34 years of service. A former Agriculture Department employee, Norton would lead the organization for 14 years.

In another major transition late in the decade, the Federation sold its downtown Washington headquarters for approximately \$500,000. It used the proceeds to build an office building at 30 F St., NW, a few blocks from the U.S. Capitol, where it moved on July 5, 1960. Secretary Norton reported that the new structure was not only "modern" and "air conditioned," but that "everyone who visits...appears to have a fresh feeling of warmth toward the organization."

In 1960, Glenn Lake, of Michigan, began a 16-year tour as Federation president. By the early 1960s, the Federation had its own printing plant to produce News for Dairy Co-ops and numerous other publications. Among the latter were Dairy Trends, which mostly covered economic issues; The Alert, which highlighted current developments of interest to dairy farmers; and the National Milk Pictorial, four pages of mostly photos highlighting Federation lobbying efforts. In 1966, the Federation marked its 50th anniversary with a 20-page look back at a half century of achievement. President Lake noted that "the National Milk Producers Federation stands head and shoulders above any other agricultural commodity group in America."



In 1969, Patrick B. Healy took over as Federation secretary. A native of Indiana, Healy, like Norton, was a former Agriculture Department employee who did much to enhance the Federation's reputation as an influential force in Washington. By 1971, the Federation had a car with a vanity plate and driver. Mergers and consolidations were steadily reducing the Federation's membership, but not the share of the dairy industry it represented. There were 60 percent fewer dairy cooperatives in 1970 than 20 years earlier, but in the 1970s, cooperatives produced 40 percent more milk than their 1950s counterparts. The Federation, meanwhile, had 66 members in 1970, roughly half of its total a decade earlier. But 10 of those members alone marketed nearly 45 percent of the nation's milk. By comparison, 105 Federation members in 1955 produced only 22 percent of milk leaving farms.

As the 55th annual meeting opened in Florida in November 1971, President Richard Nixon sent a congratulatory telegram to Healy. "It's a great pleasure to extend my warmest regards to the annual convention of the National Milk Producers Federation," said the president. The telegram was framed and preserved in the Federation offices.

The early 1970s also saw the introduction of a sleek new Federation logo featuring an outline of the U.S. Capitol combined with the letters NMPF. By the end of the decade, the Federation also routinely began describing itself using the acronym NMPF. The logo introduced in 1974 would be used for the next four decades.

The Federation's car made its own mark in Washington, 1971



NMPF has produced an annual compilation of dairy statistics since the 1950s

"the National Milk Producers Federation stands head and shoulders above any other agricultural commodity group in America."

— Glenn Lake, Federation president, 1966



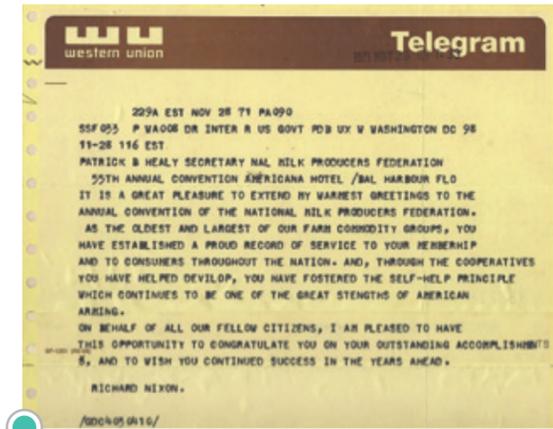
As issues affecting dairy farmers multiplied, so did the Federation workload. By the mid-1970s, the 20-member headquarters staff was working with 80 separate federal agencies. While the organization touted that fact, it had a negative side, as well. In the 1975 annual report, Secretary Healy warned of an impending "tyranny of technicality" from agencies, including the Food and Drug Administration and the Environmental Protection Agency. Two years later, a major item on the Federation's agenda was an FDA plan to change federal standards for ice cream. Two years after that, the Federation appealed to the federal courts to block an FDA plan to allow "nutritionally equivalent" imitation cheeses on store shelves.

By the early 1980s, the Federation's membership numbered fewer than 60, but represented a record 80 percent of all the milk produced nationwide. In a 1981 New York Times profile, Secretary Healy called the Federation "probably the most successful group in this town in the last decade." Healy also praised the organization's unity and efficiency. "I can talk to every dairy farmer in America in about four hours...when my board meets next door to my office, I can put virtually all the milk in this country in one room."

Meanwhile, the land the Federation owned at 30 F St. in Washington had become too valuable to remain a two-story office building. So, once again, the Federation sold its office at a profit, using the proceeds to build a new base in Arlington, Virginia. Construction started in early 1981. The Federation occupied its third headquarters, at 1840 Wilson Blvd., in July 1982.

The Federation's board expanded along with its workload. By 1981, the board numbered more than 130. A 21-member executive committee guided the organization's efforts between annual meetings. The executive committee was assisted by no fewer than 16 committees covering topics ranging from price supports to interstate milk shipping. In 1982, the board updated the Federation's bylaws to more clearly differentiate between board, executive committee and chief executive responsibilities. Among other things, the board was given responsibility to engage the organization's auditor. Also in 1982, Healy's title was changed from secretary to chief executive officer.

Board members Tom Camerlo, President Norman Barker, Herbert Selbrede, and Fred Butler (l-r) break ground on the Federation's third headquarters



President Nixon's telegram to the Federation's 55th annual meeting in Florida

BUILDING A COOPERATIVE MADE UP OF COOPERATIVES

1985 Midway through the decade, in March 1985, former credit union lobbyist James C. Barr replaced the retiring Healy as the Federation's chief executive. Healy had been secretary for 16 tumultuous years, and Barr became only the fourth person to hold the title in the Federation's 69-year history. In the annual report that year, Barr detailed an effort to re-evaluate what the Federation was doing and to "tighten our grip on many more issues and our own operation in order to better serve our membership." He also mentioned a new concept in communications with members: electronic mail.

Also in 1985, James P. "Tom" Camerlo, Jr., of Colorado, was elected Federation president, a post he would hold for 18 years. A board member since 1974, Camerlo had already played a key role in forming policies designed to address the enormous surpluses that were undermining the dairy sector. As president, Camerlo went on to spearhead actions creating dairy-friendly policies in the 1990, 1995 and 2002 farm bills, and was ahead of his time in pursuit of global dairy markets. He also helped create a unified national check-off structure through Dairy Management Inc., along with the U.S. Dairy Export Council, which he would later chair.

1990 By the 1990s, the Federation's board and staff had begun to shrink along with the membership list. In 1992, the staff numbered 15 and the board numbered 117. The next year, the Federation launched its Associate Member Program for businesses that serve dairy cooperatives. There were 20 initial members. In 1994, the Federation awarded its first National Dairy Leadership Scholarship to Tonya Conner, a Ph.D. candidate at Louisiana State researching low-fat cheddar cheese. The program, which continues today, is funded by a variety of sources, including a raffle held at the annual meeting.

1997 Late in 1997, Jerry Kozak, a former FDA official and senior vice president of the International Dairy Foods Association, succeeded Barr as Federation CEO. When Kozak took over, the Federation had 31 member cooperatives representing more than 65 percent of the nation's milk supply. Two years later, Kozak put the decline in membership in perspective in an article in USDA's Rural Cooperatives magazine:

At the end of World War II, there were roughly 3.5 million dairy farms in the United States. Today, there are 100,000. There were more than 1,000 dairy cooperatives half a century ago. Today, while there are still more than 200 dairy co-ops, just 20 of those market half of all the milk produced in the United States... (Also) 30 years ago, only 65 percent of the nation's dairy farmers marketed their production through a cooperative. That figure has grown to 83 percent today. So, while the number of farms and cooperatives has declined, the marketing presence of farmer-owned dairy co-ops has actually expanded during the past generation.

Kozak arrived at the Federation with a mandate for change. Under Kozak's leadership, the Federation soon negotiated service contracts with Dairy Management Inc. for accounting, administration, meeting planning and communications services. That led to the annual meeting being held jointly with the National Dairy Promotion and Research Board and the United Dairy Industry Association. Five years later, more than a thousand people were attending the joint meetings and, according to the Federation, "all three organizations continue to enjoy the cost savings and time efficiencies of having one unified meeting." By the end of the decade, the Federation was sharing office space with the U.S. Dairy Export Council, the industry's international marketing organization, saving producers an estimated \$100,000 a year in rent. Also with Kozak's arrival, the Federation took over management of the American Butter Institute, a 98-year-old trade association for manufacturers, processors and distributors of butter products.

At the end of World War II,
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DAIRY FARMS
in the United States.



Taxation

THROUGH THE YEARS, THE FEDERATION HAS WORKED EXTENSIVELY ON WAYS TO REDUCE THE TAX BURDEN FOR COOPERATIVES AND FARMERS ALIKE.

As early as the 1920s, the Federation went on record stating that farm cooperatives should be exempt from federal taxes because they were not profit-making organizations. During World War II, however, the federal income tax was extended to many who were previously exempt, and a concerted effort was made to tax cooperatives. A small business group, the National Tax Equality Association, wanted cooperatives to pay income taxes on their earnings and their members to pay income taxes on patronage refunds. The Federation, along with the National Council of Farmer Cooperatives, the National Grange and other farm groups, argued that patronage refunds were taxable to the member in the year they were allocated by the cooperative, and anything more was double taxation.

In 1951, a federal revenue act declared that all cooperative earnings not made to members were taxable. Subsequently, the Treasury Department proposed that cooperatives pay full corporate income taxes on all patronage refunds except those made in cash or, if not paid in cash, paid within three years and subject to 4 percent interest. This meant that patronage allocations would show as debt on a cooperative's financial records and would greatly limit its borrowing power. The issue simmered until 1962, when a new revenue act included compromise language, agreed to by the Federation, saying patronage refunds retained by a cooperative were tax deductible if 20 percent of the refund was paid each year in cash and the member accounts for it on the tax return. The 20 percent was intended to cover

the tax that the member would be required to pay on the refund. Secretary Norton declared the provisions of the compromise less than perfect but acceptable under difficult circumstances. "They will require substantial adjustments on the part of cooperatives, but they assure the payment of a single tax, without deferment, on the savings made farmers through their own cooperative," he said.

The 1962 compromise settled the issue until 1969, when the House passed legislation increasing the cash portion of the refunds from 20 percent to 50 percent. Through efforts of the Federation and others, however, the provision was overwhelmingly defeated in the Senate.

Another long-running tax battle involved Internal Revenue Service efforts to tax the sale of a dairy cow raised by a farmer as ordinary income rather than as a capital gain. The issue was settled once in the early 1950s when the IRS abandoned its plan. But it re-emerged in 1986 when that year's tax reform act decreed that dairy cows could be treated as capital gains, but the cost of raising them could not be deducted until the animals were sold. This was a bookkeeping nightmare and the Federation succeeded in having it repealed two years later.

In recent years, the Federation has joined other farm groups in urging Congress to repeal the estate tax as an impediment to transferring farms between generations, and to keep the tax code's Section 179, which allows small businesses, including farms, to write off capital purchases immediately, instead of over time.



BUILDING A COOPERATIVE MADE UP OF COOPERATIVES

The late 1990s saw what the Federation called a major expansion of electronic communications, including websites, daily news alerts and other digital media. At the same time, the Federation also initiated an effort to help bolster the public image of dairy farmers. With help from Dairy Management Inc., a toolbox of communications materials on topics including animal health, food safety and the environment was distributed to all Federation members. In 1998, the Federation launched the Regulatory Register, a quarterly publication offering detailed coverage of regulatory activities directly affecting dairy farm operations and manufacturing facilities.

2000 In early 2000, the Federation assumed management of Dairy Relief Inc., a three-year-old hunger relief organization providing dairy products and cash donations to domestic and international communities in need. Funding was made possible through contributions from the industry. In its first year under Federation management, Dairy Relief donated more than 500,000 pounds of dry milk powder to 17 countries, including Bosnia, Chechnya, Colombia, Ethiopia, Haiti, Honduras, Kosovo and Tanzania. Three years later, in 2004, Dairy Relief donated more than \$140,000 in cash for victims of the fierce tsunami that ripped through Asia and another \$43,000 for those caught in the devastating Gulf Coast hurricane.



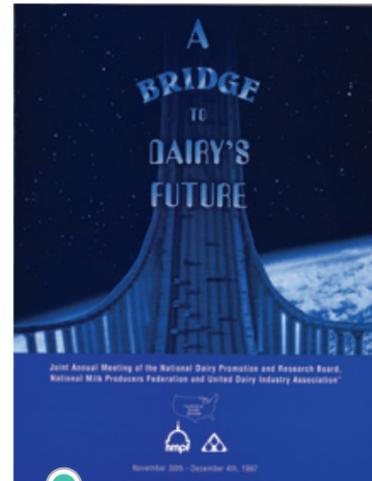
In 2002, the Federation created the Grass Roots Education and Action Team program, which allowed dairy farmers to communicate with their House and Senate members by email through the Federation website. Dubbed Dairy G.R.E.A.T., the program was also a tool for members to quickly learn about legislation important to the dairy industry. By 2006, the Federation was distributing a comprehensive monthly review of domestic dairy markets now called the Dairy Market Report.



In 2003, after being elected chairman of Dairy Farmers of America, Camerlo stepped down as Federation chairman. He remained on the board until his death in 2009. Camerlo was succeeded by Charles Beckendorf, a dairy farmer from Tomball, Texas.

2005 In 2005, the Federation had 33 cooperative members and more than 60 associate members, including two international organizations. The cooperative members represented 74 percent of the milk marketed by cooperatives nationwide. After five years as chairman, Beckendorf stepped down from the Federation board. He was replaced as chairman by Randy Mooney of Rogersville, Missouri.

2013 In 2013, Kozak retired after 16 years as Federation chief executive. He was replaced by veteran Washington agriculture and food policy strategist Jim Mulhern. It was a return engagement at NMPF for Mulhern, who had directed the organization's government affairs in the 1980s. In his first annual meeting speech, Mulhern stressed the need for more communications by the dairy farmers. "We must tell our story," he said, "because if we don't, others — who don't have our interest at heart — are telling a very different and harmful story."



Since 1997, NMPF has held its annual meeting with the National Dairy Board and the United Dairy Industry Association



Outgoing and incoming Federation presidents Jerry Kozak and Jim Mulhern (l-r) at the 2013 annual meeting

MILK PRICE STABILIZATION

National Milk Producers Federation



MILK PRICE STABILIZATION

Other than continual change and consolidation across agriculture, the one constant in NMPF's mission through the decades has been the need to help stabilize farm-level milk prices.

These efforts began in the aftermath of World War I, when demand for dairy products plummeted and the cost of fertilizer, fuel and farm machinery rose. That led to a decade-long farm depression that fed into the Great Depression. For the Federation, it meant increasing involvement in legislation to ease the plight of the dairy farmer.

THE McNARY-HAUGEN ACT

One of the first major battles was the McNary-Haugen Act, a major agricultural initiative in the 1920s. While it didn't directly affect dairy, it split the Federation's members, along with the rest of the farm community. The idea was to raise domestic farm prices by creating an export corporation to dispose of surplus farm commodities overseas. The corporation was to be financed by a fee on producers.

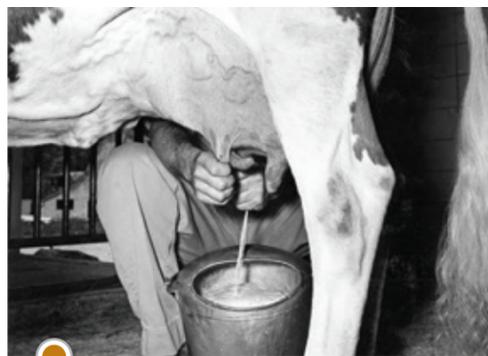
Grain farmers supported McNary-Haugen while milk producers were split. The Federation was neutral until the Coolidge Administration, led by Secretary of Commerce Herbert Hoover, offered an alternative that included federal loans to cooperatives to buy up surpluses. That prompted Federation opposition for two reasons: It required the licensing of cooperatives, and it envisioned a federal cooperative subsidy, which Federation members abhorred.

As the Coolidge proposal gained momentum, the Federation offered its own alternative, which set up advisory councils to deal with farm surpluses. The House passed the Federation alternative, killing the Coolidge Administration's proposal. The McNary-Haugen battle lasted five years, but ended with a clear demonstration of the Federation's lobbying strength on Capitol Hill.

Butter from a Minnesota creamery heads to market, 1920s
Source: Land O'Lakes

Butter has been integral to dairy pricing since cream separators became common, 1910s

Source: Land O'Lakes



Hand-milking was still common in the early 20th century
Source: Hoard's Dairyman

RESPONDING TO THE DEPRESSION

A few years later, the stock market crash marked the beginning of the Great Depression and even tougher times for dairy farmers. With the farm economy deteriorating, Congress passed the Agricultural Marketing Act of 1929, creating a Federal Farm Board to lend money to cooperatives to buy up surplus farm products and shore up plunging farm prices. The law also created a National Dairy Advisory Commodity Committee to recommend dairy loans for approval. A former Federation vice president, W.F. Schilling, was appointed the Federal Farm Board's dairy member, and the Federation became the de facto dairy advisory committee. As a result, most dairy loans went to Federation members.

While most of the dairy loans made by the Federal Farm Board were paid back on time, defaults were common with wheat and cotton. That soured many on the program. With President Herbert Hoover's defeat in 1932, the Federal Farm Board soon disappeared. A new president, Franklin D. Roosevelt, was about to take office promising a New Deal for farmers and the rest of the country.

THE AGRICULTURAL ADJUSTMENT ACT OF 1933

Barely two months after his inauguration, Roosevelt signed the Agricultural Adjustment Act of 1933. To reduce surpluses and raise prices, the Agriculture Department would pay farmers to cut production. One plan had the government purchasing dairy cows to take them out of production. Costs would be covered in part with a tax on processors.

The Federation opposed both the concept of controls on production and the processor tax. The organization's fourth president, Nathan P. Hull, explained the opposition at the Federation's 18th annual meeting in 1934:

At the time the administration perfected and submitted to the people of the country a plan for production control in dairying, the organized cooperatives were not consulted. We are of the opinion that if they had been freely consulted, the (Agricultural Adjustment Administration) would not have submitted just the plan they did...It was the judgement of the cooperatives that the plan suggested was not well thought out; would not operate successfully and would have been expensive and could not have fairly accomplished the end desired.

The Federal Farm Board was discussed at the Federation's 1932 annual meeting

Source: Hoard's Dairyman



Milk is poured into a cooler, circa 1945
Source: Darigold



President Roosevelt signed the Agricultural Adjustment Act of 1933

MILK PRICE STABILIZATION

1936

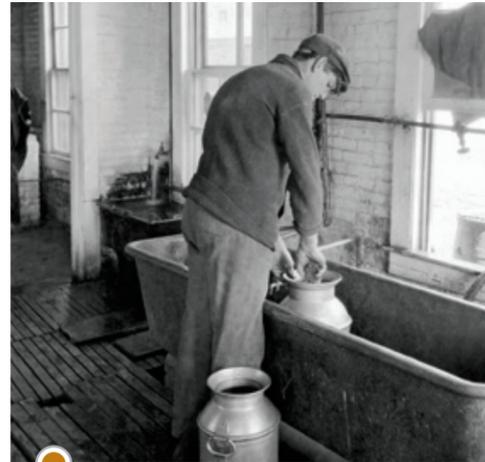
In January 1936, the Supreme Court declared both the production control provisions of the 1933 act and the tax on processors unconstitutional. But the act did something else that survived the court challenge: It allowed agricultural markets to be regulated through price agreements between processors and producers.

MARKETING ORDERS

Voluntary price agreements between city milk dealers and cooperatives had been in place since at least 1920. Dealers paid a higher price for beverage milk, called Class I, to cover transportation costs and to comply with more rigid sanitation standards. Milk used to make butter and cheese received a lower Class II price. Farmers were paid a blend price based on how much of their milk was used for each purpose. This classified pricing system broke down with the start of the Depression. By early 1933, unrest turned to violence as mobs of angry farmers in dairy states dumped milk, blocked roads and attacked milk trucks.

In response, the Federation wrote into the Agricultural Adjustment Act a provision for government-enforced classified pricing systems. The first agreements under the act were approved in mid-1933, but not all milk dealers signed them and price violations were common. So Congress, with a push from the Federation, expanded the Agriculture Department's authority in the Agricultural Adjustment Act of 1935 and the Agricultural Marketing Agreement Act of 1937. Under the latter, a federally executed Milk Marketing Order Program replaced federally licensed marketing agreements. Cooperatives would propose the terms of a marketing order to the Agriculture Department, which published a planned order after a public hearing. Producers would then vote on whether to accept the order.

1937



Cleaning out milk cans, 1920s
Source: © Underwood Archives

Milk men were a part of daily life in neighborhoods, 1930s
Source: Hoard's Dairyman



1940

Because cooperatives were fundamental to this process, the Federation played a key role in marketing orders, helping to collect background information and representing producers at public hearings. The program both helped stabilize beverage milk prices and encouraged cooperative growth. By 1940, 14 Federation members in 15 milk markets were operating under federal marketing orders. Secretary Holman told the annual meeting that year that the program was generating an extra \$56 million annually for dairy farmers.

EARLY PRICE SUPPORTS

Marketing orders helped beverage milk producers cope during the Depression, but were of little value to producers of milk used in manufactured dairy products such as butter and cheese. The Federation helped the Agricultural Adjustment Administration organize a Dairy Marketing Corporation to bolster prices by purchasing surplus dairy products. The Federation even owned half the corporation's capital stock. The program helped, but only temporarily. The Agriculture Department — by then operating under the updated 1935 Agricultural Adjustment Act — worked with the Federation to create a new Dairy Products Marketing Association to conduct price support purchases. The Federation helped finance the agency, made up of eight major butter-producing cooperatives. The Dairy Products Marketing Association bought 132 million pounds of butter between 1938-1941, storing it until it could be resold. What was not resold was distributed in relief efforts. This succeeded in stabilizing prices and stymied alternative plans to raise prices through production controls.

WORLD WAR II: PRICE SUPPORTS, SUBSIDIES AND RATIONING

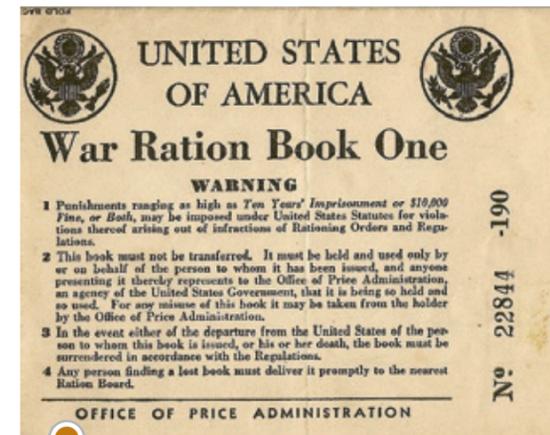
1941

With the start of World War II, demand increased and the surpluses and low prices of the 1930s disappeared. For dairy farmers, the problem became one of inducing enough milk production to satisfy needs. The initial federal response was to purchase dairy products to increase prices and spur production. In April 1941, the Agriculture Department announced it would purchase butter at 31 cents a pound through mid-1943. This marked the first widespread attempt to support the price of milk by purchasing dairy products. The next year, Congress passed the Steagall Amendment, setting the price support level at 85 percent of parity for milk and other commodities experiencing wartime shortages. Parity referred to the relationship between production costs and prices received by farmers from 1910-1914, a relatively favorable period.

1942

The Federation favored price supports to keep prices high and assure an adequate supply of dairy products. But as the war continued and inflation became a concern, a system of rationing, price controls and subsidies was established to provide the resources needed for the war. The Federation opposed these programs at every turn. They were administered by a new Office of Price Administration, which specifically rejected milk price increases, even as milk production was declining. By November 1942, a serious shortage of butter developed. In late 1943, butter, cheese and canned milk were added to a long list of rationed products.

Testing milk cans, 1940s
Source: Hoard's Dairyman



Dairy products were scarce on the home front during WWII and often needed a ration book to purchase

MILK PRICE STABILIZATION

1944 Despite objections from the Federation, milk subsidies were also instituted. Initially, dairy processors were paid 35 cents extra per hundredweight for beverage milk, which was to be passed on to producers. Eventually, subsidies went directly to producers, who received the equivalent of Treasury checks from their local Agriculture Department office. By 1944, the Federation estimated 14 percent of total dairy farmer income was being paid in the form of subsidies.

The Federation argued that subsidies would add to the national debt and put burdensome government controls on farmers. It repeatedly pushed legislation to end dairy subsidies and substitute support price increases for milk and butter. Eventually, the Federation dropped outright opposition in favor of suggestions for making the program work better. In 1944, it pushed a series of reforms that were supported by most of the other farm groups. Included was a sunset provision for price controls and subsidies and a “legislative curb on the abuse of government power by regulation.” The bill failed, but price controls and subsidies ended two years later anyway. Still, the aftereffects of these policies would forever change the dairy industry, and the Federation along with it.

THE AGRICULTURAL ACT OF 1949

1949 High demand for milk and dairy products in the immediate postwar period resulted in relatively good prices from 1946–1948. But by 1949, a drop in demand, combined with increased milk production, reduced prices, particularly for manufactured dairy products. As a result, government purchases became the key mechanism for maintaining milk prices.

The continuation of price support purchases was the cornerstone of the dairy program in the landmark Agricultural Act of 1949, signed October 31 by President Harry Truman. The Agriculture Department would purchase dairy products annually at levels that would bring producers a return between 75–90 percent of parity. The exact level, to be announced each spring, was also to be high enough to provide an adequate supply of milk for consumers.

1952 1956 Setting the annual price support level became a major Federation concern, as the organization and the Agriculture Department often disagreed on what the level should be. In 1952, the Federation proposed broadening the range of support to between 75–100 percent of parity. In 1954 and again in 1956, it appealed to Congress to increase the support level set by the Agriculture Department. In 1956, the Federation succeeded on Capitol Hill only to see legislation increasing the support level vetoed by President Dwight Eisenhower. In 1957, Agriculture Secretary Ezra Benson proposed allowing supports as low as 60 percent of parity, but a year later the Agriculture Department offered dairy products for sale at not less than 90 percent of parity.

AGRICULTURAL ACT OF 1949



The Agriculture Department would purchase dairy products annually at levels that would bring producers a return between

75–90 PERCENT OF PARITY.

President Truman signed the landmark Agriculture Act of 1949

Source: Harry S. Truman Library & Museum



SELF-HELP PROGRAMS

While this bickering about the price support level continued, delegates at the Federation’s 1953 annual meeting endorsed a proposal first put forward in the 1930s by long-time Land O’Lakes President John Brandt, of Minnesota. At the same time, Brandt was finishing up 12 years as Federation president. The plan envisioned the dairy industry setting its own support level and using a fee on producers to buy up surplus dairy products. The concept came to be known as “self-help.” Brandt’s successor as Federation president, Russell Waltz, of Washington, described the plan as a way “to permit dairy farmers to manage and control their own dairy price stabilization program — to cut loose from government price supports.”

1957 Although seriously considered, the Brandt plan was never approved by Congress. Factors included lukewarm support from many within the Federation and a total lack of support among other farm organizations. In 1954, William Knox, editor of Hoard’s Dairyman, proposed a plan under which farmers would be paid at world market prices for milk production beyond what was needed domestically. The Federation immediately opposed that plan, likening it to New Deal-style supply management. In 1957, the Federation proposed a hybrid of the Knox and Brandt plans under which 97 percent of the previous year’s production would be supported at 90 percent of parity, with the rest purchased at world market prices. But that plan, too, died in Congress when Agriculture Secretary Benson opposed it.

1958 Meanwhile, the cost of the price support program was becoming a concern. In 1953–1954, the Agriculture Department purchased more than 8 percent of total U.S. milk fat, while by 1958, government purchases represented more than half the total output of nonfat dry milk. There was a surplus of milk of more than 4 percent through much of the 1950s. These surpluses would have been even greater had it not been for programs like school milk and school lunch. In 1957, Federation President Waltz put it bluntly. “We are confronted,” he said, “by the imminent possibility of drastically reduced price supports.”

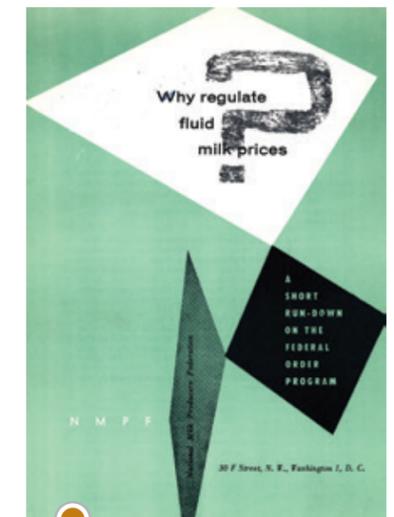
1959 Two years later, in 1959, a young senator named John Kennedy addressed NMPF’s 43rd annual meeting, held at Washington’s Statler Hilton Hotel. After decrying a decline in farm income and a “mass exodus of young people from our farms,” Kennedy joined the call for a dairy program managed by the farmers themselves. “The dairy farmer should be encouraged to spend his own money to help himself,” Kennedy said. “The dairy farmer is well equipped to undertake a self-help program of stabilization and to elect...a Dairy Stabilization Board to administer this program. It can be financed by a modest fee.”

1962 By the early 1960s, pressure was mounting for a new approach to farm programs. Orville Freeman, agriculture secretary in the new Kennedy Administration, urged Congress to approve a referendum giving dairy farmers a choice between production controls with high price supports or a relative free market. When that plan failed, President Kennedy in 1962 proposed rigid milk quotas coupled with 90-percent supports and heavy surplus marketing penalties. If the dairy industry rejected quotas, the government would spend no more than \$300 million to support prices.



John Brandt was NMPF president for 12 years

Source: Land O’Lakes



Federal milk orders have been crucial to milk pricing over the decades, 1956

MILK PRICE STABILIZATION

The Federation went on record opposing the dairy section of the 1962 farm bill within days of its unveiling. When Congress turned down that plan, Federation Secretary Mike Norton advised the membership: “The push undoubtedly will continue...to force farmers to choose between rigid marketing controls or virtually nothing in the way of price supports.” The next year, with government purchases of dairy products having become a national issue, the Federation had to fight off a proposal to completely remove milk from the list of commodities with price supports.

Meanwhile, the Federation had been working on a plan of its own. In early 1960, a committee of economists appointed by the Federation presented the organization with a 32-page report on coping with growing milk surpluses, high support price costs and low farm milk prices. The committee recommended penalizing farmers for milk production in excess of a base determined by past deliveries. The penalty would be paid by milk processors to an administrative agency and then deducted from the producer’s milk check.

At the Federation’s annual meeting in 1961, the Chicago Pure Milk Association advanced a proposal similar to the base-excess plan. Called the Class I Base Plan, it would apply the higher Class I price to a producer’s base, with any excess receiving the manufacturing milk price.

Depending on goals established by Congress, this base-excess program could also “maintain the farm price of milk at a somewhat higher level than would be possible” with price supports alone.

— Mike Norton,
Federation secretary



Dairy cows helped the Baby Boomer generation grow, 1960s
Source: Hoard’s Dairyman



1965 The Class I Base Plan gained momentum and became law as part of the 1965 farm bill. But that was only after NMPF President Glenn Lake chastised the membership at length in 1964 for offering too little support for the plan on Capitol Hill. “There is only one way to get the job done,” Lake told the 1964 annual meeting in Las Vegas, “and that is to hammer out broad agreement among Federation members, give solid support when called upon and devote a lot of hard work to accomplishment of our ends.” The following year, an effusive Lake congratulated the membership for working as a team to get the Class I Base Plan enacted and for “demonstrating the real power potential of the National Milk Producers Federation.” The plan passed even after it was turned down by the Senate’s agriculture committee on a 13–2 vote.

Unfortunately, the plan didn’t have much effect on milk production. The manufacturing milk price was not low enough to discourage farmers from overproducing, and bases were recalculated upward annually to allow increased milk production. By 1971, the Federation’s third secretary, Patrick Healy, acknowledged that quota plans like the Class I Base Plan were insufficient to reverse the trend toward greater and greater milk production. Production controls, he added, needed to at least be looked at.

SUPPLY MANAGEMENT

The 1970s were a tumultuous time for the nation, for dairy farmers and for the Federation. Amid economic stagflation, milk production first rose, then fell and then rose again at the end of the decade, accentuating the issue of government-held stocks of dairy products. Meanwhile, the Federation battled three administrations regarding the support price and dairy imports.

1971 At the 1971 annual meeting in Miami, the Federation formed a committee to develop a supply management program. The goal was “reasonable prices for milk required for the commercial market and government needs, without creating excess production.” The panel’s initial recommendations triggered so much opposition it had to reconvene for revisions the following year. The group’s revised concept was similar to the Kennedy Administration’s proposal a decade earlier. Milk producers would vote for higher price supports with a mandatory supply management program, or lower supports with no supply management. A severe penalty would be imposed on milk marketed in excess of a farmer’s base.

That fall in New York, the committee’s plan was presented to the membership and rejected. But the issue of the overproduction of milk didn’t go away. Secretary Healy summed up the problem in an interview with Dairynews, the publication of Dairylea Cooperative. “The fact is that milk production continues to go up faster than commercial sales of milk and dairy products are being created,” he said. “Farmers can’t take lower prices for their milk, so we are going to have to look for another alternative.”

Meanwhile, the Federation continued to disagree with the Agriculture Department over the dairy support price. In 1971, it won a rare increase by going directly to the president, who overruled a decision made by his own bureaucracy. Later in the 1970s, the Federation turned to Congress for help five separate times. In two of those years, 1975 and 1976, bills were passed but vetoed.



Board President Glenn Lake (l), testified before Congress in 1973, accompanied by Lester Jones of the Inter-State Milk Producers Cooperative

“There is only one way to get the job done, and that is to hammer out broad agreement among Federation members, give solid support when called upon and devote a lot of hard work to accomplishment of our ends.”

— Glenn Lake,
Federation president

MILK PRICE STABILIZATION

The recession of 1974 was particularly tough. Inflation sent the costs of feed, equipment and supplies soaring while a flood of imports and low support prices caused milk prices to plummet. The Federation railed against increasing dairy imports and called for the support price to be set at 90 percent of parity. The administration set the level at 80 percent, prompting an angry response from Secretary Healy. “If the 80-percent parity level will generate adequate supplies — as required by law — why are imports necessary?” he asked. “If imports are necessary to avoid a shortage, how can the 80-percent support level be justified? This is a blatant disregard for the law.” By year’s end, however, things were looking up. A Federation-coordinated campaign of letters, phone calls and visits to Capitol Hill led to hearings and resolutions calling for limiting imports and increasing minimum milk prices. President Gerald Ford said he would not let subsidized foreign dairy imports destroy American dairy farmers.

1977 In 1977, the Federation convinced Congress to both increase the minimum support level to 80 percent of parity and to require semi-annual support price adjustments. A few years later, President Jimmy Carter signed legislation sought by the Federation extending the 80 percent of parity minimum price support level for two more years. But the president also warned that “it may become necessary to adjust the future rate of increase in support levels, should supplies become extensive.”

TARGETING DAIRY PROGRAMS

The 1980s opened with stagnant consumption, milk production projected to be the highest on record and government dairy product purchases at an 18-year high. In response, the Federation executive committee joined a call for the Agriculture Department to sell excess dairy products in government hands. Still, attacks on the price support program, from both inside and outside of government, continued.

New York state dairy princess, 1974. The 1970s brought inflation and stagnation to the economy
Source: Dairylea Cooperative Inc.



1981 In early 1981, Federation member Mid-America Dairymen proposed a new self-help plan. The price of 90 percent of milk marketed would be pegged to the support level, while the remaining 10 percent, the estimated surplus, would bear a penalty of approximately \$5 per hundredweight. The penalty payments would cover the program’s cost. While that plan won Federation support, Congress and the Reagan Administration were headed in a different direction. A Senate proposal the same year moved away from parity and set the course for the future.

It was enacted late in the year as part of the 1981 farm bill, the first farm bill written under strict new budget rules known as reconciliation. The Federation strenuously objected to the dairy provisions and no major farm organization supported the final bill. It froze the minimum support level at \$13.10 per hundredweight and levied a 50-cent assessment if government dairy purchases exceeded 5 billion pounds. Also, with a nod to self-help, for the first time dairy farmers would be directly financing their own program. Ironically, the assessments were similar to the Brandt plan of the 1950s. The only major difference was that government — instead of the industry — would buy the dairy commodities with dairy farmer money. The 1981 farm bill also gave some recognition to supply management by refunding some assessments for farmers who reduced their milk production.

1982 In 1982, the worst recession since the Depression gripped the farm economy. Dairying, however, was relatively stable, which caused farmers to move from other commodities into milk production. But that only worsened the twin problems of overproduction and soaring government costs. In response, the Federation presented a new, two-fold plan to Congress. Part one was a price stabilization plan that capped government spending on the support program and offered dairy farmers incentives to reduce production. Part two was a farmer-funded promotion program aimed at increasing milk consumption.

After a year of legislative jockeying, a modified version of the plan, known as the dairy compromise, was signed into law. A \$10-per-hundredweight payment, funded by a 50-cent assessment on all milk marketed, was offered to producers who reduced production between 5–30 percent. Aided by an extensive Federation campaign to encourage farmers to participate, the dairy compromise succeeded in reducing government costs. More than 300,000 dairy farmers signed up, receiving nearly \$900 million in payments and reducing production by more than 9 billion pounds. The Federation’s 1984 annual report noted that purchases of surplus dairy products for the fiscal year were down 39 percent and government costs had dropped 35 percent.



Federation board member Fred Butler meets with President Reagan, 1980s



The price of
90 PERCENT
OF MILK MARKETED
would be pegged to the support level, while the remaining
10 PERCENT
— THE ESTIMATED SURPLUS
— would bear a penalty of approximately \$5 per hundredweight.

MILK PRICE STABILIZATION

WHOLE HERD BUYOUT

1985 Despite the success of the dairy compromise, the Reagan Administration targeted the dairy price support for extinction in 1985. The Federation responded with a novel plan to drastically reduce milk production by eliminating whole herds of dairy cows. Farmers would offer to dispose of their herds in return for government payments. An assessment on all milk marketed would partially offset the costs. The resulting whole herd buyout, enacted just before Christmas as part of the 1985 farm bill, established an 18-month program designed to remove 12 billion pounds of milk from the market. At the same time, the support price was frozen at \$11.60 per hundredweight for two years, with reductions following if government purchases remained high. Given the administration's desire to end the program completely, that was considered a victory. The 1985 farm bill also included two recommendations from the Federation's federal order committee: the first increases in Class I price differentials since the 1960s, along with payments to milk handlers that provided services benefiting all producers in a marketing area. Finally, the bill established a Dairy Export Incentive Program to move government-owned dairy products into world markets. The 1985 annual report called the overall bill "more favorable than many dairy leaders had hoped could be achieved."

1988 The whole herd buyout removed 1.5 million dairy cows from production in 18 months, reducing production by 10 percent. Government purchases of dairy products and price support costs were cut in half. Dairy farmers contributed \$700 million to the \$1.8 billion cost of the program. Nonetheless, by 1988, a 50-cent reduction in the price support was triggered by excess government dairy purchases, and a second 50-cent reduction loomed in 1989. The Federation responded with a successful grassroots "Stop the Price Cut" lobbying campaign. More than 100,000 signatures were collected on petitions opposing further price cuts. The petitions were stuffed into laundry bags and delivered to Capitol Hill

The whole herd buyout removed



1.5 MILLION DAIRY COWS

from production in 18 months, reducing production by 10 percent.

NMPF saved the dairy price support from extinction in the 1985 farm bill



and the Agriculture Department. As a result, language was added to a drought relief bill to repeal the authority for the 1989 price cut and to temporarily boost the support price by 50 cents. The bill was signed into law by President Ronald Reagan's successor, George H.W. Bush. The Federation estimated the changes would add \$1.5 billion to producers' income in the next two years. Federation President Tom Camerlo, Jr., hailed the organization's lobbying effort as "demonstrating once again that dairy farmers, working together through their cooperatives and their national trade association, are one of the most effective and politically successful groups in this country."

1990 The 1990s began with record-high milk prices, but as production picked up and demand softened, milk prices tumbled. It was the beginning of a prolonged period of extreme volatility in milk prices, and a recurring problem for producers. The 1990 farm bill avoided further reductions in the support price and also included a Federation-requested change in the Agriculture Department's method for projecting government milk purchases. A budget reconciliation bill also passed in 1990 included more producer assessments, but the Federation convinced Congress to make them refundable for those who did not increase milk production.

1991 In 1991, with milk prices at a 13-year low, the Federation unsuccessfully sought to return the support price to \$11.60 per hundredweight, along with a two-price supply management program and a program to purchase and dispose of excess milk supplies internationally. A recovery in milk prices helped to defeat that plan. In 1992, with milk prices again plummeting, the Federation launched a largely successful campaign to convince the Agriculture Department to purchase more cheese for the school lunch program, increase donations of dairy products for humanitarian purposes and expand the Dairy Export Incentive Program.

"...dairy farmers, working together through their cooperatives and their national trade association, are one of the most effective and politically successful groups in this country."

— Tom Camerlo, Federation board president



Federation Chief Executive Officer Jim Barr, President Tom Camerlo and Director of Legislation Jim Mulhern (l-r) deliver petitions opposing milk price cuts to Capitol Hill, 1989

MILK PRICE STABILIZATION

FREEDOM TO FARM

1993 In 1993, with wild swings in milk prices continuing and the support price increasingly irrelevant, the Federation developed a self-help plan designed to remove 2 billion pounds of surplus products from commercial markets. But the plan was controversial within the membership and the Federation failed to get it enacted in 1994. That set up a push to include an even more controversial plan in the next farm bill. The Federation proposed an end to price supports for butter and nonfat dry milk to generate more exports, an end to assessments on producers, and pooling of Class IV milk to both ease price swings and further boost exports. With marketing orders a contentious issue among producers, the Federation left it to the Agriculture Department to consolidate federal orders using its administrative powers.

1994

1996 Congress liked some of the Federation's ideas, but went well beyond them in the 1996 farm bill, known as Freedom to Farm. For dairy, the bill eliminated assessments, but also slated all price supports to end by 2000. In their place would be a loan program for butter, nonfat dry milk and cheese. Marketing orders would be consolidated to a maximum of 14 within three years. Board President Tom Camerlo and CEO Jim Barr put the best face on the changes in the 1996 annual report: "It is true we didn't get everything we wanted, but perhaps some of what we wanted would have turned back the clock." Still, three years later, with the end of price supports looming, the Federation convinced Congress to extend the program an additional 12 months at what was then the current price support rate of \$9.90 per hundredweight. The Federation went on to engineer two more one-year extensions in 2000 and 2001, followed by a 10-year extension in the 2002 farm bill.

On federal orders, when it became obvious the Agriculture Department's reform plan was headed in a direction harmful to producers, the Federation returned to the legislative route. It led a largely successful drive to enact its own recommendations, which included reducing the number of orders from 31 to 11, updating the number and levels of milk classes and prices, streamlining the provisions applied to all orders and establishing a new Class I price mover, which was the higher of either the Class III or Class IV price. The Federation called enactment of this plan "one of (its) biggest-ever achievements in Congress."



MILC

2002 The 2002 farm bill also created the Milk Income Loss Contract direct payment program. Under MILC, dairy farmers nationwide were eligible for federal payments whenever monthly farm milk prices in the Boston area fell below \$16.94 per hundredweight. Farmers were paid 45 percent of the difference between the market price and \$16.94 per hundredweight. The farm bill also included a number of other Federation requests, including reauthorization of the Dairy Export Incentive Program, improvements to a USDA grant program helping farmers protect the environment, and a requirement that dairy importers pay the same check-off fee that domestic producers paid. "Virtually all of the items that NMPF requested were eventually included in the farm bill," the Federation told its members.

2006 In 2006, looking ahead to the next farm bill, the Federation developed a series of policy recommendations based on meetings with producers. The suggestions were assembled into an 18-page booklet and sent to Congress. Key recommendations included shifting the support program to support the prices of three primary dairy products rather than the farm price of milk; changing the MILC program to provide a fixed payment annually based on a farm's production history; forward contracting for milk used in manufactured dairy products; expansion of several conservation and energy programs; and a technical fix to the promotion assessment on imported dairy products included in the 2002 farm bill but never implemented.

2007 Debate over the 2007 farm bill dragged on for 18 months. The bill was finally enacted in June 2008 after being vetoed several times by President George W. Bush. While basically a continuation of programs from 2002, the bill adopted multiple Federation recommendations.

THE GREAT RECESSION OF 2009

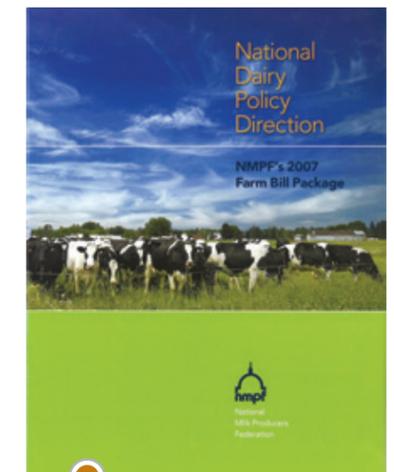
CEO Jerry Kozak praised the outcome of the farm bill debate at the annual meeting in October. "If you ask anyone in Washington, you will most likely hear that dairy came out the best among all of the commodity groups," he said. But with the national economy reeling from the Great Recession, Kozak also told the membership:

One just has to recognize the chaotic and disturbing events of these past few months concerning the economic situation in this country to begin to understand the future of government programs...In the next farm bill, we should consider asking Congress to end both (price supports and MILC), and replace them with programs that will benefit the entire industry in a new global marketplace.

Kozak sketched out what he called "a feed-adjuster type mechanism, as part of a government-run margin protection program, similar to crop insurance, to help mitigate risk and protect operating markets."

"Virtually all of the items that NMPF requested were eventually included in the farm bill."

— 2002 Federation farm bill



Federation policy recommendations for the 2007 farm bill were sent to Congress in a formal, detailed booklet



MILK PRICE STABILIZATION

2009 The worst recession in 70 years soon caused milk prices to plummet just as livestock feed costs soared. A crushing cost-price squeeze put thousands of dairy farmers out of business and saddled thousands more with debts that would take years to pay off. Producers lost money on every hundredweight of milk they produced through much of 2009. The Federation responded with both short- and long-term programs. First it went to court to block a plan by the outgoing Bush Administration to auction off stores of surplus milk powder to the lowest bidder. Then, working with the new Obama Administration, the Federation convinced the Agriculture Department to do three things: temporarily increase the support price for nonfat dry milk, distribute 200 million pounds of dairy products for hunger relief, and reactivate the by-then-dormant Dairy Export Incentive Program. It also worked with Congress to enact a \$350 million emergency aid package, split between government cheese purchases and direct payments to dairy farmers.

To make sure Congress and the administration paid attention, the Federation participated in hundreds of media interviews throughout 2009, making the case that dairy farmers were among the businesses that suffered the most from the recession and that most needed help.

By fall of that year, the tide began to turn. At the annual meeting in Dallas, Board Chairman Randy Mooney said, "The actions we've taken have actually made improvements in the economic outlook for dairy farmers and I think we can stand here and say things are getting better, slowly but surely, and the outlook is for a better year ahead."

FOUNDATION FOR THE FUTURE

2012 Milk prices recovered as Mooney predicted, but plummeted again in 2012 in keeping with a three-year boom-bust cycle that re-emphasized the need for a longer-term solution. After extensive consultation with members, the Federation unveiled a program called Foundation for the Future, introduced in Congress as the Dairy Security Act in the 2012 farm bill debate. As first suggested by Kozak three years earlier, the bill re-oriented the federal dairy program from an emphasis on price to a focus on maintaining adequate margins, the difference between the price farmers received for their milk and time for the cost of producing it. The bill scrapped the decades-old safety net of price supports and direct payments. No longer would the government buy and store dairy products to bolster prices. Instead, federal payments would be triggered when margins were squeezed. To counter steep price declines or prolonged periods of low or negative margins, a standby supply management program would encourage farmers to temporarily reduce production by not paying them for a small fraction of their milk.

2014 Debate over the 2012 farm bill dragged on even longer than its predecessor in 2007–2008. When the dust settled in early 2014, the Federation-designed Margin Protection Program was enacted, minus standby production controls. Added was a donation program to stimulate demand in times of extremely low margins. If margins fell below \$4 per hundredweight for two straight months, the Agriculture Department would purchase consumer-ready dairy products at market prices and donate them to food banks and other low-income feeding programs.



Federation First Vice Chairman Ken Nobis speaks at a 2012 Capitol Hill rally demanding action on a new farm bill



President Obama signs the 2014 farm bill containing the most significant rewrite of federal dairy policy in a generation
Source: U.S. Department of Agriculture



Cooperatives Working Together

In 2003, in reaction to the worst producer milk price plunge since the 1970s, the Federation launched Cooperatives Working Together, a producer-led and -funded self-help program unique in U.S. agriculture. The goals of the original program — established with its own operating committee and rules of governance — were to improve farm-level economics by achieving a better balance between supply and demand for U.S. milk and dairy products. Dairy farmers representing 70 percent of the nation's production agreed to voluntarily invest 5 cents per hundredweight to support separate CWT programs focused largely on herd reductions (enhanced marketing of dairy beef) and export assistance for cheese, butter and (later) whole milk powder. As the Federation said in those early years, "The program helped demonstrate that farmers can help themselves by working hand-in-hand to solve tough economic problems." By 2005, more than 40 dairy cooperatives and several hundred individual farmers were CWT members. In 2006, CWT increased the voluntary contribution to 10 cents per hundredweight.

By 2007, CWT's herd retirement and export programs were indeed helping to keep supply and demand in better alignment. In 2008–2009, with dairy farmers facing the

worst economic crisis in decades, CWT acted aggressively to help bolster producer income. Five herd retirements in 18 months sent dairy beef from nearly 300,000 cows to market. In 2010, an updated analysis of the effect of CWT's program again found it had strengthened and stabilized farm milk prices.

Starting in 2011, CWT focused all of its efforts on expanding export sales. In that year, it assisted with 280 export sales totaling more than 92 million pounds of cheese, or the equivalent of the annual milk production of more than 43,000 cows. In 2012, CWT assisted in a record 676 export sales on five continents. The following year, the volume of CWT-assisted export sales represented more than a quarter of all U.S. dairy exports for the year, and in 2014, CWT assisted in another 582 export sales, helping the industry sell approximately 14 percent of the total U.S. milk supply to customers in foreign markets.

Through 2014, CWT's export assistance program facilitated the overseas shipment of more than 500 million pounds of cheese, 300 million pounds of butter and 18 million pounds of whole milk powder — equivalent to nearly 12 billion pounds of milk on a milkfat basis.



MILK PRICE STABILIZATION

The Federation spent much of 2014 working with the Agriculture Department on how the new program would be implemented. It was the most significant rewrite of federal dairy policy in more than a generation and the culmination of five years of Federation work. Producers would insure their operations on a sliding scale, deciding both how much production to cover and the level of margin to protect. More than half of U.S. dairy operations signed up in the first enrollment. The first payments under the new program were made in 2015, when the average margin computed by USDA dipped below \$8 per hundredweight.



REFORMING MILK MARKETING ORDERS

In 2005, the Federation urged USDA to use an energy index to automatically adjust the make allowances for butter, cheese, dry whey and skim milk powder. The goal was to better reflect volatile energy costs. The Federation also pushed for a stronger, clearer definition of Class I milk products, and convinced the Agriculture Department to cap the exemption from federal order regulations enjoyed by large producer-handlers.

In 2006, the Federation petitioned USDA to update and simplify the Class I and II price formulas to offset lost producer revenues. Legislatively, after a three-year struggle, it won enactment of the Milk Regulatory Equity Act, which closed a loophole exempting large producer-handlers from the pooling provision of the Arizona-Las Vegas federal order. The bill also better regulated milk produced in a federal order and then marketed in California.



Federal marketing orders continue to ensure the orderly flow of milk
Source: Dairy Farmers of America

DEFENDING DAIRY FROM IMITATION MILK PRODUCTS

National Milk Producers Federation



DEFENDING DAIRY FROM IMITATION MILK PRODUCTS

Defending the integrity of real dairy products against imitators has been a persistent concern throughout the Federation's 100 years.

1923 One of the organization's earliest legislative issues was combatting filled milk, a mixture of coconut oil and skim milk made to resemble real milk. Because coconut oil was less expensive than butterfat, filled milk was cheaper than milk. In 1923, the Federation succeeded in getting Congress to pass the Anti-Filled Milk Act, which banned shipments of filled milk in interstate commerce. Simultaneously, it encouraged states to pass laws banning the manufacture of filled milk. By the end of the 1920s, nearly every state had a filled milk ban. Legal challenges to both the federal and state filled milk laws were mounted and continued for years. They were unsuccessful until 1972, when a federal court declared the Anti-Filled Milk Act unconstitutional. But by then, filled milk was no longer a competitive threat.

OLEOMARGARINE

1886 Perhaps no regulatory issue occupied more of the Federation's time during the past century than oleomargarine. One reason was the importance of butter in setting milk prices. For decades, all milk pricing was based on butter. As far back as the 1880s, the fraudulent sale of oleomargarine as butter was so common that 22 states passed laws about it. Seven states banned the manufacture and sale of oleomargarine entirely and in 1886, President Grover Cleveland signed legislation imposing a 2-cent-per-pound tax on the product, calling it a "fraud."

1935 Federation-championed duties on imported vegetable oil in the 1920s and 1930s kept sales of oleomargarine relatively low. Still, consumption rose enough to make oleomargarine the No. 1 priority when the Federation met in Indianapolis in 1935 for its 20th annual meeting. With margarine manufacturers making every effort to closely mimic butter's packaging and advertising, the Federation called on Congress to enact a 5-cent-per-pound tax on oleomargarine.

Dairy farmers support Wisconsin Agriculture Commissioner Joseph Beck in protesting the sale of oleomargarine, 1930

Source: © Underwood Archives



1942 But the call for taxation was mostly a delaying tactic. By 1942, oleomargarine had an official government identity standard that permitted it to include dairy products like milk and cream as ingredients. The Federation pushed legislation banning interstate shipments of oleomargarine containing any dairy product, but consumption increased significantly during the war, while butter was rationed. In 1950, Congress eliminated all taxes and licensing for oleomargarine. The best the Federation could do was add amendments tightening safety standards, requiring restaurants to disclose their use of oleomargarine and limiting manufacturers' ability to suggest the product was butter.

1958 The Federation won occasional skirmishes regarding oleomargarine in the 1950s, but efforts increasingly focused on fair advertising rather than attempts to restrict sales of the product. A 1958 policy statement said the Federation did not oppose the manufacture of imitation dairy products, as long as they were not advertised in dairy terms. In 1965, the Department of Agriculture started substituting margarine for butter in its food programs. In 1966, the Federation claimed that dairy farmers were not getting parity prices in part because of the increased use of butter substitutes by the armed forces. But by then, even the Federation realized the war to regulate "margarine" away had been lost and had mostly moved on to other issues.

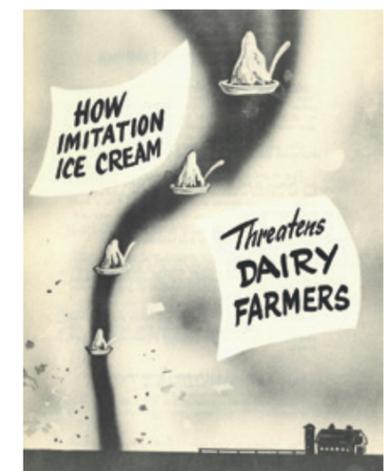
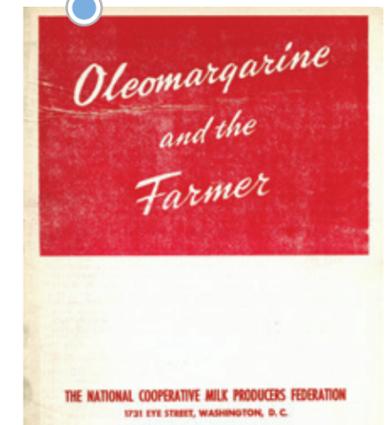
IMITATION CHEESE AND ICE CREAM

1976 Starting in 1976, the Federation went to war against the Food and Drug Administration over the agency's regulation — or lack thereof — of imitation cheese. The agency wanted to label products that looked like cheese and were nutritionally equivalent to cheese as "substitute cheese." Those that weren't nutritionally equivalent were to be labeled "imitation cheese." That prompted Federation Secretary Patrick Healy to testify: "A bicycle is transportation, but it isn't an imitation Cadillac. And just because it has wheels doesn't make it a substitute automobile."

FDA Commissioner Donald Kennedy responded in a meeting with Healy over substituting sodium caseinate for nonfat dry milk in ice cream. "Let me make myself very clear, Mr. Healy," he said. "If molecule x equals molecule y in nutritional and organoleptic qualities, I don't give a damn about your dairy industry." The Federation appealed to Congress for legislation moving the authority for writing ice cream standards to the Agriculture Department, and the FDA withdrew its proposal to allow caseinate in ice cream.

1970s But the fight over imitation and substitute dairy products continued, and by the end of the 1970s was so intense that the Federation went to court to force the FDA to enforce the labeling laws then on the books. The FDA argued it didn't have the budget or manpower to enforce activities beyond public risks and eventually prevailed in court.

The Federation has spent decades clarifying the differences between imitators and real dairy products. A 1948 brochure on oleomargarine and, below, a 1953 brochure on imitation ice cream



"A bicycle is transportation, but it isn't an imitation Cadillac. And just because it has wheels doesn't make it a substitute automobile."

— Pat Healy, Federation secretary

DEFENDING DAIRY FROM IMITATION MILK PRODUCTS



Keeping It REAL

In 2012, the Federation took over management of the dairy REAL® Seal from the United Dairy Industry Association. The goals were to remake the iconic symbol for the social media age, boost dairy sales and go on the offense against imitation dairy products. “New challenges and new technologies require that the REAL Seal be used in new ways,” the Federation explained. “Threats come from a growing list of imitation products made from vegetables and nuts, packaged like real dairy goods and using dairy product names like ‘milk’ and ‘yogurt.’ Meanwhile, the rise of social media to promote brands and engage with consumers offers new ways to target key audiences.”

During the next two years, the Federation revamped the REAL® Seal website and launched an eye-catching Facebook page featuring informative dairy facts, dairy recipes and more. It also developed variations on the REAL® Seal that included phrases like “American-made.” That made the symbol a de facto country-of-origin label. Later, the Federation added a Pinterest page, formed a network of bloggers dubbed the Dairy Divas and created a buyer’s guide making it easier for consumers to find stores, restaurants and brands that feature real dairy products. Especially for kids, the Federation created an animated version of the REAL® Seal logo on YouTube. By 2015, the Facebook page had hundreds of thousands of followers.



PIZZA LABELING

1983

The 1980s witnessed a decade-long dispute about frozen pizza labeling related to imitation cheese. In 1983, the Federation supported an Agriculture Department proposal requiring the amount and type of cheese to be shown on the packaging of meat-topped frozen pizzas. Four years later, however, the department dropped the proposal, prompting the Federation to ask Congress to impose the 1983 standards. “Truth in pizza labeling” bills were introduced in both the House and Senate. Hearing testimony highlighted consumer deceptions and concerns that imitation cheese was benefiting from the reputation of real cheese. That, plus an intensive Federation publicity campaign, triggered negotiations between the Federation and the department that produced an acceptable compromise: The amount of real cheese in these products would be increased by 750 percent to avoid labeling requirements.

NON-DAIRY MILKS

2010

In 2010, a decade after first asking for a crackdown on the use of dairy terminology on imitation milk products, the Federation sent a new appeal to the Food and Drug Administration, noting that abuses had only gotten worse. Now, the Federation said, in addition to “soymilk,” terms like yogurt, cheese and ice cream were appearing on products made from a wide variety of nondairy ingredients. To emphasize the point, the Federation launched a Facebook page called “They Don’t Got Milk,” through which consumers could complain directly to FDA.

Accept No Substitutions

● A REAL® Seal Facebook post setting the record straight on soy “milk”



Soy protein is a lower quality protein than the whey protein found in REAL® dairy products.





IMPORT CONTROLS AND TRADE

National Milk Producers Federation



IMPORT CONTROLS AND TRADE

1921 The Federation became involved in trade legislation as early as 1921, when it helped enact the Emergency Tariff Act. The bill imposed import duties on several dairy products, as well as some oils and fats. A year later, the Federation returned to Congress and increased the duty on butter from 6 cents to 8 cents per pound. The same bill increased the tariff on a number of vegetable oils. The vegetable oil tariff became instrumental in reducing sales of another product opposed by the Federation: oleomargarine.

1922 The 1922 act also included a tariff on casein, which at the time was manufactured in several U.S. milk plants. Over the next 10 years, the Federation succeeded in establishing a 5.5-cent casein import duty and thwarted several efforts to get the duty lowered. The 1921–1922 tariff acts were not totally effective in shutting down butter imports. So later in the decade, the Federation obtained a presidential proclamation increasing the butter tariff to 12 cents a pound. Still later, as part of the 1930 Tariff Act, the butter import duty was increased to 14 cents a pound.

1930 The dairy tariffs under the 1930 act operated effectively for several years. All that changed, however, with passage — over the Federation’s objections — of the Reciprocal Trade Agreements Act of 1934. A precursor to the General Agreement on Tariffs and Trade, the act allowed the president to sign trade agreements that lowered tariffs without congressional approval. The program was championed by Secretary of State Cordell Hull and between 1934–1947, the United States used it to make trade agreements with 29 foreign countries. Tariffs were reduced from an average of 48 percent in 1934 to 25 percent in 1947.

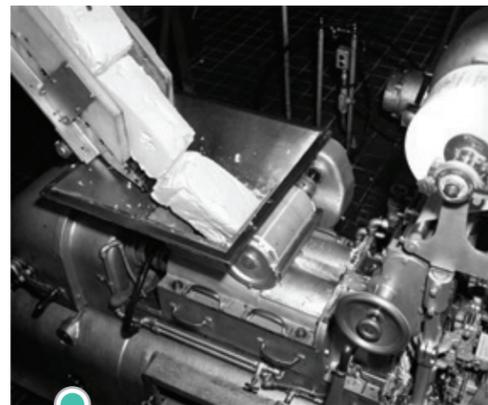
As the Federation saw it, the reduced tariffs were inadequate and unrealistic. Export subsidies and other practices of foreign nations made them practically meaningless. Nor were the tariff reductions correlated with Agriculture Department programs, resulting in contradictory policies.

1939 In 1939, the Federation was at the forefront of opposition forces when the trade agreements act was up for renewal. The Federation organized the Farmers’ and Stockmen’s Committee Favoring Senate Ratification of Trade Treaties, consisting of 208 farm leaders. With the help of the American Federation of Labor, it also undertook a major research project to counter “government propaganda” on the effects of the program. Approximately 20 Federation employees worked on the study day and night for two months. It concluded that the trade agreement program was overrated as an instrument of trade promotion and the United States had made too many concessions to other nations in the agreements approved since 1934. In addition, the study found that the trade agreements had the net effect of helping industry at the expense of agriculture.

The Federation presented the results of its study to Congress, but the House and Senate both voted to continue the trade agreements act for three more years. The Federation backed amendments requiring Senate ratification of all future agreements and prohibiting agreements from covering foreign products that cost less than their production cost in this country. Both amendments were defeated by narrow margins. Federation Secretary Holman put the best face on the defeat: “This legislation leaves us face to face with three more years of the Hull type of trade agreements. (But) the war has greatly interfered with the practical operation of many of the agreements and it appears that there is little opportunity for the State Department to make new agreements with additional countries except in South America.”



The Federation pushed successfully for tariffs on dairy imports in the 1920s and 1930s
Source: Darigold



A butter production line, 1930s. Butter has rebounded in popularity during the 21st century
Source: Darigold

IMPORT QUOTAS

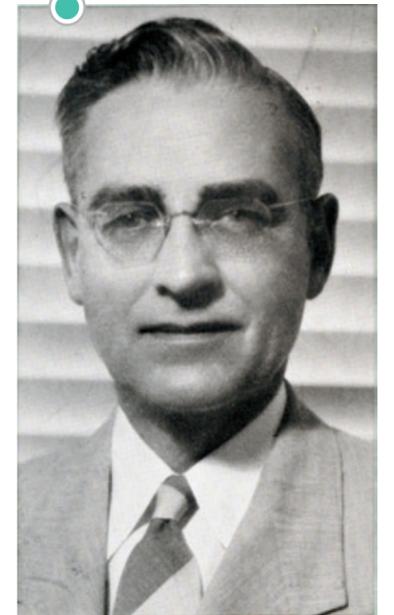
Import quotas on major dairy products were another long-time Federation goal. Section 22 of the Agricultural Adjustment Act of 1933 allowed for import quotas, but it wasn’t until World War II that quotas were actually imposed. The 1940 Defense Production Act even overrode the 1933 act and provided absolute limits — and in some cases bans — on dairy product imports. The Second War Powers Act in 1942 had a similar effect. The idea was to keep fats needed in the Allied countries from being drawn into the higher-priced American market, and to help allocate dairy products internationally. These controls continued through 1948.

1950s From the 1950s on, imports became even more important and required the Federation’s near-constant attention. From 1949–1951, imports of butter were controlled under special legislation permitting the liquidation of stocks acquired under government price supports. When that program ended, Congress authorized import quotas to prevent excessive expenditures under the price support program. Congress stated clearly that the protection of agricultural programs was to take precedence over trade agreements.

1953 A 1953 presidential proclamation imposed import quotas on dairy products, but was circumvented almost before the ink was dry. While the proclamation limited imports of loaves of Italian cheeses, it said nothing about split loaves, which were quickly substituted for full ones. Likewise, the proclamation limited imports of butter, but not butteroil. When butteroil imports were restricted, a mixture of butterfat and sugar was substituted and used in ice cream.

1956 In December 1956, when Federation President Russell S. Waltz addressed the 40th anniversary meeting in Hollywood, Florida, trade was a major theme. “Dairy farmers are vitally concerned with the foreign trade policies of this country,” he said. “Not only is their means of earning a living at stake, but also the substantial investments they have made in cattle, farms and equipment, and in the manufacturing plants they built and financed.”

Russell Waltz was NMPF president from 1953–1960
Source: Darigold



Darigold was an early marketer of milk outside of the U.S., as with this 1950s point-of-sale display for the Hawaiian territory
Source: Darigold

IMPORT CONTROLS AND TRADE

1962 In 1962, the provisions of the 1933 Agricultural Adjustment Act allowing for dairy import quotas were in jeopardy. The Federation succeeded in getting the authority continued, but by the middle of the decade dairy imports were exploding. A 1967 Federation report noted that dairy imports jumped 433 percent in 1966 alone, and were on track for a seven-fold increase since 1953. The culprits were a variety of products used to circumvent import quotas. "Huge quantities of imports are being brought into the country in open and flagrant evasion of the import quotas," said the Federation report. "These have resulted in millions of dollars of added and unnecessary cost to the dairy price support program and they are interfering substantially with the attainment of the goal of the program."

1967 The Federation's answer was the Dairy Import Act of 1967, which limited annual imports of butterfat and nonfat milk solids to the average level from 1961-1965. The controls were flexible between products and countries, and allowed limits to expand with the domestic market. In addition, the president could authorize exceeding the limits in the national interest. The Federation made an all-out push for the legislation, which failed by one vote in the Senate.

1970 The early 1970s saw an almost continual round of Tariff Commission hearings on dairy import quotas. In 1970 alone, the Federation testified before the commission three times. Often, it won a favorable recommendation from the commission only to have the president reject or modify the recommendation. In 1971, for example, a commission report adopted several Federation recommendations to limit imports of butterfat and other dairy products. A subsequent presidential proclamation virtually ignored the commission's findings.

The situation worsened in 1972 when President Richard Nixon, in an emergency action, increased the quota for nonfat dry milk by 25 million pounds. The purpose was to reduce the price of milk and dairy products. Nixon took seven similar actions during the next 15 months. One proclamation, issued in April 1973, increased cheese import quotas by 50 percent. The increased imports under these proclamations totaled 64 million pounds of butter, 200 million pounds of Cheddar cheese and 150 million pounds of nonfat dry milk.

Meanwhile, several other trade fights ended more successfully. When New Zealand shipped Cheddar cheese mislabeled as Monterey to evade the Cheddar quota, the Federation convinced the Food and Drug Administration to require that the product be properly labeled. And when Colby cheese was used to evade the Cheddar quota, the Federation won approval for an import quota on Colby.

1974 In 1974, with multilateral General Agreement on Tariffs and Trade negotiations on the horizon, proposals surfaced to couple expanded grain and soybean exports with increased dairy imports. The Federation, greatly concerned, helped write into the Trade Act of 1974 language restricting the executive branch's ability to act on its own in the GATT negotiations.

A 1967 Federation report noted that



**DAIRY IMPORTS JUMPED
433 PERCENT**

in 1966 alone and were on track for a seven-fold increase since 1953.



President Nixon greets Federation Secretary Pat Healy in the early 1970s

SUBSIDIZED EXPORTS

Perhaps the major dairy trade fight of the 1970s involved the imposition of countervailing duties to offset other countries' subsidized exports. The Federation had favored countervailing duties on dairy imports since the 1930s, but it wasn't until 1968 that it began demanding that countervailing duties be collected on subsidized imports. In 1973, the Federation sued to compel enforcement of the countervailing duties statute. As Secretary Healy explained to the membership, "To compete with the U.S.-produced dairy products, foreign governments pay a subsidy to their producers or processors, allowing the product price of imports to meet or undercut U.S. prices."

In response to the suit, the European Community temporarily suspended some export subsidies on cheese. But the dispute, labeled "the cheese war" by the media, continued until Federation President Glenn Lake talked by phone with President Gerald Ford, a fellow Michigan native. Together, they worked out a negotiating stance that led to a settlement. The European Community agreed to refrain from subsidizing exports of many common cheeses if subsidies could continue on certain table cheeses. In a victory for the Federation, if subsidies were subsequently restored, countervailing duties would be promptly enforced. The agreement was a key factor in decreasing cheese imports the following year.

1979 A decade full of dairy import fights ended on a sour note in 1979, when Congress approved the Tokyo round of negotiations under GATT. The agreements increased cheese imports by 67 million pounds and allowed an additional 4.5 million pounds of chocolate crumb imports, which contained butterfat and nonfat milk solids. The Federation pointed out that this was the equivalent of the production of 1,200 50-cow dairy farms.

A SHIFT ON TRADE

1992 By 1992, with the Uruguay round of negotiations under GATT and the North American Free Trade Agreement under discussion, the Federation's attitude toward trade began to change. The Federation demanded that the United States not negotiate away domestic dairy programs or allow more subsidized dairy imports. But by 1992, with NAFTA also under discussion, the Federation's position on trade policy was evolving. The annual report that year included this discussion on both NAFTA and GATT:

...we are, and will continue to be, moved away from national economies toward a world economy. And we can no more stop this trend than we could have stopped the movement from a local, to a regional, to a national economy... There is no doubt that we must remain vigilant as these accords move closer to becoming a reality, working as we have in the past to protect dairy interests. (But) on the bright side, improved economies and increased standards of living, resulting in more varied diets throughout Asia and the former Soviet bloc countries, should boost both prices and demand for U.S. dairy products.



"To compete with the U.S.-produced dairy products, foreign governments pay a subsidy to their producers or processors, allowing the product price of imports to meet or undercut U.S. prices."

— Pat Healy, Federation secretary



The cheese war erupted in 1973

IMPORT CONTROLS AND TRADE

1993 By 1993, the Federation had joined the successful drive to pass NAFTA, saying the agreement protected dairy producers from unfair competition while opening the doors of trade to Mexico, a potential major new market. The Federation touted the trade agreement as capable of creating more than 10,000 new dairy industry jobs and adding as much as \$1 billion to the bottom lines of milk producers nationwide. Dairy exports to Mexico doubled in NAFTA's first year.

1994 In 1994, the Uruguay round of GATT made major changes in U.S. dairy trade. Import quotas were replaced with a tariff-rate quota system, under which a lower tariff would apply to imports up to a specified quantity, with a higher rate applied to imports above the quota. The Federation, which had been deeply involved in the GATT negotiations, was successful in limiting the increase in dairy imports under the agreement and in creating new dairy export potential. Also in 1995, the Federation convinced the Clinton Administration to extend the Dairy Export Incentive Program to the Asia-Pacific region and triggered the first formal dispute under NAFTA, as Canada refused to relinquish duties on dairy products ranging up to 350 percent.

2001 In 2001, as part of the fight to approve permanent normal trade relations with China, the Federation played a key role in reducing Chinese tariffs on U.S. dairy products and numerous other farm exports without lowering tariffs on the U.S. side. The same year, the Federation helped open markets for U.S. dairy products in Egypt, Israel, Brazil, Japan, Canada and South Korea. At the same time, the Federation opposed a hastily drawn up trade agreement with Singapore and several other agreements that either had no benefit for dairy producers or would have undermined the U.S. trade balance for dairy. Later in the decade, the Federation supported free trade agreements with South Korea, Panama, Peru and five other Central American countries because they offered the prospect of increased dairy exports.

In addition, the Federation was working hard to defend the interests of dairy farmers in the Doha round of World Trade Organization negotiations. The Federation had three basic goals: eliminating export subsidies, harmonizing market access so that other countries accept their share of imports and reducing disparities in farm support while preserving the U.S. safety net for dairy farmers. In mid-2005, the Federation helped convince negotiators to walk away from what would have been a bad deal for U.S. agriculture.

In 2001, a World Trade Organization panel agreed with the Federation that Canada's dairy pricing system amounted to an illegal export subsidy. It took another two years of work, but most subsidized Canadian dairy exports came to an end in 2003. Also in 2001, the Federation strongly opposed a free trade agreement with Australia, a major dairy exporter, and petitioned for benefits for dairy farmers hurt by increased dairy imports under the new Trade Adjustment Assistance Act. In 2006, the Federation worked with the Bush Administration to ensure that Mexican tariffs on U.S. dairy exports, imposed as a result of a WTO violation, were lifted on schedule and not re-imposed. In 2012, the Federation supported World Trade Organization membership for Russia in an effort to reopen the Russian market to U.S. dairy products.



The Federation touted the trade agreement as capable of creating more than

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In 1993, the Federation joined the successful fight to pass NAFTA



What's in a Name?

By the mid-2000s, the Federation was ramping up its fight with the European Union regarding geographical indications, which limit use of certain generic food product terms or names to those in a particular geographic area. Cheese names like parmesan and feta were key targets of the EU effort to expand the application of GIs.

In 2005, the Federation fought plans for WTO recognition of generic names, and over the next two years, the Federation fought an EU effort to establish a global geographical indications registry. In 2009, new details of the Korea free trade agreement revealed the EU had made further inroads in its effort to claw back use of various generic cheese names. In 2012, the Federation and the U.S. Dairy Export Council organized a consortium of food companies around the world dedicated to defending the right to use well-known generic product names, including parmesan, provolone and feta cheese.



IMPORT CONTROLS AND TRADE

Milk protein concentrate and similar products were another major trade issue in the early 2000s. A nearly six-fold increase in MPC imports since the mid-1990s was displacing domestic dairy proteins in a variety of products, helping to weaken the farm price of milk. In 2000, Federation opposition caused U.S. dairy processors to back away from a proposal to allow dried ultra-filtered milk proteins in cheese. Processors then demanded to use liquid forms of UF milk in cheese-making, which the Federation agreed to, with limits. The next year, the Federation led a new coalition, Dairy Producers for Fair Trade, in lobbying Congress on MPC and casein imports. Starting in 2003 and continuing for the rest of the decade, the Federation pushed bills in both the House and Senate to apply the same tariff rate quotas in place for skim milk powder to milk protein concentrate and casein used in food.

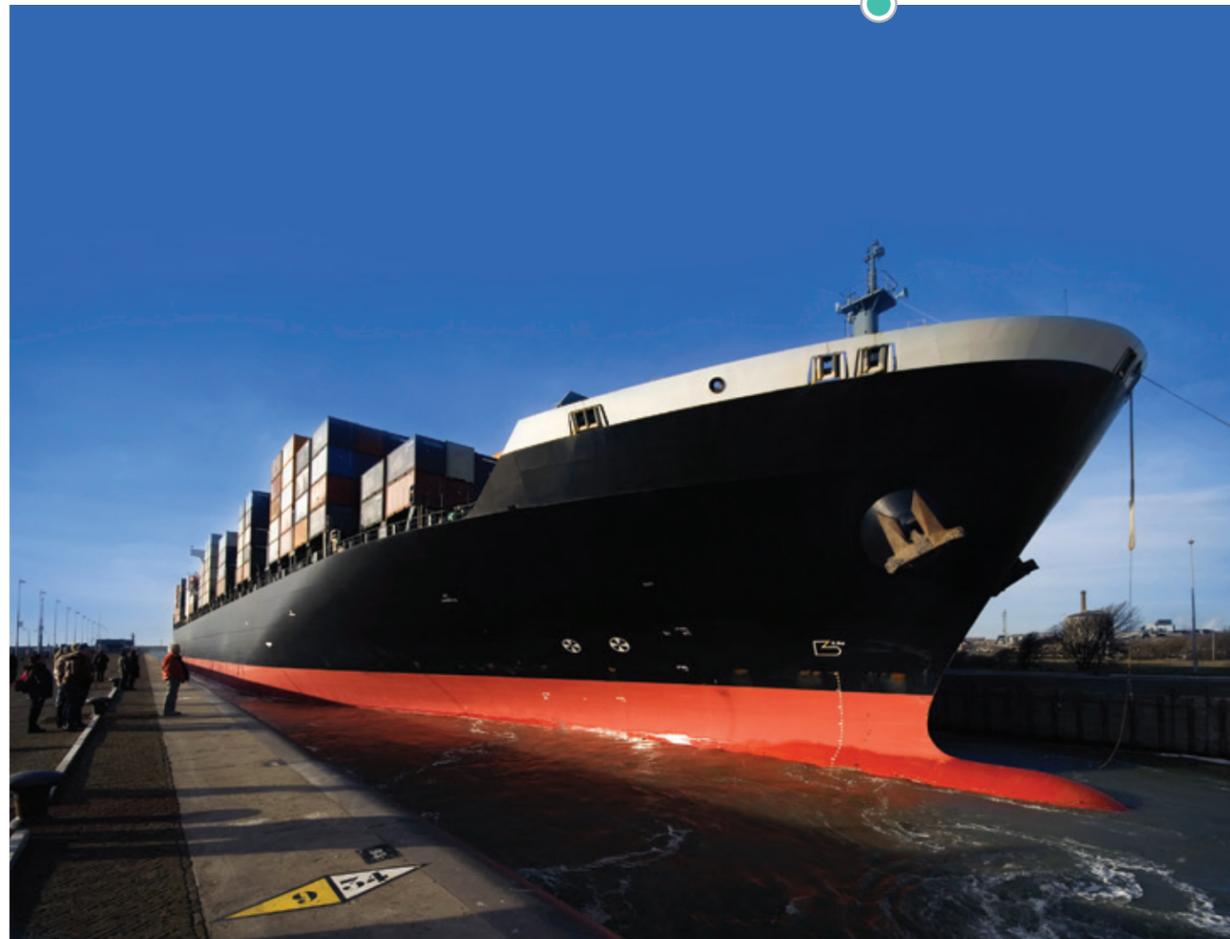
2012

In 2012, the Federation expressed concerns about a Pacific Rim trade agreement because it had limited opportunities for U.S. dairy farmers. A year later, however, the Federation welcomed news that Japan and Canada had joined the negotiations, since increasing exports to those two large, insulated markets had been a long-standing Federation goal. By that time, the Federation was also supporting trade negotiations with the European Union over the planned Transatlantic Trade and Investment Partnership. The two mammoth free trade agreements, the Federation said, “mean the United States is now involved in trade talks with the world’s three largest dairy suppliers and two of the world’s most significant dairy markets...In both treaties, there is potential for positive outcomes for U.S. dairy farmers.”

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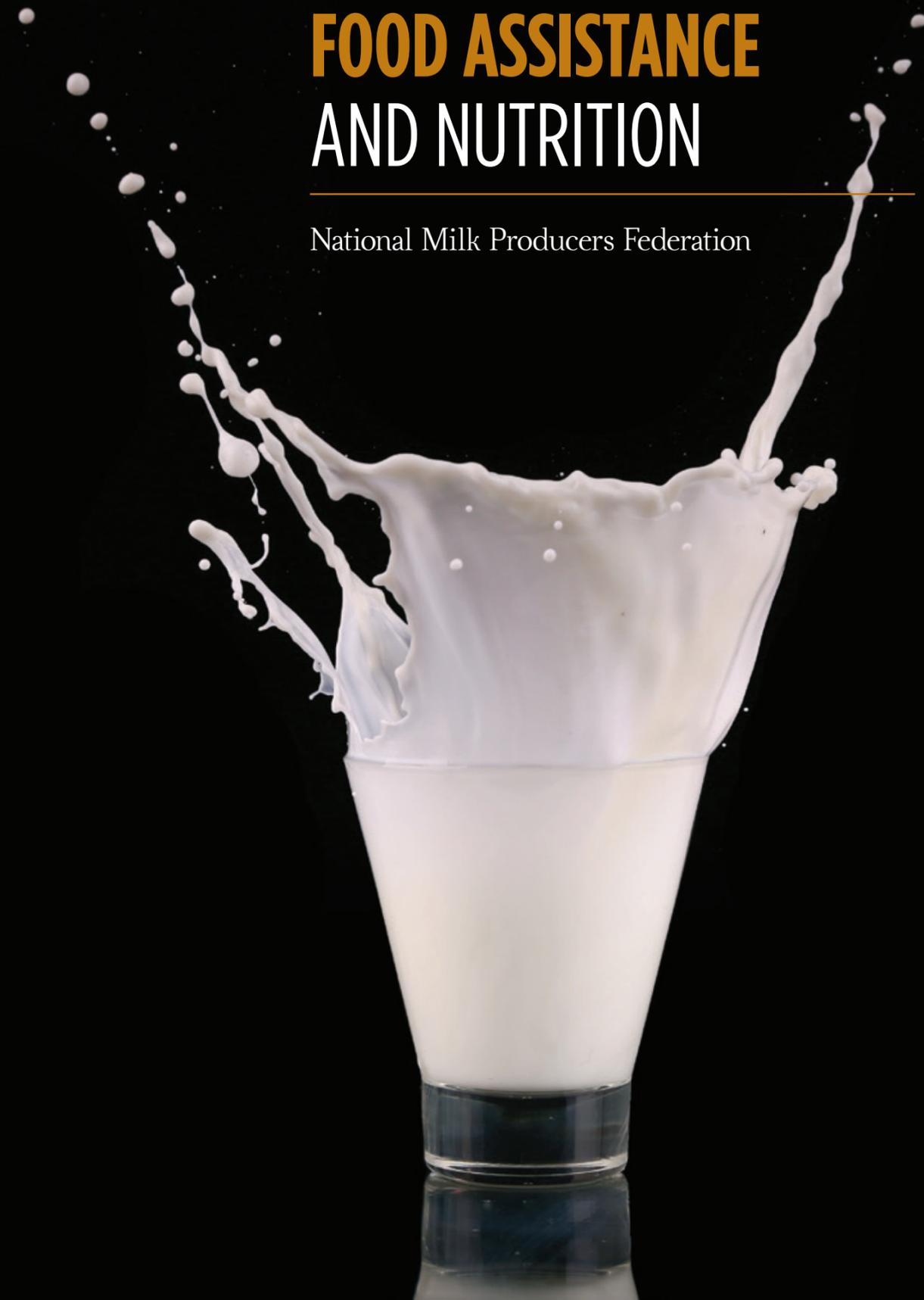
— 2012 Federation report

In 2013, the Federation welcomed news that Japan and Canada had joined negotiations over a Pacific Rim trade deal



FOOD ASSISTANCE AND NUTRITION

National Milk Producers Federation



FOOD ASSISTANCE AND NUTRITION

Federal food assistance traces its roots to the 1930s, which saw the start of several programs designed to both improve nutrition and reduce farm surpluses. From the beginning, the Federation supported these programs in every way possible, including helping to pass appropriations when needed. It also encouraged these programs to purchase as many dairy products as possible.

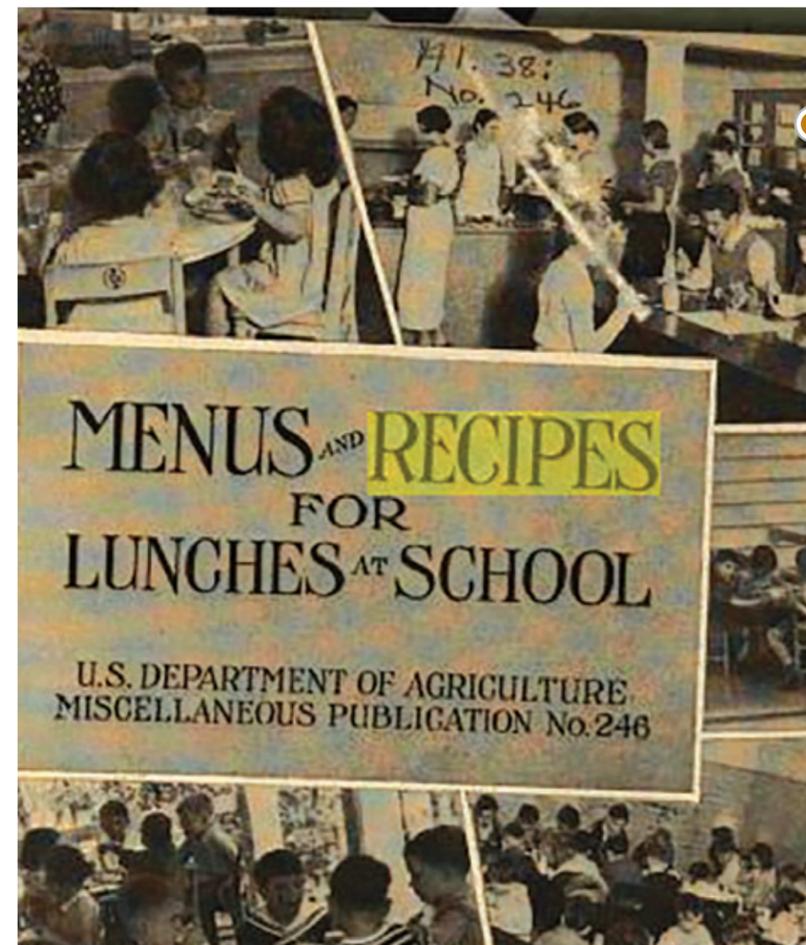
1933 As early as 1933, the government began purchasing farm products for school lunches. In late 1933 and early 1934, that included 46 million pounds of butter and 6 million pounds of cheese. The 1935 Agricultural Adjustment Act also allowed 30 percent of what the government collected in food import duties to be used to purchase surplus farm commodities for low-income people. School lunch programs became a key outlet for dairy products purchased under this provision.

1937 In 1937, the government started a federal milk distribution program for needy people in Boston that was quickly expanded to five other cities. Two years later, the program was distributing approximately 170,000 quarts of milk daily to more than 400,000 people. In his report to the 1940 annual meeting, Secretary Holman wrote, "There is every evidence that these relief milk programs have substantially benefited farmers, as well as consumers."

1940 In 1939, a preliminary version of the food stamp program was launched. The following year, federal help in providing milk to school children began; a six-month program in a few low-income schools in Chicago and New York quickly expanded to other cities. By 1946, the program was serving 6.7 million children a day.

"There is every evidence that these relief milk programs have substantially benefited farmers, as well as consumers."

— Charles Holman,
Federation secretary



A government pamphlet offers recipes for healthy school lunches, 1936

Source: U.S. Department of Agriculture



By 1946, the program was serving

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CHILDREN A DAY.

Dairy Promotion Programs

The Federation's support for dairy advertising and promotion programs dates back to 1938, the year of the first June Dairy Month. Two dairy promotion drives by retail stores that year were very successful. Encouraged, the Federation helped create a national committee to coordinate a dairy sales drive and endorsed a dairy advertising program at its annual meeting in 1939. Less than two months later, in January 1940, the American Dairy Association was formed. Initial funding came from a check-off of 1 cent per pound of butterfat during the first 15 days of June.

Once the association was established, the Federation largely withdrew from promotion activities, concentrating instead on legislation and lobbying. But it continued to give full support to those involved in dairy promotion activities. In 1965, the Federation sought to add a provision to the farm bill authorizing a dairy advertising and promotion program paid for by deductions from farmers' milk checks. While that effort failed, it led to enactment a few years later of legislation authorizing individual dairy promotion programs under milk marketing orders. Programs

were adopted in several order areas and were initially quite successful. These programs, however, had one weakness: Any producer who did not want to support a program could obtain a refund of the promotion deduction.

That prompted the Federation to begin focusing on a national check-off program, an effort that would finally succeed in 1983, when the dairy compromise package authorized a promotion program funded through a mandatory 15-cent-per-hundredweight assessment on all milk. A 36-member board of dairy farmers, the National Dairy Promotion and Research Board, was established to administer the program. In a 1985 referendum, the program won approval of nearly 90 percent of farmers. A year later, the Federation assembled experts from all parts of the industry to streamline and coordinate national promotion efforts. Twenty-three meetings were held at locations around the country over 18 months. The goal was to make the most efficient use of dairy farmer contributions.



FOOD ASSISTANCE AND NUTRITION

1946 The National School Lunch Act in 1946 made the school lunch program permanent. It provided free or reduced-price lunches for those who couldn't afford the full price of a lunch. The program was justified in part on national security grounds. It built on the precedent of requiring schools to offer milk with each school meal. That requirement remains in effect today, thanks in part to Federation lobbying.

1954 In 1954, the Special School Milk Program was instituted; schools were encouraged to serve milk all day and children could drink as many half-pints as they wanted. An Agriculture Department pamphlet proclaimed milk "the most nearly perfect of all foods," essential yet lacking in the diets of many children.



Agriculture Secretary Ezra Taft Benson samples milk during a school lunch in 1956

Source: U.S. Department of Agriculture

An Agriculture Department pamphlet proclaimed milk "the most nearly perfect of all foods," essential yet lacking in the diets of many children.

— 1954 U.S. Department of Agriculture pamphlet

1962 The Federation spent much of the 1960s and the 1970s beating back proposals to cut the school milk program because it was not based on need. In 1962, it failed to stop a plan to have the program funded through regular appropriations, rather than through the Agriculture Department's Commodity Credit Corporation. In both 1966 and 1969, the Federation defeated plans to cut school milk funding by 80 percent.

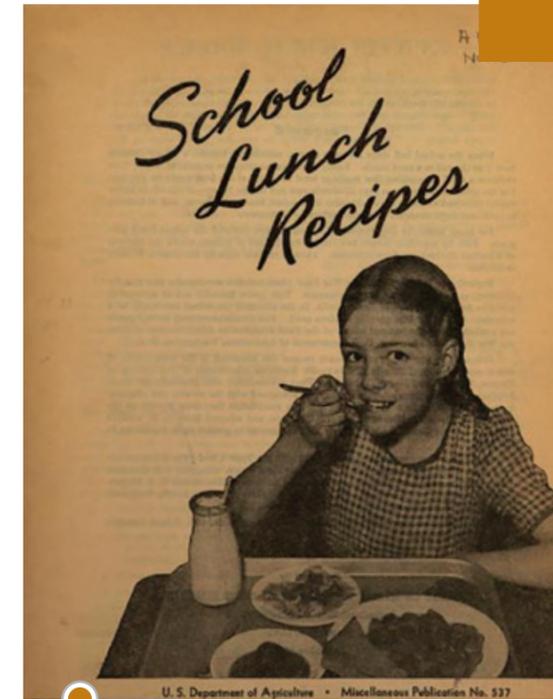
1970 In 1970, the Nixon Administration tried to zero out funding for school milk. A pitched battle ensued, but by fall Agriculture Secretary Clifford Hardin announced the continuation of the program. Federation Secretary Healy credited the entire membership for turning "what could have been a tragic loss into a victory."

The next year, the Federation succeeded in making the school milk program permanent, and in 1973 it helped pass legislation making the program available to any school or nonprofit child care institution upon request. The same law provided free milk to any child qualifying for a free lunch under the National School Lunch Program. The years 1975 and 1976 saw the Federation defeat additional efforts to zero out the school milk program.

The school lunch program, meanwhile, was going through its own problems. In 1972, the Agriculture Department proposed giving school officials a choice of serving children milk or another equally nutritious food. The Federation killed the plan, but three years later the Ford Administration proposed replacing all the child nutrition programs with a system of state grants. Congress refused to go along. In 1978, the Department of Education proposed to take over the child nutrition programs. The Federation led an effort to stop this change.

1981 In 1981, the Reagan Administration proposed reducing serving sizes in school lunches, including those for milk. It also suggested allowing yogurt as a substitute for milk in school meals. After a barrage of negative mail, much of it generated by the Federation, the Agriculture Department withdrew the proposal. The next year, however, the Reagan Administration tried to change WIC — the Special Supplemental Nutrition Program for Women, Infants and Children — into a block grant. The plan was similar to one attempted in 1975 for all federal child nutrition programs. Congress, however, turned it down. Three years later, the Federation also beat back a proposal to allow schools to offer low-fat milk, skim milk or buttermilk in lieu of whole milk in school lunches.

1990 In the 1990s, the Federation again defended milk in schools as consumer advocacy groups targeted whole and 2 percent milk as unhealthy. In 1990, the Federation defeated a proposal to ban whole milk in child nutrition programs. In 1994, it successfully fought changes in how school menus were constructed that could have resulted in other foods displacing milk in meals.



An early Agriculture Department effort to encourage more nutritious school lunches

Source: U.S. Department of Agriculture

FOOD ASSISTANCE AND NUTRITION

1998 In 1998, 2004 and 2010, the Federation successfully defended the requirement that milk be offered with each school meal. But the 2010 requirement was included in a \$4.5 billion reauthorization of federal child nutrition programs that also included a tightening of nutrition requirements for school meals requested by the Obama Administration. Subsequent regulations limited flavored milk in schools to fat-free starting in 2012. By mid-decade, however, that decision was being second guessed as milk consumption in schools declined. In response, the Federation worked with Congress in 2015 on legislation to reverse the decline in part by increasing the variety of milk offered in schools.

NUTRITION

By continuously supporting federal programs that assured an adequate supply of milk and dairy products for Americans, the Federation championed good nutrition from its earliest days. In addition, by vigorously defending federal food assistance programs, the Federation fought hard to assure an adequate diet for the neediest Americans, especially children, since at least the 1930s.

1930s

1980s But starting in the 1980s, both the federal government's advocacy for a nutritious diet and the Federation's support for good nutrition became more formalized. Whether by design or not, this change coincided with a shift in official concern from undernutrition to overweight and obese Americans.

In 1980, the first Dietary Guidelines for Americans — the federal government's official nutrition advice — was issued by the departments of Agriculture and Health and Human Services. The plan was to update that advice, consistent with science, every five years. By 1985, the Federation had joined with the National Dairy Council, the National Dairy Promotion and Research Board and others to offer a dairy industry position on the guidelines. Results that first year were mixed. The Federation applauded the 1985 guidelines' recognition of dairy calcium's role in preventing osteoporosis, but it decried the inclusion of "some cheeses" among foods high in sodium and offering little or no nutritional value. "Information such as this, which is not balanced or ignores important facts, confuses consumers," the organization complained.

In 1987, the Federation objected to a Food and Drug Administration cholesterol-labeling proposal and a government-funded cholesterol-testing education campaign. The organization feared this kind of blanket approach would lead to many healthy Americans avoiding whole milk, cheese and butter. "Improved eating habits are necessary for improved health," the Federation said, "... (but) FDA's cholesterol and health claims proposals will not contribute positively to this goal."

1990s

One of 1990's major legislative actions was the Nutrition Labeling and Education Act, which required the now familiar Nutrition Facts panel on nearly all foods regulated by the Food and Drug Administration. After preventing the Senate from voting on the bill for five days, the Federation succeeded in stripping the bill of an objectionable provision that would have ended FDA's formal hearing process for amending dairy product standards. The Federation also succeeded in modifying a requirement that food labels show calories from fat to emphasize the total nutritional value of a food without emphasizing individual components.



Schools are required to offer milk with every meal, giving it a unique role in meeting children's nutritional needs

Source: U.S. Department of Agriculture



The 1985 Dietary Guidelines for Americans recognized dairy's role in osteoporosis prevention
Source: U.S. Department of Agriculture



1991 The year of 1991 saw the introduction of the Agriculture Department's food pyramid, a graphic depiction of the dietary guidelines. The Federation and other food industry organizations were skeptical, fearing consumers would interpret the pyramid as a ranking of foods when in fact, each food group, including dairy, was part of a well-balanced diet. As a result, Agriculture Secretary Edward Madigan placed the pyramid on hold so it could be further tested on consumers.

2000s By the 2000s, rising rates of overweight and obese Americans had become a major concern among nutritionists and policymakers alike. In response, the Federation joined the International Dairy Foods Association in asking the Food and Drug Administration to modify the identity standards for milk to change how artificial sweeteners are labeled.

2010 In 2010, at the Federation's urging, the Dietary Guidelines for Americans retained the recommendation that most Americans consume three servings of dairy products a day. By 2010, the Federation was also advancing the concept of nutrient density, or recognizing the positive nutrient contributions of foods relative to their calories, and not disqualifying foods for containing any amount of nutrients to avoid.

The following year, USDA and the Department of Health and Human Services unveiled a new nutrition icon called MyPlate. The Federation applauded the icon for including a circle depicting the recommendation for a serving of low-fat or fat-free dairy at every meal.



Five years later, the Federation requested that the dietary guidelines continue to recommend three servings of dairy products a day, adding that the 2015 guidelines should focus on the "serious public health problem of under-consumption of milk and dairy products."



Lower-fat versions of milk are now offered in schools in light of concerns about childhood obesity rates in the 21st century
Source: Dairy Management Inc.

FOOD ASSISTANCE AND NUTRITION

2012

By 2012, the federal government was looking closely at ways to reduce sodium consumption among consumers. It was also considering the idea of adding an “added sugar” line to the Nutrition Facts panel on foods. The Federation initially urged caution on both fronts, but recognized that additional information could help consumers understand “the important role that dairy plays in a healthy diet.” With some technical caveats that included questions about the definition of the “added sugars” line, the Federation used its comments on the panel to remind FDA that it was continuing to allow manufacturers of “soy milk” and other imitation dairy products to trick consumers into thinking these products were nutritionally equal to real dairy products.



The Nutrition Facts panel has become a battleground over how much information consumers want about food products

ANIMAL HEALTH AND FOOD SAFETY

National Milk Producers Federation



ANIMAL HEALTH AND FOOD SAFETY

The health of dairy cows can also affect the public's health. Therefore, protecting the health and well being of cattle and people alike has been an ongoing focus for NMPF over the decades.

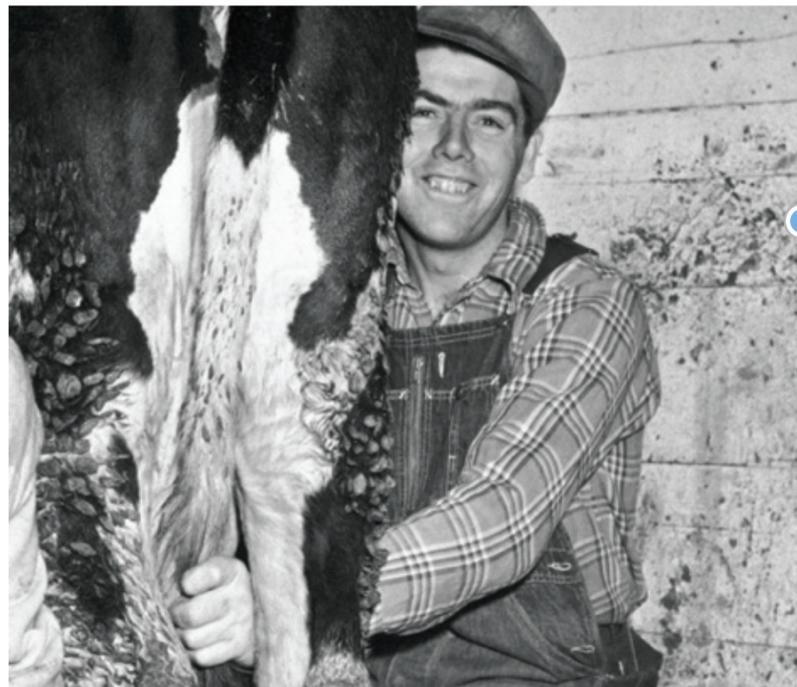
In the Federation's early years, animal health matters were handled largely at the market or state level. But that didn't stop the organization from adopting a resolution at its 1925 annual meeting calling for "adequate appropriations by the federal government for tuberculosis eradication."

In the 1930s, the Federation convinced the federal government to reimburse owners of brucellosis-infected cattle who voluntarily offered their herds for slaughter. It then pushed continuously for decades for funds for both brucellosis and bovine tuberculosis-control programs, and for indemnity programs for those with infected herds. In the 1950s, the Federation worked with Congress to accelerate the brucellosis eradication program, winning a 33-percent increase in funding in the process.

Over the years, the Federation has continually supported efforts to control and eradicate animal diseases in the United States and other countries. Some of the more recent efforts:

• MAD COW DISEASE

In 1997, U.S. concerns were rising about the brain-wasting cattle disease bovine spongiform encephalopathy. The Federation supported a Food and Drug Administration ban on using mammalian tissue in animal feed, the suspected source of the disease in Great Britain. At the same time, the Federation succeeded in having milk and milk products excluded from the ban based on science. In the mid-2000s, when several Canadian cows tested positive for the disease, the Federation pushed the Agriculture Department to strictly enforce entry requirements to prevent infected dairy cattle from entering this country. It also pushed the Agriculture Department to devote additional resources to the surveillance of animals infected with Mad Cow Disease. The feed ban and surveillance efforts proved effective in maintaining public confidence in the food supply.



Both milking and feeding cows has become much easier since the mid-20th century, thanks to machines that improve farm productivity
Sources: Land O'Lakes and DairyLea Cooperative Inc.



• JOHNE'S DISEASE

In the 1990s, the Federation successfully advocated for national guidelines addressing both infected and non-infected herds. In 2009, the Federation led an effort to update the National Strategic Plan for Johne's Disease and to retain more than \$6 million in federal funding for a Johne's Control Program. In subsequent years, the Federation secured more funding for both Johne's Disease control and research.

• ANIMAL HEALTH EMERGENCY MANAGEMENT SYSTEM

In 1997, the Federation was responsible for the formation of a group bringing together federal and state governments with the livestock industry and veterinary profession to create a world-class animal health emergency management system. The goal was to reduce both the economic risk to producers from animal diseases and the risk of foreign animal diseases entering the country.

• FOOT AND MOUTH DISEASE

The Foot and Mouth Disease virus has been endemic in many places around the world for centuries. The last U.S. outbreak occurred in 1929, and the Federation has been active in promoting measures to keep the disease out of the country. The outbreak in Europe in 2001 was a major impetus to update U.S. regulations and resources aimed at the virus. After FMD was introduced in the United Kingdom and four European countries, the Federation urged the Agriculture Department to tighten restrictions on imports of dairy products from animals exposed to the FMD virus. In 2014, the Federation opposed the importation of meat products from northern Argentina and certain areas of Brazil because of FMD threats.

• ANIMAL ID

In 2005, the Federation joined five other dairy organizations in forming IDairy to promote animal identification as a collective insurance policy in the event of an animal disease emergency. IDairy's goal was to register all dairy operations to allow government to respond quickly to animal health emergencies. By 2008, more than 42,000 dairy producers had registered. In addition, the Federation supported a national animal traceability program that allowed tracking of all animals within 48 hours to better trace and contain animal disease. In 2012, the Agriculture Department issued regulations that stopped short of what the Federation advocated, but did provide more clarity on traceability for livestock owners and handlers.

• CLONED DAIRY CATTLE

In 2008, the Federation concurred with a Food and Drug Administration risk assessment confirming the safety of milk and meat from cloned animals, but expressed concern about the effect of cloning technology on international trade. It pressed the Agriculture Department to continue a voluntary moratorium on the marketing of milk and meat from cloned animals and supported a comprehensive mandatory pre-market approval process to regulate transgenic animals.

• BOVINE TUBERCULOSIS

In 2008 and 2009, the Federation successfully pushed the Agriculture Department to modernize its TB eradication program. Among other things, USDA improved TB testing programs and unveiled a framework for modernizing the eradication program.

Technology versus Tradition

The controversy generated by the commercial introduction of bovine growth hormone was one of the first hallmarks of how farm technologies affecting animal health became, in the minds of some, both a food safety issue and a tipping point on the changing nature of food production.

Early in the 1990s, a genetically engineered hormone that replicated the bovine somatotropin that cows naturally produce triggered the country's first major food biotechnology debate. The product had the potential to increase a cow's milk production by more than 10 percent. A variety of scientific authorities found that milk and meat from cows treated with this recombinant bovine somatotropin were as safe as those from untreated cows. Still, long before the product was approved for commercial use, bills were introduced in state legislatures banning its use. Concerned that debates over rBST

and drug residues could tarnish milk's image, the Federation and the National Dairy Board formed the Dairy Industry Coalition to battle misinformation about milk safety. When the FDA approved rBST in 1994, the Federation went to work countering a continuing campaign of fabrication and distortion by biotechnology opponents. It also supported an FDA proposal for the voluntary labeling of milk from cows not given the genetically engineered hormone. As a result, there was no appreciable decline in milk consumption. The Federation then supported FDA-proposed guidelines for the voluntary labeling of milk from cows not given rBST. The proposal stated specifically that labels could not claim a difference in products from cows treated or not treated with rBST. The fight over the labeling of Genetically Modified Organisms in the 2010s is an echo of the 20-plus-year history of the rBST battle.



FOOD SAFETY

Beginning with the pasteurization of milk in the late 1800s, the dairy industry has always had a sound reputation on food safety. In fact, many of today's public health and food safety principles can trace their origins to programs initiated by the dairy industry. Maintaining the safety and quality of milk and dairy products has also always been a Federation priority. Prior to the end of World War II, milk sanitation programs were a hodgepodge of federal, state and local agency regulations. In the early post-war period and throughout the 1950s, the Federation's member cooperatives worked with these agencies to develop a more uniform national program to support the free interstate movement of milk. The result was the National Conference on Interstate Milk Shipments. Its underlying model program, the Pasteurized Milk Ordinance, is still in effect today for Grade A milk and milk products.

By the 1960s, the Federation was working with the Public Health Service on milk safety guidelines and supporting federal minimum standards for manufactured dairy products. For both producer cost and food safety reasons, the Federation also pushed in the 1950s and 1960s for uniform federal standards for equipment



Testing cream in Minnesota, 1920s
Source: Land O'Lakes

ANIMAL HEALTH AND FOOD SAFETY

used on dairy farms. It also won an indemnity program for those losing milk due to chemical contamination not the fault of the producer. But in the 1970s, when the Food and Drug Administration attempted to federalize regulation of the interstate Grade A milk movement, the Federation successfully defended a long-standing cooperative state-federal program.

1980s Starting in the 1980s and 1990s, as food safety became more of a public concern, the Federation ramped up its efforts considerably. When testing showed several types of contamination in manufactured dairy products in 1986, for example, the Federation quickly established a Milk Safety Task Force to re-evaluate quality control practices. The organization subsequently supported new, more rigid plant inspection programs established by the Food and Drug Administration.

1990 In 1990, as the public become concerned about antibiotic and pesticide residues in food, the Federation supported FDA plans to spot-check truckloads of raw milk for antibiotic and other drug residues as they left farms. It also worked with the American Veterinary Medical Association to create the Milk and Dairy Beef Quality Assurance Program, a 10-point checklist of "critical control points" in herd health management. The following year, the National Conference on Interstate Milk Shipments adopted the program as part of the Pasteurized Milk Ordinance. As a result, Grade A permits of producers with excess drug residues in their milk would be suspended. In addition, two years later, the NCIMS adopted a Federation-supported proposal to assure higher raw milk quality by lowering the limit for somatic cells in milk from 1 million to 750,000.

1992 By 1992, partly as a result of Federation quality assurance efforts, every tanker of milk was being tested for the most common animal drugs, and random sampling was under way for a variety of lesser-used drugs. Less than 1 percent of milk tankers were found to be contaminated with drug residues. Despite this, criticism of the use of antibiotics in food animals continued through the rest of the 1990s and into the 2000s, with congressional hearings and increasing media coverage of the link between antibiotic use in livestock and antimicrobial resistance. In response, the Federation revised its Milk and Dairy Beef Drug Residue Prevention Manual for producers and, starting in 2010, produced annual updates to the manual. Two years later, the FDA began a new sampling program for drug residues in milk. The Federation worked with the agency on the design of the program, which again found less than 1 percent of samples testing positive for residues.

In 2008, responding to the contamination of milk in China with melamine, the Federation worked with the Food and Drug Administration to make sure tainted dairy products and ingredients did not reach U.S. consumers and that the image of the U.S. dairy industry was not harmed.

By 2009, Congress was at work on the most sweeping reforms of the nation's food safety laws in more than 70 years. Legislation was enacted in 2011 as the Food Safety Modernization Act. Along with more than two dozen other agricultural groups, the Federation generally supported the new law's science and risk-based approach to food safety and, over the next few years, the Federation submitted more than 30 sets of comments on the regulations implementing the law. The Federation's top priority was to insist that Grade A milk facilities be regulated under the Pasteurized Milk Ordinance instead of under the new law's preventive controls. In addition, the Federation argued that farms should not be subject to regulations to prevent intentional contamination of food at high-risk targets.



Milk quality is more critical today in managing dairy herd health and producing quality products for consumers



By 2009, Congress was at work on the most sweeping reforms of the nation's food safety laws

**IN MORE THAN
70 YEARS.**

THE MILLENNIUM YEARS

National Milk Producers Federation



THE MILLENNIUM YEARS

With the new millennium, a host of new topics appeared on the Federation's agenda. Work continued on perennial issues like price stabilization, trade and food assistance. Starting in 2000, staff and member efforts increasingly focused time and resources on issues like the environment, humane animal care and immigration. The following is a sampling of Federation work on these and other issues during the last 15 years.

THE ENVIRONMENT

The Federation began the new millennium by co-hosting a meeting with the dairy industry, the Agriculture Department and the Environmental Protection Agency to work on solutions to the environmental challenges facing dairy producers. The meeting established the Federation as the lead national dairy organization in dealing with federal regulators on environmental issues. Simultaneously, the Federation talked with EPA staff on two major pending water quality regulations, one regulating discharges from large feed lots and the other increasing requirements on farms near impaired watersheds.

The final feed lot regulation increased the number of producers who were regulated and tightened permit requirements and effluent limits. But it was less onerous on the dairy industry than originally thought. The Federation asked EPA to delay implementation of the rule until comparable air quality regulations were finished. Meanwhile, the Federation also worked with Congress to make more money available to producers to implement environmental improvements on their farms.

In 2001, the Federation produced a manual of environmental best practices for dairy producers



- 2001** In 2001, the Federation partnered with the Agriculture Department's Natural Resources Conservation Service to produce a manual of environmental best practices available to dairy producers. The manual was issued the following year and is still available to dairy farmers in 2015.
- 2005** In 2005 and 2006, the Federation worked with EPA on details of a major study designed to develop a model-based tool to quantify major gas emissions released from farms. The dairy portion of EPA's air emissions monitoring study, funded with a one-time use of dairy check-off money, measured emissions from barns and lagoons on dairy operations around the country over two years. Data collection from the study was completed in 2010 and EPA began the process of analyzing and interpreting the results. Three years later, EPA was still working on its final report.
- 2009** By 2009, Congress was engaged in a high-profile battle over reducing global warming by regulating greenhouse gas emissions. Because of cost concerns, the Federation remained neutral on the Obama Administration's cap-and-trade energy bill, which offered dairy producers the opportunity to use the offset market for trading carbon credits. The legislation passed the House of Representatives, but not the Senate. Also in 2009, the Environmental Protection Agency issued regulations requiring large sources of greenhouse gases to monitor and report their emissions. EPA estimated that only dairy farms with 3,200 or more cows would be required to report their emissions. The Federation worked with Congress to prevent any livestock facilities from having to report their GHG emissions.
- 2014** By 2014, the Federation was at the forefront of two other EPA issues when the agency and the Corps of Engineers sought to greatly expand the waterways subject to regulation under the Clean Water Act, and to require farmers to seek CWA permits for a long list of routine activities near wetlands. NMPF urged the agencies to rethink the waterways proposal and to withdraw the planned guidance on activities near wetlands. Congress eventually directed the agencies to withdraw the wetlands activities guidance, but EPA and the Corps went ahead in 2015 with the regulation expanding the waterways subject to CWA regulation.

Also in 2014, the Federation and an association representing more than 300 public water agencies reached an agreement to strengthen ties on water quality. The agreement between NMPF and the National Association of Clean Water Agencies was designed to encourage water agencies and nearby dairy farms to work together to improve water quality and benefit the environment. Potential joint projects included anaerobic digesters, which use manure to generate electricity and reduce methane emissions, and land management practices, such as grass buffers near streams and using no-till planting in fields to improve water quality.

THE MILLENIUM YEARS

ANIMAL CARE

2008 In 2008, with the potential for mistreatment of farm animals becoming a national issue, the Federation completed a set of principles and guidelines for a dairy animal "Well-Being Initiative." The goal was to assure the public that the industry was meeting its obligations for the humane care of dairy cows. That fall, the Federation joined Dairy Management Inc. in announcing plans for a voluntary national program featuring on-farm animal care standards and best practices. Called the National Dairy FARM Program, for Farmers Assuring Responsible Management, the effort was designed to bolster consumer confidence in the dairy industry and demonstrate its commitment to the highest levels of animal care. Its three-step approach to on-farm animal care included education, on-farm evaluation and objective third-party verification. The program was formally launched in 2009.

2009 At the annual meeting that fall, President Jerry Kozak noted that concerns about animal care were being driven largely by animal rights activists, opponents of modern science and other fringe elements. "But it's also a reflection of the fact that many people are concerned more and more about the environment, their own health and the quality of the food they consume," he said. "So I believe we need to have a comprehensive dairy quality assurance program for all producers, one that will address both customer and consumer concerns." By the middle of the next decade, the FARM Animal Care Program covered more than 90 percent of the nation's milk supply.

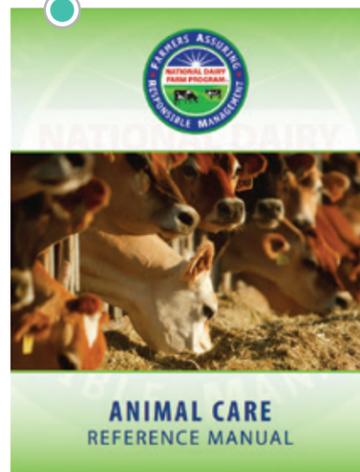
2013 In 2013, the Federation joined the pork industry and the Center for Food Integrity in launching "See it? Stop It! Animal Care Starts with You." The initiative was designed to demonstrate agriculture's commitment to farm animal care. It was based on the principle that giving caretakers responsibility to report animal abuse would assure the best animal care. It provided several options for those working on farms to report signs of animal abuse, neglect, mishandling or harm.

WORKFORCE AVAILABILITY AND IMMIGRATION

The fight for legislation to reform immigration laws to provide farms with an adequate labor supply had heated up by the mid-2000s. The Federation's goals, spelled out by an immigration task force, were threefold: creating an affordable and efficient guest-worker program, allowing currently employees to earn the right to work in the United States legally and making government – not employers – responsible for verifying workers' legal status. Building on these principles, the Federation in 2006 supported a farmer-friendly immigration bill that passed the Senate but not the House.

2006 Two years later, with the immigration issue intensifying, the Federation commissioned a major survey of the hiring practices of more than 2,000 dairy farms. It found that 41 percent of U.S. dairies' 138,000 full-time workers were foreign-born, and that the loss of these workers would cripple many farms. The Federation worked with Texas A&M University on the study, which became a major talking point in the immigration debates that followed.

NMPF created the FARM program to address consumer concerns about animal care



Assuring dairy farms have an adequate workforce has been a major policy focus since 2000



2008 In the fall of 2008, in his final address to the membership, outgoing Chairman Charles Beckendorf called immigration reform "as important as any of the other farm policy challenges we've faced in the past." By 2012, the Federation had written its own detailed dairy worker visa legislation and helped unite the agricultural sector under the Agriculture Workforce Coalition. That led to language favorable to agriculture being included in the comprehensive immigration bill passed by the Senate, but not the House, in 2013. The Federation supported the final Senate bill, which reflected a historic agreement with farm-worker advocates ensuring that producers could both maintain their workforces and have the workers needed to meet future needs.

After the House failed to take up the Senate bill or its own immigration legislation, President Barack Obama moved ahead a series of administrative actions designed to address some of the problems with the immigration system. The Federation argued, however, that only legislation could meet the needs of the dairy industry and major portions of Obama's actions were stymied by court challenges.

RAW MILK

By the mid-2000s, a movement to make unpasteurized milk more available to consumers was gaining strength both on the federal and state levels. Realizing the trend had the potential to put the safety of all dairy products in doubt, the Federation began aggressively defending laws barring the sale of raw milk. It met with the Food and Drug Administration concerning efforts to permit the sale of raw milk across state lines, and began vigorously opposing state bills either permitting or expanding sales of unpasteurized milk to consumers.

2010 In 2010, the Federation and the International Dairy Foods Association successfully urged Wisconsin Gov. Jim Doyle to veto a bill allowing dairy farmers to sell raw milk to consumers. The next year, the Federation opposed similar legislation in New Jersey. The Federation now routinely opposes pro-raw milk bills introduced in state legislatures, and also opposes federal legislation to lift the ban on selling raw milk across state lines.

GENETICALLY MODIFIED CROPS

The first bio-engineered farm crops appeared as far back as 1982, and the 1990s saw the widespread adoption of corn and other crops genetically engineered to produce their own insecticides and to resist the herbicide glyphosate. Despite widespread use of these crops by farmers, a small but vocal group of GMO critics attracted little attention until the 2010s, when calls for mandatory labeling of foods containing genetically modified ingredients picked up steam. The first mandatory GMO labeling law was enacted in Vermont in 2014.

2014 In response, the Federation joined other farm organizations in endorsing legislation establishing a voluntary national standard for labeling foods with genetically modified ingredients. The Federation argued that the voluntary federal program would give consumers the information they need to make decisions in the supermarket while avoiding the passage of dozens of different state food-labeling laws. The legislation passed the House of Representatives in mid-2015.



A 2009 Federation survey found that

41 PERCENT OF FULL-TIME WORKERS

on U.S. dairy farms were foreign-born.



By the mid-2000s, the Federation was aggressively challenging laws that loosened restrictions on the sale of raw milk



A FINAL THOUGHT

None of the work described in this book would have been possible without the help of NMPF's producer, cooperative and associate members. Together, they determine and carry out the organization's programs and policies. Member involvement has sustained the organization through 100 years, and the continued involvement of its members will assure the Federation thrives in the 21st century.





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