

# The Plain Truth About Milk Marketing.

During the past three weeks articles have appeared in this department of "The Farmer's Advocate" that offered much food for thought by milk producers. The article entitled, "What is Back of the Milk Situation," was the result of a very careful attempt to find out for our readers why the milk market should have been so suddenly demoralized, and why hundreds of dairy farmers should have been faced with such a sudden stoppage of a market from which a great many of them derived at least sixty per cent. of their total revenue. Briefly told, this article made clear the one outstanding circumstance permeating all of the present situation, which is that under existing methods of milk marketing, whereby thousands of milk producers are seemingly content to throw their milk—the result of all their labor for a good part of a year—upon the world's market and take what is handed back without more than dissatisfied grumbings, dairymen are proving to the whole country that they are, as a group, very mediocre business men. There is not a particle of doubt that the events of the past two or three months have gone far to prove this assertion. The naked truth is not always the most pleasant, but it is ever wholesome, and the fact is in this connection that there has been some pretty loose management in connection with the marketing of milk heretofore.

Years ago the dairy business was in a fair way to getting established on a firm business basis, so far as the milk producer was concerned. Co-operative factories, as co-operation was then known, were the rule and if our ideas of true co-operation now are somewhat different from those of the eighties and nineties, the old idea was good in that it vested ownership of the local factory in the hands of the producer and not in some single individual whose grounding in the dairy industry was as shallow as his capital invested. Once established, the cheese factory and the creamery assumed a vital importance in the dairy industry, and enterprising persons gradually got hold of them, because there was money to be made and because they were willing to do for the farmer what the latter's daily work did not specially fit him for.

## PLAYING THE GAME.

During more recent years, in spite of the proven advantages of true co-operation, the tendency on the part of the farmers to let the machinery of marketing pass into other hands has become more marked, until now the average producer is dependent upon other people to do practically all of the marketing of his milk for him. Modern business development has brought into existence vast commercial concerns that have factories, offices and trading centres over whole continents and, in some cases, over the whole world. This constitutes part of the "big business" of to-day and among the fields into which "big business" has entered is the field of dairy manufacture. We do not say that there is no legitimate field for large, or even world-wide dairy companies, but certainly it is no untruth to say that they have been allowed too many opportunities that are the natural right of the producer. There is no sentiment in business, and opportunities to make money are rarely passed by. Consequently, there has been no hesitation in assuming a proprietary claim on phases of the dairy industry which were not being properly looked after by the producer, whose economic right it was to do so. But after all there is neither poetry nor justice in blaming the other fellow for acts which we could have prevented had we been on the job; and if, due principally to their much larger numbers, producers have lost ground in the race for efficiency, and if the result has been less than the cost of production instead of cost of production plus a reasonable profit; then there seems nothing to do but continue quietly without fuss, or jump in and play the game. We should not waste valuable time in "calling down" the other fellow, because there are usually about as many stones on one side of a fence as on the other; and successful businesses are only built up by utilizing opportunities that some one else passed by or could not get to first. The dairy industry and society in general undoubtedly owes a large debt of gratitude to men with the money, the vision and the business acumen sufficient to enter the dairy business and open up new markets for milk and its products. Where we take sharp issue with them is concerning their right to suddenly throw into confusion the whole producing element of the industry and withhold markets which are vital, temporarily at least, for thousands of producers. Playing with the producing side of the industry is harmful to the whole agricultural fabric of the country, and it is distinctly up to the farmer as the one who has the largest stake in the country—with not only capital, but land and labor also involved—to take such steps as seem justifiable to provide stability.

## STABILITY THROUGH ORGANIZATION.

We know of no other means by which the producer can secure for his business a reasonable amount of stability than by co-operation; and the two articles that have appeared in these columns concerning the dairymen of New York and their application of co-operative principles, show how, in a large way, the producer can protect the dairy industry and his own business through organization. But the results to be achieved through the application of co-operative methods necessarily depend upon the circumstances surrounding the industry in the territory in which they are to be applied. That is to say, while the principles of co-operation are applicable under all circumstances where a large number of persons wish to join forces for mutual benefit and

protection, the actual methods by which they can most successfully effect co-operative union must only be determined after the conditions surrounding them have been studied thoroughly. Other co-operative associations which have been outstandingly successful should be investigated carefully and all methods adopted that are adaptable to local conditions; but the mistake should be avoided of swallowing entire, methods that may owe their success to peculiar conditions existing in other localities.

Thus the Ontario milk and cream producer will be able to see in the success of New York State Dairymen a brilliant example of applied co-operation, but he will be well advised to go slowly before attempting to put into immediate effect all the benefits of co-operation by exactly the same methods that are found practicable for New York State. Circumstances surrounding the individual dairymen in Ontario and New York are practically identical so far as most things are concerned. The farming methods employed are not very dissimilar, the same feeds are used, the same variety of markets is available, and the character of the individuals is pretty much the same also. There is just as much loyalty to be expected from Canadian dairy farmers as from dairy farmers of the United States; and for these reasons the Canadian milk producer may be said to start out from the same place as his United States cousin.

## THE FIELD FOR ORGANIZATION.

The chief difference in conditions lies in the fact that the proportions of our milk reaching the various types of milk market such as the creamery, cheese, condensed, powder, ice cream and city markets, are vastly different from that existing in the territory covered by the Dairymen's League. What may be called the "majority market," or the type of market to which the largest proportion of the total number of milk producers contribute, is unlike in the two territories; and this single fact, we believe, is of sufficient importance to place a somewhat different complexion for some time at least upon any Canadian milk marketing organization which may be perfected. We had in Ontario in 1918, according to the latest dairy factory statistics published by the Dominion Government, 39,030 milk producers delivering 1,152,512,319 pounds of milk worth \$21,181,557 to 910 cheese factories; 45,715 milk producers delivering 61,082,135 pounds of milk and 24,901,362 pounds butter-fat worth \$13,071,060 to 164 creameries; 3,970 milk producers delivering 83,442,385 pounds of milk and 1,087,234 pounds butter-fat worth \$2,353,649 to 37 combined factories; 3,682 milk producers delivering 216,237,844 pounds of milk and 598,343 pounds butter-fat worth \$4,823,591 to condensed milk factories; and probably between 8,000 and 10,000 milk producers supplying milk to city distributors. Thus, out of a total of 100,000 milk producers in Ontario over 85,000 are patrons of cheese factories and creameries. Of these a few may deliver whole milk, but at the most there are not more than twenty per cent. of the milk producers in Ontario who cater to the whole-milk market. Conditions are entirely different in New York where the milk from 40,000 farms is required to supply New York City alone and where, we understand, over 70 per cent. of the milk produced goes to the whole-milk market. Cheese factories and creameries are not numerous, and the producers for the fluid milk market entirely dominate the situation.

## BENEFITS TO CHEESE AND BUTTER FACTORY PATRONS.

The reason why we have quoted these figures is to emphasize the necessity for careful organization. Any organization to be successful must look to the future as well as possible, bearing in mind that conditions surrounding the majority of possible members must be considered. In Ontario the majority are cheese-milk and creamery-milk producers who must be brought into any milk marketing organization that is provincial in its outlook, if the organization is to be fully successful. It is true that those who supply a whole-milk market have been the first to organize, and that at present they are the ones chiefly concerned in organization methods, but if we are to do as was suggested and build for the future so as to secure a stabilization of the producer's market, it immediately becomes imperative that conditions as they exist should be understood by all branches of the industry; and that the true purpose of co-operation—which is united action—should be brought about. Patrons of cheese factories have very much to gain from membership in a milk-marketing organization that is provincial in its scope, and the same applies with equal force to creamery patrons, notwithstanding that both cheese and butter are the basis of our dairy export trade and the price of milk for these products is really determined upon the world's markets. There are deficiencies in the present methods of marketing both cheese and butter that are not necessarily limited to the matter of distribution and which would, if eliminated, mean steadier and undoubtedly higher prices for cheese-milk and cream. One of the strongest arguments in favor of co-operative marketing as against individual marketing of farm products, is the fact that officers and employees of such an association are in a much better position to get a comprehensive idea of the whole market as well as a more complete grasp of details than is the individual, who is often badly misinformed and does not know it. Knowledge of markets is a prerequisite to successful marketing, and a provincial association could be of untold value to patrons of cheese factories from this standpoint alone.

## ONE PROVINCIAL ORGANIZATION.

One lesson there is to be learned from organizations elsewhere, and that is the fact that several milk marketing organizations working independently are likely to conflict with one another; and that much more is to be gained from one efficient organization covering the whole field than from several weaker ones, each covering a special branch of the industry. At the same time we believe that the question of milk marketing is big enough to require an organization by itself, an organization performing its own special function for the farmer, while at the same time keeping as closely in touch as necessary with other producers' marketing organizations so that there will be no difficulty on occasion about all working together in concert for some large end which affects all producers. There is some danger in Ontario at the present time that we are building only for the present, and that there will develop two or three organizations where there should be only one. We have, for instance, the Ontario Milk & Cream Producers' Association, which is the pioneer in co-operative milk marketing organizations in the Province, if we except the goodly number of co-operative cheese factories and creameries scattered here and there. This association is a direct outgrowth of the organization of city milk producers and has developed provincially for the very reason explained above, that no man nor group of men in this age can live unto themselves alone. Entire independence can only be obtained at too great a sacrifice to make it worth while. The association now has several thousand members, who have certainly benefited far more than they are likely to realize from collective bargaining; and in one instance alone the work of the Association this year was directly responsible for an increased price, which meant about \$50,000 to the producers in one month. It is short sightedness not to support such an association.

Only a few months ago another milk-marketing association was formed in the United Dairymen Co-operative, Ltd., an organization of cheese factory patrons who have engaged in the very important business of marketing cheese by auction on the Montreal market. It has been set up, so to speak, in direct opposition to the local cheese boards, which heretofore have been the established medium for the marketing of cheese. The United Dairymen have seized upon the correct principle and hope to effect an appreciable saving for the cheese-factory patron through strictly competitive bidding on large quantities of graded cheese on the largest primary cheese market in the country. These two organizations are each performing legitimate and what may appear to be entirely separate functions for the dairy farmer, but they are really both engaged in the solution of the same problem, namely, better prices for the producer, both from milk and milk products. Eventually they must tackle this problem together. They cannot each be the means of its solution, and since both are performing useful work for the dairy industry, it were infinitely better that they get together under one head at the earliest possible moment than to remain apart and reduce the effectiveness of their efforts. This suggestion we offer because we believe it to be for the good of the industry, and because we believe that ultimately such a joint effort must be made if co-operation in milk marketing is to be fully effective.

## UTILITY MILK PLANTS.

It will be remembered that New York Dairymen have resolved upon a policy of local co-operative manufacturing plants, all to be under the central management of the Dairymen's League Co-operative Association, Inc., although financed by local capital and controlled through the parent association by the co-operative principles of one man one vote. Needless to say, it would be foolish to recommend such an ambitious scheme to Ontario producers as yet, although the Fraser Valley Milk Producers' Association in British Columbia is operating under a scheme that is fully as complete, and members of this association have been successfully pooling all proceeds from milk for a period of three years, whereas New York Dairymen are but now embarking on this step.

Nevertheless, Ontario dairymen can and should give thoughtful consideration to the necessity for producer-ownership of local factories, in order that the way may always be open for an alternate milk market should conditions similar to those of the present time ever arise. The man who markets 75,000 pounds of milk yearly could, by investing 10 per cent. of his annual return for one year in a local plant of this kind, not only get interest on his investment but security for the other 90 per cent. year after year. Such "utility" plants, equipped for supplying two or more of the several milk markets, would not only be a form of market insurance for the producer, but they would also make much more effective the work of a provincial milk marketing organization.

## PROVINCIAL VIEWPOINT AND ORGANIZATION.

Local producers' associations should always bear in mind the necessity of maintaining a provincial viewpoint. The provincial association could well assist in this by planning ahead, so that locals will not enter upon any scheme which will frustrate or impede a general co-operative development. In this connection it is pertinent to suggest that a re-organization of the Ontario Milk & Cream Producers' Association is imperative. As indicated before, this association has, under the circumstances, been doing splendid work, a great deal of which is undoubtedly due to the zealous and