

**President's Letter**  
**Allen G. Squire**  
**July, 2010**

Our Annual Trade Show was a great success. We had lots of exhibitors and producers and it made for a lively mix. As usual, Kaye and Susan were in charge and made sure that everything went off smoothly. Sharon was awarded a “slowing down” or semi-retirement gift from the Board, and Beverly has picked up the duties of Executive Director and has hit the ground running. We are very fortunate to have these ladies looking out for our interests!

Of all issues currently confronting us, the most pressing for New Mexico and West Texas dairies is that of Milk Pricing and Milk Pricing Reform. At our DPNM Board meeting June 30, we discussed several of the leading options being presented nationally.

We know that current End Product Pricing doesn't work for us because the make allowance guarantees a profit for processors, while producers assume all of the price risk.

We know that the MILC Program doesn't work for us and is actually counterproductive in that it pays producers when prices are low, thus encouraging production. The benefit cap limits its usefulness to only help smaller-herd dairymen, hurting us at the same time.

Unfortunately, most people seem to agree that in order to build a strong consensus of support from dairymen, a plan will probably have something that everyone doesn't like “a little bit.”

Many of the proposals from around the country have been well thought out and strongly presented, but many rely on our current pricing mechanism. The ability to escape the “clutches” of the CME and the End Product Pricing mechanism makes me favor any plan that gets closer to a “real price” for the true value of our milk.

In the end and mostly because of the competitive pay price, the Board has decided to conditionally endorse NMPF and its milk pricing plan. The Maine Dairy Organization also has a well defined, well thought out competitive pay pricing proposal that certainly deserves attention. The Board reserved final decision until such time as the financial analysis determines the impact on Southwestern Dairymen.

I really do not like accepting any plan that has government payments in lieu of a true fair market price. NMPF has a “margin protection plan” as a leg of its program whereby

a dairyman's milk-feed margin is partially insured by our old friend the federal government. It would appear that this is intended to continue government's cheap food policy and create ever more dependence on the federal government.

Remember that none of these milk pricing programs will likely help us before 2012 or 2013.

What can you do as a Dairyman?

1. Call your coop and tell them to start representing the interests of the producer. We need a sustainable milk price, not a once a year pittance check from the "profits" of the coop. If they don't listen, vote for a change. If that doesn't work, vote with your feet or your milk.
2. Tell your coop not to participate in the importation of MPCs or other dairy products, to push for Country of Origin Labeling (C.O.O.L.) of all dairy products and to begin manufacturing competitive products like MPC's, casein and caseinates here at home with American milk.
3. Tell your coop to push for adoption of the 400,000 SCC limit that the world is asking for, but make the buyers pay for it!
4. Most importantly, tell your coop leaders that unless we dairymen receive a sustainable price for our milk, they will be out of a job, hopefully before we go out of business.

Once again, Linda and I would like to thank Dairy MAX for awarding a scholarship to my son Justin to aid in continuing his studies at ENMU-Portales.