

Testimony of Buckey Jones

Im Buckey Jones, a dairy farmer from MS. My address is 6755A Thompson Road, Smithdale, MS 39664. My farm is located in Amite county, MS and is just a short distance north of the MS/LA state line, being about 80 miles north of New Orleans, LA and regulated by Federal Order 7. I am a third generation dairy farmer, becoming involved in the dairy after college in 1962. My farm consists of dairy, timber and row crops.

I am a member of Dairy Farmers of America (DFA) and serve on the Southeast Council Board as Second Vice President. My cooperative leadership began in 1962 when I was first elected to a dairy cooperative board of directors. Thus, I claim to have experience.

Because of my affiliation with Dairy Farmers of America, I also serve on other dairy-related boards of directors that gives me some insight into the trends and events that may do damage or give new life to our industry. I am **Chairman** of the boards of directors of both Dairy Cooperative Marketing Association (DCMA) and Southern Marketing Association (SMA). Both of these associations encompass the entire Southeast in scope in their **overall** operations, therefore, blanketing both Federal Orders 5 and 7.

These before-mentioned associations have most all of the dairy cooperatives in the Southeast as members, and the **Southern** Marketing Association markets a vast majority of the milk in Federal Orders 5 and 7.

I am also chairman of the board of directors of the Southeast United Dairy Industry Association (SUDIA), an association which is the promotion entity of the dairy farmer-funded program that the USDA has oversight responsibility for. In this capacity, I see every month very accurate production and income figures for the Southeast.

Please understand that I stake no claim to Federal Order expertise, but I do claim to understand the events within the industry that do harm or good for those that I represent.

Not long ago, there were 12,000 dairymen in the Southeast with approximately 12 billion pounds of production annually. Today those numbers come in at less than 5,000 producers with less than 8 billion pounds of production. It is safe to say that we are, indeed, losing a vital industry at an alarming rate. As I stand before you today, my fear is that **the** little children of the Southeast will be condemned to drinking reconstituted powdered milk like in third world countries. Is it not our charge to provide fresh, nutritious milk to **our** population? Is this not what the Federal Order system was established for in 1938.

Please indulge me as I relate to you two of the Department's actions that caused much grief in the Southeast -- the Federal Order **reorganization** in 2000, and the last two price support tilts. These had a negative affect on the Class I Mover as you are well aware. I point this out, not as condemnation, but only to say it is time for you to do something that will have a positive economic effect on the Southeast. Your actions are not benign, but do set the benchmark for the health of the dairy industry. Thus, I seek **your** objective analysis of our proposals.

Dairy farmers stay in or exit the business on the level of pay prices relative to their cost of production. They determine their sense of worth or self on the price relative to the competition. **As** of late, because of extreme costs associated with servicing the market, they have arrived at the state of despair and disappointment knowing that on both counts they have suffered and come up short, If you

expect a certain percentage of the 12,000 producers...then 8,000...then 2,000.. then 1,000, then 1 producer to bear the burden of the cost of servicing the market, at **some** point in time **that burden** will become unbearable physically and financially. Then the dairy consumers of the Southeast will suffer for **the** folly of our actions. I suggest that the time has arrived, and now is the time for action to restore equity for Southeast producers.

Please listen as I urge you to approve our three proposals that will attempt to transfer some of the cost **from** the producer's back. Our proposals are an attempt to build fairness and equity for all within the market. As chairman of the Southern Marketing Association, I see the prohibitive cost of hauling milk long distances. I see the producers net income being swept away as their share of the pool erodes because of freight. All producers need relief, But think for a fleeting moment for those producers who get saddled with most of the cost while providing service that benefits all producers in the Southeast. What **we** are requesting is not new policy, but a program that has been partially funded for about 10 years.

These costs **vary** violently, therefore making it almost impossible for **premiums** in the market to react quickly enough. Thus, the need arises for a set stable system that all understand **and** is not contested by all on a monthly basis. This will give rise to a better producer-processor relationship.

As I have pointed out before, the market has changed **drastically**, and now is the time for us to change with it. It is just, it is right for the times, and it will benefit those who treasure fresh, wholesome milk and dairy products. You are aware that dairy products provide more than 20% of our nation's diet.

As far **as** the **intra-market** credit proposal is concerned, I am sure you are aware that in a **system** and area as large **as** the Southeast, there is an increasing imbalance within the Orders. Point **in** case is northern Virginia production vs. the processing capacity, or even in my own areas, the Louisiana/Mississippi production vs. processing ability. Then, on the opposite end of the spectrum, consider **the** state of South Carolina, with large processing, with very little production, or even Alabama, with the same issues. It costs to move milk in today's economic **environment from** Virginia to Alabama. You know this story so much better than I!

Is there a need for me to mention fuel costs and the volatility that we have experienced in the last year? What we seek in this area is, indeed, accepted by the business sector as **reasonable** and just.

We in the Southeast have done about all that we can do to economize and **make** our system more efficient. **We** have consolidated...**we** have shared costs...we have moved routes to take milk to its nearest market. We have done about **all** we know how to do.

Therefore, now is the time for the Department to come to the **aid** of the southeastern dairy industry in helping us to recover some of the market cost and to share with all producers. Now is the time if **we** are to maintain a viable dairy industry in the Southeast.

I thank you for allowing this hearing to proceed. I thank you for your ongoing consideration for our proposals, I thank you for your concerns for the dairy industry in the eastern half of our great country. Thank You.

If there are any questions, I will **try** to respond.

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Deponent
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