

are not allowed to vote at stockholders' meetings. Active producers are permitted one vote at such meetings regardless of the number of shares they hold. Thus, we comply with all essential requirements of the Agricultural Marketing Act, and have been in such compliance since the company's inception.

Our membership has, during the past 10 years, dropped from a high of 3,000 producers in 1958, to 174 as of June 24, 1968.

Our company processes these products, packages them, and sells them principally in the Kansas City area in competition with such large national dairy corporations as the National Dairy Corp., Hawthorn Melody Dairy Farms Dairy Co., Foremost Dairies, Inc., the Borden Co., and Fairmont Foods.

National Dairy, Borden, and Fairmont are ranked 31, 42, and 353, respectively, in Fortune's list of the 500 largest industrial corporations, with combined gross sales of over \$4 billion for the year 1967. (Fortune, June 15, 1968 issue, p. 186, et seq.)

These companies are primarily responsive to the stockholders, not the farmer, and their principal goals are profits.

Milk Producers have the same goals, but our stockholders are all farmers; unlike these companies, we cannot undercut the dairy farmer by producing milk substitutes or "filled milk" products (in which butterfat is replaced with vegetable fat).

We have strong fears that, if present research by such companies as those I have mentioned is successful, milk and milk products will be crowded out of the market by synthetic production and vigorous selling of margarine. (See Forbes magazine, May 15, 1968, issue at p. 34.)

In view of the regulation of the dairy industry, we are unable to pay more to our producers than any other competitor, since prices are controlled and dictated by the Federal Milk Market Administrator of the U.S. Department of Agriculture.

The only ways in which the dairy farmer can increase the price he receives for his product is by increasing his own efficiency, which he can only do by mechanization and at great capital expense, and by selling to a dairy co-op, such as Milk Producers, with the hope that the co-op's operation will be sufficiently profitable to permit dividend payments to him.

Our dairy operations have lost money in each of the last 6 years; this is the pattern across the country and, yes, even around the world, producers in increasing numbers are leaving dairy farming for other, more profitable areas of endeavor.

As a result of this, we have experienced a decline in public dairies in the State of Kansas from 99 in 1958 to the present 44, and from 72 in the Kansas City area in 1950 to 10 at the present time.

Mr. WATSON. Your statement about being marketed out of business by the large companies with the synthetic products and all of that, have you ever tried, and I appreciate your problem, have you ever tried to recapture some of the market by saying the only true milk is the original cow milk, not machine produced, something like that?

Mr. OLSON. We certainly do, Mr. Watson. We have an intensive program for consumer education in the field of dairy products acceptance to the human body, as a matter of fact, in competition with substitutes.