As there is a meeting of the Wisconsin Dairy Industry Board on October 20, we shall have to elect a delegate to attend this meeting. Will accept nomination from this Board. Motion made for Mr. Eckright to attend meeting. Motion made and seconded that he act as delegate for this meeting. Motion carried.

Mr. H. J. Creditott, Freeport, Ill. "Future Conditions in the Dairy Industry").

He would be a very rash individual who would attempt to predict the future conditions of the dairy industry in this world of turmoil and strife.

But I am old-fashioned enough to believe we can learn from experience, and what we have learned should help us to chart a course for future progress.

We can probably expect to see the market milk branch, which is practically controlled in its economic aspects by organized producers and organized labor, continue with government help to maintain price levels too much above the value of manufactured dairy products.

Their ability to carry on this type of policy has been and will be predicted on their ability to, at any time, throw their surplus milk into manufactured products, and particularly into butter.

When these surpluses hit the butter market, the price of butter must come down enough to stimulate extra consumption of butter.

It would be hard to make an estimate of the amount these policies have cost the producer of fat for butter-making in lowering the price for his product while the butter markets were absorbing the surplus butter.

In my opinion, it would amount to over a hundred million dollars in the last years. It is no wonder the butter industry has had many troubles during these years when low price levels cut down the overrun value or gross margin on which the industry works.

The extreme competitive nature of our butter industry, due to the purchasing of our raw material in the concentrated form of cream which can be transported over considerable distances, has been increased by the advent of automobile trucks and good roads.

In their efforts to maintain or improve their volume position in the industry, we see creameries, both co-operative and individually owned, straining every resource to pay more than reasonable prices for butter fat.

This has gone on so long that many creameries have used up their depreciation reserves, and they are now in no position to meet modern standards of sanitation by the replacement of worn-out and obsolete equipment.
Manufacturers of creamery equipment say that during the last ten years the creameries as a group have bought new equipment only when the old could no longer be made to function.

Pressure on the butter makers by creamery management for the utmost in overrun has forced them to carry butter compositions so close to the legal limit that they are in constant danger of being held responsible for their creamery being involved in a federal prosecution.

In a very recent issue of the Dairy Record, Commissioner Trovotten of Minnesota is reported to have warned the creameries that 20% of butter samples were showing low fat.

Social Security taxes, wage and hours legislation and a general increase in taxes have effected creamery expenses in a varying degree, according to size, location and type of operations; but regardless of the amount of direct expense involved, all have had to meet a higher cost in supplies and equipment due to these factors.

Changes in the butter scoring technique used by government and Exchange inspectors have, in my opinion, tightened up the grading and made quality as increasingly important consideration.

Improvement of quality calls for producer education, more frequent cream delivery and better equipment—all of which is adding to creamery operating expense.

A steadily growing demand for proper sanitation in the handling of dairy products from producer to consumer has been evident.

Food officials everywhere are asking why butter should not be subject to the same standards of sanitation as are applied to fluid milk in the large cities.

One requirement which is standard in fluid milk ordinances, calls for flush type valve outlets on pasteurizing vats so that all of the contents shall receive uniform heat treatment.

It is rather staggering to contemplate the cost of modernizing our plants, even to the extent of meeting this one requirement.

Let us suppose that creamery management could increase gross margins one-half cent per pound of butter, this amount to be applied to modernization of plants and equipment.

This country will produce about 1,800,000,000 pounds of butter this year, and one-half cent per pound would produce $9,000,000.00.

A new type stainless steel vat with flush-type valve costs about $1500.00, and the former sum would buy 6000 units or an average of approximately 1 1/3 pieces of equipment per churning plant.
We also need a lot of other equipment as well as improvements in our buildings; and it is evident we should need the application of one-half cent per pound on butter manufactured for quite some time before we could have our plants on a basis which would fully satisfy modern standards.

I have outlined a picture of a great industry producing a product each year worth in excess of $500,000,000.00 which is slowly going to seed because the collective management can not or will not look forward and plan for future needs.

It is high time that our industry should awake from its sleep walking and plan and put into operation a preparedness program.

Across the ocean we have seen the appalling consequences of sleep walking in high positions when nations crumbled away because their leaders failed to realize that it is always necessary to utilize modern methods and equipment to maintain a position in the modern world.

I hope the leaders of our butter industry may realize that this principle applies to the well being of an industry as it does to a nation.

You may wonder why I am talking to butter makers about problems that are essentially the responsibility of owners and managers. Some of you are probably owners or managers, but the buttermaker who has nothing to do with management still carries on his shoulders the responsibility of sanitation, composition, and quality of flavor. The buttermakers' job and reputation depend to a considerable extent on the adequacy, kind, and condition of equipment he has to work with, and he should see to it that the management is fully informed when things are not up to proper standard.

In other words, I believe the buttermaker has a right and a duty to fight for high standards of efficiency and sanitation in the plant he operates. He can establish the ideals of the industry on these questions if he makes a consistent effort. This is particularly true in co-operative creameries where owners and management may know little about proper plant requirements.

The gradual tightening up of quality standards, plus pressure from the Federal Pure Food Department with respect to extraneous matter and mold, has brought about a practically country-wide effort at producer education.

Your State of Wisconsin has a very admirable program in which you are receiving an unusual amount of aid from the State in educating producers and forcing them to deliver better cream. However, the final success of this program will depend on the whole-hearted co-operation of the buttermakers.

You are the men who must police the work by proper grading of the product and rejection of unfit material. Educational work with the producer will bring permanent improvement in milk and cream only when close inspection and grading at the plant keeps a constant
pressure for quality.

In Illinois, we have been carrying on a vigorous cream improvement program for about four years. A very large part of our cream is bought through cream stations, and it seemed like an impossible task to get a grading system to work under such conditions.

The majority of our butter industry were convinced that we must grade and pay on a quality basis if we were to meet the constantly increasing demand for sanitation and improved quality of butter, so the problem was attacked with a firm determination to make it succeed.

Our first step was to develop a method and equipment for sediment testing of cream which could be operated by cream buyers. Then we held a series of meetings over the state to educate the cream buyers and plant cream graders on the use of the sediment testing equipment. We had to convince them that this was an improvement program which was going to be a permanent part of our business.

The Illinois Department of Agriculture and the University furnished men to attend the meetings and help us put over the story of good, clean cream. A series of these meetings have been held each year, and the present time the second series for this year is under way. The present meetings have to do specifically with the problem of mold in cream, its cause and prevention.

We have greatly improved the quality of Illinois cream as proven by the fact that we have been encouraged to continue the work over a period of four years. We realize we have taken on a lifetime job, for it is only by continued pressure on the producers that we can maintain quality, but each year the job is getting easier. We found the use of the sediment test for cream was a wonderful force for improvement.

The producer can question your flavor grading, but he cannot argue about the dirt which is shown him on the sediment pad.

As extraneous matter disappeared from our cream, the quality improved; and I want to say to you Wisconsin Butter Makers that if you have not used a sediment test on your patrons' cream, you will probably be very much surprised at which you find.

We have creameries in Illinois that have not graded cream. They have stirred up some competitive troubles, but we have learned a creamery can buy cream on a grade without losing to many patrons, and most of those lost are the chronic producers of poor cream which any creamery is better off without.

With the aid of the State's educational work and police powers, it should not be difficult to establish cream grading in Wisconsin if the butter makers get behind the movement.
In conclusion, I wish to make some rambling observations regarding butter quality which is so much the buttermakers' responsibility.

The government graders and many others seem to have a fixed idea that sweet cream butter is absolute tops in quality, probably because it requires cream in the freshest possible condition. In their zeal to improve our industry, they want to penalize those who cannot secure sweet cream to make butter, and they seem to forget that a large majority of our creameries, because of geographic or economic reasons, cannot possibly get sweet cream.

The first draft of the new government specifications for grading butter said 92 score butter shall be made from sweet cream only, and it took a lot of argument to get them to change this requirement.

In the discussion of the new grade specifications a butter man asked a government man: "Who are you to decide what the consumers like or dislike?" I am quite certain that no evidence has ever been presented to show that even a majority of consumers prefer sweet cream butter. Don't get the idea that I am against sweet cream butter.

About thirty-five years ago in a little creamery in Minnesota, I churned the first sweet cream butter made in this country. During the winter of 1905, I appeared before the Wisconsin Buttermakers' Association at Madison and told of my experiments. At that time, I advised culturing the cream at the time of churning so the butter flavor would be a combination of the delicate flavor of sweet cream and the fine aroma and flavor of a good culture.

When I am smelling and tasting butter as a butter judge does without other food, I can be very enthusiastic over the delicate flavor of sweet cream butter. But when I am eating butter with other food, I very much prefer the more robust flavor and aroma of a properly cultured butter. It is my belief, based on a lifetime experience in making and merchandising butter, that most consumers prefer a butter with the flavor and aroma that is developed by the souring of cream. That is practically an inherited taste, for butter has been made from sour cream for centuries.

Efforts are now being made in some quarters to incorporate butter grades as part of the sales plan of the butter advertising campaign. Before any move is made along this line, a comprehensive survey of consumers' taste should be made, and our sales campaign should cover the butter which the consumer finds acceptable; and not put special emphasis on the preferences of our technicians.

I wish that more of our educators, butter graders and food officials might have had first hand experience in the making and merchandising of butter. Too many of them do not understand that the average consumer does not share of understand the connoisseur's standards on butter, and that it is very hard to induce him to pay out any
substantial amount for the characteristics the connoisseur considers so valuable. They complain and hint at butter dealer manipulation of butter markets because top scoring butter does not command a higher premium. The relationship of the price of different grades of butter is regulated by supply and demand, just as surely as is the general price level.

A chain store executive told me recently that when they changed store over to the "serve yourself" type, the demand for the cheapest or 89 score butter became so heavy they had a lot of difficulty in finding a supply. Naturally, their buying in the market raised the price of 89 score in relation to other grades. There is food for thought in the fact that more consumers serving themselves without influence from a salesman will pick the cheaper butter. It suggests the thought that the most characteristic flavor of 89 score which is acid flavor and aroma, may be something a lot of people like.

Perhaps this type of flavor produced in fine, clean cream under proper control conditions is the thing needed to arouse the enthusiasm and loosen the purse strings of the consumers.

It is my opinion that any attempt to set up butter grading in connection with the butter advertising program is ill advised, and may well wreck the program from a national standpoint.

We must have an increase in per capita consumption of butter to take care of our increasing output and create a demand that will raise prices to the producers. This increased demand must be for all table grades, and not for some special grades which can be produced only under favorable conditions in limited areas. A pound of butter made is a pound of butter which must eventually be consumed. If it becomes a surplus pound of butter, it will depress the market whether the score 89 or 93.

Butter is made all the way from the Gulf of Mexico to the Canadian line, and it varies in score according to climatic conditions. If our advertising efforts fail to increase the consumption of all butter, the money will have been wasted so far as raising the price level is concerned.

I have touched very briefly on some of the many problems with which our butter industry is faced, and which must be decided by the thought of the industry. The action and decisions we apply to our problems today will determine our future and that is very important to us because it is in the future that we must live the rest of our lives.