some of these stores the merchandising is tremendous. I know that from my own experience and I wish the contribution from the producers was 100 percent in the state. I know it is not but the plant operators try to get our farmers to contribute their support.

The next speaker is a man I personally met for the first time today but I had heard quite a bit about him. He is the legislative director for the Farm Bureau Federation at Madison and he has worked with the officials from this organization, Mr. Mooney and the late Mr. Kopitzke, and the cooperation between our association and the group he represents has been very excellent.

At this time I have the pleasure to present to you, William Kasakaitas.

WILLIAM KASAKAITIS: I must say that we all exerted a little effort but it did not pay off as well as it did the gentleman that sat in back of me. I wonder why a dollar bill had not been placed under my seat — I would have been happy for it.

I want to say that I have appreciated very much working with the staff members of your organization and was extremely grieved when your President passed to his reward. I want to say that I enjoyed the companionship and relationship with the rest of the members of your staff, particularly George Mooney and Mr. Mulloy and I also want to say that they command a great deal of respect from the people with whom they associate and I am looking forward to working with them in the future. I want to say that we have not always agreed. We have had our differences but I think we have evaluated each other's ideas and I am sure that we are going to share those ideas in the future for the welfare of the dairy industry, of which we are a part. It certainly is an honor and a privilege for me to come here and visit with the members of the cheese industry in this state, and also to exchange some ideas as to problems that we may have. The industry is certainly beset with many problems — these problems are neither simple nor are they easy to solve as Dr. Sprague has indicated in his very learned message earlier this afternoon.

During the last several months, particularly the last several weeks and the last several days, the Wisconsin Farm Bureau and the A. F. B. Federation have planned and continued the present farm program that is on the Statute Books of this great
country of ours. I want to accept the credit, blame and condemnations without any apology and likewise I want to visit with you as to what is really contained in the several acts that were passed by the 83rd Congress this past summer.

First of all the act of 1954 which is the crux of broad foundation of the agricultural program under which we are operating for the days, weeks and months ahead. The bill contained many parts — in fact it became known as the “packaged bill” toward the end of the session. The most important part of that bill was the recognition on the part of Congress that we had to have a different approach to the problems facing the Agricultural Industry in the adoption of the variable price supports. That shifts the emphasis from price fixing by the government that results in increased production to less consumption and building up of unmanageable surpluses that overhang the market and create the condition that Dr. Sprague talked about this afternoon. This depresses prices and leads to government control of our entire agricultural enterprise. It shifts the interest from that kind of a situation where we are to use price support in its proper perspective, permitting the individual to retain the opportunity for getting a fair price by producing for an effective demand in the market place.

High rigid price supports have failed to make agriculture prosperous and all we need to do is to look at the record. In 1952 we had war — we had 90% supports and during that year the agricultural income went down 16 parity points. Yes, we are faced today with the lowest buying power that the American farmer has had since 1940, and I don’t want to be misunderstood at this point that I am trying to pit one administration against the other because the Republicans did not do much better, working with an unworkable program than did the Democrats.

The second part of the bill or another part of it, I should say, authorizes the use of a new modernized parity. Over the years dairymen and livestock producers have indicated they wanted a better relationship between feed and livestock prices which the old parity did not produce. In fact, today we do have the lowest butter — feed ratio we have had since the early thirties and the milk — feed ratio is not any better. The new bill was developed several years ago, passed by Congress in 1948 but never permitted to be used by Congress except in the last several years when Congress permitted use of your choice, either
the old or the new, whichever permitted a higher price, so suffice to say that we will have the new Modernized Parity bill for you in 1956 and we believe there will be a better relationship than existed prior to this time.

The third part of the bill creates what became known as the "Set-aside" because the idea was born in Wisconsin a year ago at the annual meeting of the Wisconsin Farm Bureau, at which a resolution was adopted asking for setting aside of surplus quantities of foods from C.C.C. to be used as Civilian Defense Stocks in event of war or catastrophe, or to assist needy people at home or abroad. The idea was received rather coolly by foreign people and by other states when we gathered in Chicago when it became part of the policy of the Farm Federation, and two and one-half billion dollars has been appropriated to remove surplus commodities from C.C.C. to use it for the several things I have named.

Dairying comes in for its share under "Set-aside." Two Hundred Million pounds of butter, one and a half hundred million pounds of cheese and three hundred million pounds of non-fat dry milk solids. These commodities in "Set-aside" may not go into the regular channels of trade until the price gets above 105% of parity. That is in recognition of the economic truism that Dr. Sprague talked to you about.

The matter of diverted acres here in Wisconsin we have recognized as a problem for many, many years, that people in wheat very often chose a high level price support because they recognize they can shift part of their problems over to Dairy and the Livestock Industry. Twenty-five million acres are being shifted this year. Part of this problem is going to be alleviated by statute and under a new bill the Secretary is given new power to specify crops to be grown and he is using that power so far as crops such as potatoes, sweet potatoes and beans are concerned, at the present time, and he has the authority to use it so far as the other crops are concerned. Furthermore he is given authority to devote some acreage to be known as soil fertility bank so that part of the acres can be held in soil reserve, and $55,000,000 was appropriated to carry out the intent of that section.

Another part of the bill transfers the agricultural attaches from the State to the Agriculture Department. We feel that is an important move insofar as it gives agricultural members in foreign countries a little more freedom when they operate un-
der the Department of Agriculture than when they operate under the State. In the past his activity has been curtailed because business and industry dominated in the Department of State and certain trades and certain sales could not be consummated because the Department of State was fearful that we might alienate the feelings of some countries that might be our competitor in the sale of some particular agricultural commodity. We hope that will not take place in the new set-up.

Dairy Products received considerable support in the new set-up. We have continued our 75% of parity supports and we feel that has helped to arrest the trends that have taken place in the Dairy Industry in the last couple of years. We have some increase in production and we experienced a decrease in consumption, both domestic and foreign. We have lost about 16% of the domestic market in Dairy Products and our foreign sales are down about 30%, and of course accumulations of storage stocks and inventories at unprecedented levels keep prices at low levels. We have arrested that trend to a trend where we experience a balancing of production to effective market demand, and I know it is taking place on both sides of the formula, on the side of consumption and production. Farmers are killing their cows much more carefully now than they did in the past under the high guaranty price and we see 6% more calves going to slaughter, a balancing of production to effective market demand and we have seen consumption picking up and I know that is due primarily to the efforts of our American Dairy Association and many other groups that have cooperated in trying to promote the products of the Dairy Industry. We have seen the consumption of butter taking an up-swing and imitation of butter taking a down-swing. There are hopeful signs so far as exports to foreign countries are concerned — the increase is insignificant as an economical factor but nevertheless it is a move in the right direction. Government purchases are on a decline — they purchased 25% of these commodities to store in July that would create problems and 38% in August. Butter is on the move out of storage and cheese is almost in balance at the present time, and dairy prices are going up. We show an increase in August and September and for the present time.

Another part of the bill that deals with dairying appropriates Fifty Million Dollars for the next two-year period for school
lunch program. Whole milk may be supported. Any method of disposal may be used to get rid of stocks in storage. Offers have been made under that section to sell some of our dairy products at World prices. Thirty million dollars in total for the next two year period will be used to restore full payment for the indemnities due to removal of diseased animals. And a very important part of the bill makes it possible for the Armed Forces and Veterans Hospitals to receive free-of-charge dairy products in excess of their usual purchases. I say because of that there will be no reason in the future for the Armed Forces or Veterans Hospitals to use again an ounce of imitations in the rations of disabled veterans or young men in the Armed Forces. Furthermore the Secretary has promised to set up a committee to study various methods of price support plans. Already the farm organizations have been contacted and I am sure your organization has been contacted to file briefs with the Secretary giving your suggestions on how this whole thing may be improved. This bill takes agriculture out of the perilous position where it must depend upon a significant part of its income upon an artificial economy, leaving its future to the socialistics control and whims of Congress, a situation akin only to Russian Society where citizens enjoy neither freedom nor security.

The other act is a million dollar appropriation and is called The Agricultural Trade Development Act, whereby private enterprise and private traders may sell surplus agricultural commodities to foreign countries and accept their currency in exchange. That will build friends and bridge the gap thus aiding agriculture without interfering with normal market procedure of other countries. The proceeds we would accumulate could be used to purchase strategic materials and are to be used as loans to aid countries to develop so that they can be more productive friends of ours.

Another bill is passage of the act authorizing development of the St. Lawrence Sea Way. I think this may make our dairy products more competitive with eastern markets and world markets. Appropriations were made for an additional ten million dollars for research and I know it is needless to report to you the value of research in a group of this kind today.

There are many new things on the horizon, things that are new, thrilling, and things that hold out great promise to the future progress and prosperity of our industry. The Extension
Service receives $8,300,000 more to aid in the marketing, in farm family improvement and many other things to reduce the lag between research and the time the farmer gets the information to him. The difference between the average and the good farmer is too great and I believe the proper way to narrow the gap between the good and the average is by bringing the average up to the standards of the good.

Vocational Agriculture Education receives $5,500,000 to help train young farmers to be efficient and profitable in their enterprise.

The Tax Code was revised for the first time in seventy-five years. Agriculture fared pretty well — we get a 10% tax cut. Conservation expenses may now be deducted and may be entered as deductible farm expenses — it was considered as capital improvement in the past. New machinery may be depreciated at a higher rate. The proceeds from the sale of breeding stock is treated as capital gains. Proceeds from sale of diseased animals when used to purchase replacements need not be considered as part of gross income. I believe we are on the right road with this protection from the Government and I look on the Government as a partner in helping the farmer to help himself. I believe we are on the right road to bring stability, progress and prosperity to the farm and I believe this bill brings the Government into proper relationship with the farmer as a farmer to help him to help himself through research, direction, education and protection against unreasonable price declines and to create an opportunity to earn a high spendable income on the farm through emphasis on a balanced production, through expansion of markets and more efficient production and marketing methods.

Thank you.

PRESIDENT PETERS: Thank you, Mr. Kasakaitas. The next speaker needs no introduction. He is a man we have known for some time and I think you are all going to be interested in the subject he is going to speak on. Those of you who have been working with frozen cultures this may not be too interesting but what Mike Hales has to say about cultures I am sure you will be interested in.

(Note: Mike Hales’ speech was illustrated many times with slides thrown on the screen and much of his speech was explanatory of these slides — therefore there is lack of continuity in transcript of his talk).