Statement of Secretary of Agriculture Benson on Proposed New Milk Regulation in the New York-New Jersey Area

In contemplation of the scheduling of any public hearing relative to proposed new or revised Federal or joint Federal-State regulation of the handling of milk in the New York-New Jersey area, three public meetings have been held by the Department. Such meetings were in session for a total of 17 days (July 18-22, October 4-7, and November 14-23).

A determination was made on October 21, 1955, that the maximum additional territory (outside the New York marketing area) for which new or revised regulation would be considered at a public hearing is the territory within the New Jersey counties of Bergen, Essex, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren; and the New York counties of Dutchess, Orange, Putnam, Rockland, Sullivan, and Ulster.

The question considered at the last public meeting (concluded on November 23) was whether, for purposes of a subsequent notice or notices of hearing, the handling of milk in the additional territory should be regulated (a) in combination with the present New York milk marketing area under a single order, or (b) by means of one or more separate new orders. The information presented at these meetings has been reviewed and analyzed.

I have given very careful consideration to this complicated problem and have concluded that recognition must be given to the following principles in establishing any new or revised regulation for the territory under consideration:

1. The proximity of Northern New Jersey to metropolitan New York and the fact that there is to a considerable degree a common source of supply, make the marketing and pricing of milk in this region closely interdependent.

2. The apparent desire and determination of certain groups of producers and handlers for one or more separate marketing orders, and the apparent desire and determination of other groups of producers and handlers for a single marketing order for the entire marketing area constitute differences only as to means of accomplishing an objective rather than disagreement regarding the basic objective of providing orderly marketing in the entire area.

3. The legitimate interests and obligations of various producer groups must be recognized and provided for regardless of whether regulation is by one order or more than one order.

4. Among the interests of New Jersey producers is the recognition of any natural economic advantage accruing from nearness to market and any better adjustments they may have made in fitting their pattern of production to market needs. Associated with these interests is the need to assume a responsibility for carrying the surplus connected with the fluid milk supply for Northern New Jersey.

5. Among the interests of producers now under the New York order is the recognition that they should not be required to carry the surplus for Northern New Jersey without the benefits that accrue from sales of fluid milk there, and that they should not be subjected to chaotic marketing conditions which might result from ill conceived Federal
regulation. On the other hand, they have the obligation of supporting the type of additional Federal regulation which would protect the legitimate interests of the additional producers to whom such regulation would apply.

6. Either a comprehensive order or a separate order for New Jersey must be devised so as: (a) to insure that producers under either type of order carry the surplus associated with their fluid outlets, and (b) to achieve the required stability throughout the entire metropolitan milkshed without forcing disorderly and abnormal maneuvering of supplies and outlets.

After establishing the above set of principles, I have decided to invite interested parties to submit proposals containing terms and provisions which are in accordance with such principles and which are in one of the following forms:

(1) A single order covering all of the milk supply for the present Order No. 27 marketing area plus all or a portion of the additional territory under consideration, with adequate provisions (a) for protecting the interests of New Jersey producers because of their location and the degree of adjustment of their production to market outlets, and (b) for solving marketing problems not now adequately handled under Order No. 27.

(2) A separate order for New Jersey, with or without all or a portion of the six nearby New York counties, and which will include terms and provisions under which such order will (a) carry the surplus associated with its fluid outlets, (b) provide for such minimum uniform prices to producers that there will be no incentive for uneconomic and disorderly shifting of producers or plants from one market outlet to another, and (c) provide for close alignment of minimum class prices. Any such proposed order should be accompanied by proposed amendments to Order No. 27 for purposes of making the two orders complementary.

The purpose of decision today setting forth the principles which should be followed in developing new or revised regulation for the area, rather than to outline the precise form of regulation, should shorten the time required to get the necessary new or revised regulation into effect.

Proposals should be forwarded in quadruplicate to the Dairy Division, Agricultural Marketing Service, United States Department of Agriculture, Washington 25, D.C., so as to be there received on or before January 16, 1956.