



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE DEPARTMENT

STATE HOUSE BOSTON 02133

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JANE SWIFT
GOVERNOR

June 2001

Dear Members of the Dairy Compact Commission:

It is my pleasure to welcome you to Wenham and to thank you for choosing the Commonwealth of Massachusetts for your meeting.

I ardently support the expansion and permanent authorization of the Northeast Dairy Compact. The establishment of a permanent Compact is essential to the maintenance of a local supply of fresh, wholesome milk for our Commonwealth, to the vitality of our rural communities, and to the preservation of thousands of acres of prime agricultural land.

Since the earliest drafts of the Northeast Dairy Compact when I was in the State Senate, I saw the Compact as a valuable safety net for farmers, which also offers stable prices for consumers and the unique benefit of preserving open space for all. Wide arrays of constituents, including consumers, environmentalists, and sportsmen, have joined the agricultural community in support of the Compact.

The Compact works for Massachusetts as well as the entire Northeast. Eleven northeastern states have individually confirmed the Northeast Dairy Compact by voting to join the Northeast Compact. Thus far, Congress has only allowed the six New England states to use this vital tool for limited periods of time. The Chief Executives of all of these states have confirmed the success of the Compact, and Congress must be obliged to permanently authorize it.

Massachusetts, with its sizeable population, is a consumer state and has historically relied on a milk shed encompassing New England and Eastern New York for a supply of milk. Any threat to that supply raises concern, as does even the very hint of an increase in the price of milk. The Compact has put those concerns to rest by offering farmers a more stable price. Furthermore, the Compact Commission addresses these concerns by holding the Supplemental Nutrition Program for Women, Infants, and Children (WIC) harmless and by reimbursing school lunch programs for any increased costs.

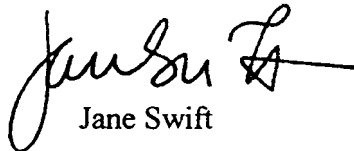
I distinguish the Compact's affect because the market structure of New England's dairy economy has been changing. A major corporation has consolidated a large share of the fluid milk bottling capacity through mergers and acquisitions, and by closing many plants after acquisition. This can only have a negative impact on both consumers, in higher prices, and farmers in lower prices.

The unique feature of the Northeast Dairy Compact, which is the model for the Southern Dairy Compact and others throughout the nation, is its reliance on the market and not the government in the form of a price support. Many commodities receive tax revenues for various crop programs. In fact, of these tax revenues, Massachusetts receives little, if any, from the federal government.

One of the primary reasons I support the Compact is because it does not require taxpayer dollars. The Compact relies solely on the retail market. Several marketing research projects have shown that Massachusetts's consumers are willing to pay slightly more for their milk to keep local dairy farms in business. The Compact is the vehicle that funnels those increased prices directly to farmers.

I am pleased to add my voice to yours to expand and make permanent the authorization of the Northeast Dairy Compact and the authorization of the Southern Dairy Compact. Thank you for coming to Massachusetts, and enjoy your visit to the beautiful Bay State. If I can be of further assistance to your efforts, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jane Swift", with a stylized flourish at the end.

Jane Swift