

The California Quota Rip Off.



California Dairymen have been ripped off by the quota holders since 1973. When chaos was in the marketplace back in 1969, when dairymen were trying to take Class 1 contracts that paid more, away from each other. Along comes the Gonsalves Pooling Plan which stabilized milk prices in 1969, but at a cost that nobody could have ever imagined; let alone the destruction it has done to a once golden industry.

You see, to get the Class 1 shippers to join the pool with the rest of the dairymen they required to get paid for the difference in what Class 1 was selling for and the blend of the pool. Plus, they wanted additional 10% more revenue from the pool, to make the deal happen. This was accomplished by issuing Quota certificates for free to all of the Class 1 shippers and the burden to pay these quota holders was dumped on the entire industry

The whole idea was to take all of the milk proceeds from the State, and get a blend price for everyone's milk. Everyone would get the same price for their milk, hence no more need to steal another dairyman's contract. But with Quota, that didn't happen. As soon as the Class 1 money was paid into the pool it was taken right back out by the quota holders plus an additional 10% which made the pool have less value and the those dairymen got nothing in return for their part of the deal. Such a deal.

Why would the dairymen of California agree to such a horrendous deal such as this? Well what they thought was going to happen was that California's population in 1970 was on an unbelievable growth spurt and they believed that Class 1 milk sales would also have an unbelievable growth spurt.

Look it up under Chapter 3 of the Gonzales Pooling plan in the Food and Ag Code, it is called the Equalization pooling Chapter. With the expected growth they were going to issue free quota to those that were not at 95% quota and issue to new producers that were coming into the dairy industry that didn't have any Quota. The plan was to have everybody equalized in their quota holdings and therefore Quota would then have a value of zero.

Gonsalves anticipated that this would be all equalized within a couple of years. Well the population went crazy up but the Class 1 sales went down actually and the Plan went completely horrific for the industry, but became a fortune maker for those dairymen or 1/3 of the industry, that were lucky enough to receive those free certificates. 1 billion dollars is taken from the industry every 6.3 years and given to the 300 dairymen, and they give nothing in return for that billion dollars. Since 1970 it is well over 8 billion dollars that has been paid to this minority of dairymen. It cost everyone today \$.38 cwt. and the quota boys get \$1.70 a cwt. in return, a transfer of wealth of \$433,000 a day.

Those holding the certificates today don't even have the Class 1 contracts that they were originally issued for. Most of those processors are gone, Carnation, Jersey Maid, and Knudsen just to name a few.

In 2015, there was 1496 dairies in California, there is only 933 left. We have lost one third of our industry and our cries for help have gone on deaf ears at CDFA and Secretary Ross. She single-handily stopped us from having a vote to terminate Quota for two years now, and the money that we give the quota holders each month has paid for big time law firms to take away our rights. The Attorney General's office has turned their backs on us as well and Governor Newsom has reaped big donations from the Quota holders all in the name of Big Money. Big Money talks in California, Quota or as it is now called the QIP, isn't even in the California regulations or the Food and Ag Code to give them the right to take our money every day. Look it up. They have made a joke of the regulatory process and of our constitutional rights, as citizens. Go to our website for proof of what is written here. StopQipDairyTax.com.

The Great Quota Rip Off that should have gone away 50 years ago.