

## About Milk Margins? USDA Centers Efforts on Solving This Problem

(Note: This article from Agriculture Research)  
**WHAT OF MILK MARGINS?**  
(USDA)

Farmers and farm leaders have lately been showing an understandable livelier-than-usual interest in marketing margins — those frequently elusive gaps between what the farmer gets for his products and what the consumer pays for them. The increased concern has resulted in intensified USDA research on widening market margins. Much of this recent effort by the Agricultural Marketing Service has been on dairy products, particularly fluid milk.

Dairying margins were not hard to figure out in the days when milk was sold primarily just as milk in single quart bottles delivered to consumers' homes. Things are no longer the same. Long-established trends in marketing have been giving way to new developments reflecting the tastes and habits of American consumers. Now, there are homogenized and special milks as well as regular milk. Half-gallon and gallon containers are growing in use. In Chicago and Akron, milk sold in gallon jugs constitutes 1-3 of all fluid milk sales. In some other markets up to half of the milk is sold in half gallons. Sales of milk in glass containers are declining. Use of bulk dispensers in restaurants is increasing.

As if this were not enough, retail stores are now more in the picture, too. Independent routemen are numerous in some markets. Also, at the country end, receiving stations and over-the-road transportation are often owned and operated independently.

These new price-spread complications are currently under intensive study in Chicago market. AMS researchers eventually expect to cover other cities as well, to get an indication of who gets what share of consumer's money spent on fluid milk.

Another important aspect of this research on fluid-milk marketing margins is a continuing study of operations reports of 80 dairy plants. These reports are received quarterly and analyzed. Results are published as USDA

reports at intervals. Reports now being prepared will show changes in marketing costs over the last 4 years. They will also show how trends may differ among farms of different sizes from all over the country.

Data so far shows that individual farms, almost without exception, have increased their volume of business from 1952 to date. Further analysis will show differences in costs among different types of farms. For example, farms specializing in retail trade will be compared with farms specializing in wholesale trade. A comparison of glass and paper containers will be made and the relationship between volume of business and distribution of costs will be analyzed.

While present research on fluid-milk marketing margins forges steadily ahead, past work has already resulted in much valuable information.

Agriculture Economist L. F. Herrmann and his associates found out that between 1950 and 1955, the margin on single quarts of milk delivered to homes went up 27 per cent. On single quarts sold through stores, however, the margin went up only 21 per cent. Margins on milk in gallon jugs averaged lower on half gallons and single quarts. It is doubtful if the gallon jug is a less costly form of packaging than the single quart, but the pricing of gallon jugs may be explained on the same basis as quantity discounts offered on single quarts. These discounts were given on home-delivery routes in 77 markets.

Margins on 2-quart and 4-quart purchases were lower than on single quarts. But the margin on single quarts was higher in cities having a discount plan than in cities without such a discount. AMS economists say that fluid-milk margins could be more accurately measured on the basis of an average size of purchase rather than on a single quart.

On the basis of single quarts, the retail price of fluid milk in the 3 years 1947-49 in this country averaged 19.9 cents a quart. Farmers received 10.6 cents, leaving 9.3 cents for distribution. Last year, out of a retail price of 22.9 cents, farmers got 10.2 cents, and 12.3 cents went for distribution. A familiar story of rising costs and lowering receipts for farmers is told by these figures. They show need for more marketing analysis to determine further price breakdown. And they establish the basis for constructive recommendations on price changes where necessary.

AMS researchers are studying not only margins but also what it costs to market fluid milk. Greater efficiency for processors and distributors should come about as a result.



Here are new officers and assistant officers, with advisors, of the Groundhog Chapter, Future Farmers of America, named Oct. 11 at Southern Lancaster County Joint Community High School. Front row, left to right, are Dale Shirk, chaplain; Raymond Deiter, sentinel; Clair Carter, secretary; Robert Bucher, president; Dick Herr, vice president; Ralph Kreider, treasurer and Kenneth Redcay,

reporter. Assistants stand immediately behind, left to right: Ralph Bitler, advisor; Frank Herr, Darrell Lewis, Roger Roland, Harold Clark, Bill Jackson, Charles Richardson, Gordon Herr and Advisor, Jackson Owen. Also attending were Robert Ecklin, past president, who presided; Richard Hastings, treasurer last year, and Joe Martin, reporter last year. (Lancaster Farming Staff Photo).

## Farm Calendar

(If you wish your Coming Events listed in these columns, write a card or letter to LANCASTER FARMING, Quarryville, Pa. Be sure to include name of sender.—Editor).

### OCTOBER

Oct. 20-27—American Royal, Kansas City, Mo., national Future Farmers of America convention.

Oct. 27 — Society of Farm Women No. 5 will meet at Kauffman's Tea Room. Guest of society will be member of Society No. 27. Dr. Caleb Bucher will speak.

Oct. 27—Fulton Grange, Hallowe'en Party.

Oct. 27—Oxford Grange youth, Hallowe'en Party.

Oct. 30 — Pomona Grange guests of Ephrata Grange; Berks County Grange in charge of program, Brickerville Fire Hall.

Oct. 30 — Farm Women Societies aid Christmas seal preparation, Rossmore Sanatorium.

Oct. 31 — Lancaster County Red Rose Baby Beef and Lamb Club meets at John Neff School, Neffsville, 8 p.m.

### NOVEMBER

Nov. 1—Farm Women 20, home of Mrs. Glenn Knecht, RD Kirkwood, 2 p.m.

Nov. 3 — Feeder Calf Sale, Lancaster Stock Yards.

Nov. 3—County Convention, Lancaster County Farm Women's Societies.

Nov. 3 — Feeder Calf Sale, Nov. 23-Dec. 1—International Livestock Exposition, Chicago.

Nov. 10—Farm Women 6, box lunch, educational room, First National Bank, Elizabethtown.

Nov. 10—Farm Women 1 meet with Mrs. C. H. Nissley, Lititz.

Nov. 13—Farm Women 22 entertain Farm Women 12, Pequea Church of the Brethren, 1:30 p.m.

Nov. 14 — Farm Women 16 meet, chapel of Middle Octorara Church, poverty party, covered dish supper, 7 p.m.

Nov. 15 — Mail (Christmas) deadline for overseas service men.

Nov. 17 — Farm Women 12 30th anniversary banquet, Morton's Restaurant, Morgantown.

Nov. 20 — Lancaster County Holstein Banquet, War Memorial Building, Leola.

Nov. 29—Fulton Grange 68, play, "An Old Fashioned Mother".

Nov. 30—Deadline, to sign under Conservation Reserve Con-

## Lard Purchases Week Of October 17 Near 3 Million Pounds

Washington — (USDA) — The U.S. Department of Agriculture purchased 2,934,000 lbs of lard in the week to Oct. 17 to help hog producers by encouraging additional consumption of this product in other than normal outlets. Purchases under the continuing program amount to 8,918,000 lbs.

Price ranges per lb for purchases in the week beginning Oct. 15 by geographical region and number of carlots (36,000 lbs of 3-lb tins and 50,000 lbs for 50-lb tins) by each region follow: Southeast 17.99 cents for 12 carlots of 3-lb tins; Midwest 16.95 to 17.25 cents for 24 carlots of 3-lb tins and 14.20 cents for 9 carlots of 50-lb tins; and Southwest 17.36 to 17.62 cents for 33 carlots of 3-lb tins.

tracts of Soil Bank.

### JANUARY, 1957

Jan. 14-18, 1957 — Pennsylvania Farm Show Week, Farm Show Building, Harrisburg, Pa.

Jan. 15, 1957 — Poultry Federation's Annual Farm Show Banquet 6:30 p. m. — Penn Harris Hotel, Harrisburg, Pa.

Jan. 14-18—Pennsylvania Farm Show, Harrisburg.

All prices are on a per lb f.o.b. plant basis and the overall price ranges were from 16.95 to 17.99 cents for 3-lb tins and 14.20 cents for 50-lb tins. In making awards, consideration was given to area price variation in relation to transportation costs for distribution. In total, bids were received from 12 bidders who offered a total of 7,860,000 lbs.

Approximately \$15 million of Section 32 funds will be expended for purchases to date.

### NOT SO HOT

Some very scientific chaps insist that the inside of the earth isn't as hot as it is claimed. In our unscientific and humble opinion neither is the outside — Baltimore Beacon.

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