

Producers Base Programs

At the request of the Market Administrator for Federal Marketing Order 2, a committee representing cooperatives, land grant colleges, major farm organizations, state departments of agriculture and the Market Administrator, held a series of meetings to study every aspect of a possible Class I Base Plan for the New York-New Jersey marketing order.

Class I Base Plans were authorized by Congress in the 1965 amendment to the Agricultural Marketing Agreement Act of 1937. This authorization will be effective through December 31, 1969. The responsibility of the Class I Base Plan Study Committee was to develop the facts and procedure for such a plan and make them available for distribution to all dairy farmers selling milk to handlers regulated by Order 2.

What Farmers Will Receive

The Committee Chairman, John W. Carncross, retired professor of agricultural economics, Rutgers University, explained that a producer would receive a higher price for milk deliveries equal to his base and the lower manufacturing price for any excess. No limit would be placed on the amount of milk that he can produce or sell.

Under the proposed Class I Base Plan, a producer's base would consider his most favorable 12-month production (best January, best February, etc.) for the previous three years. Class I requirements for the market in twelve consecutive months preceding the start of the plan and total base pounds of all dairy farmers in the milkshed.

Mr. Carncross indicated that the plan would provide for recalculating and transferring bases and allocating bases to new producers. There are also provisions for dealing with hardship cases.

All dairy farmers should realize that, although this Class I Base Plan has been issued, it has not received the endorsement of any organization which participated in the study nor by any cooperative or handlers who may make it available to his producers. Under the provisions of the federal law relating to incorporating a base plan into a federal marketing order it will be necessary for producers to request a public hearing before the Secretary of Agriculture can act on the matter. If such a plan is recommended by the Secretary after a hearing, producers will vote on this amendment individually. Approval or disapproval by producers will not affect continuance of the Order.

Purpose of Plan

The purpose of the Class I Base Plan is to make it possible for any individual dairy farmer to adjust his production to the requirements of the fluid market without having his blend price reduced by the increased milk production of his neighbors supplying the same marketing area. In simple terms, a Class I Base Plan gives each producer a "base" reflecting his proportionate share of the total fluid sales in the market for a recent past period, plus a 10% reserve to cover short-run fluctuations.

Producers would receive a higher "base blend" price for that part of their milk included in the "base." Milk not included in the "base" and sold from the farm would be priced at the lower "excess" or manufacturing price. Such a pricing plan is sometimes called a two-price plan to describe its provisions for separate prices for "base" and "excess" milk.

In effect, a Class I Base Plan would limit the amount of milk

a farmer can market at the higher "base blend price". The farmer would not be restricted as to the total amount of milk he can produce or sell, but only the amount of milk he can sell for the higher "base blend price".

A Class I base, or base excess plan, removes the necessity for each individual dairyman to maintain maximum production in order to preserve his share of the more favorable priced fluid milk market. Under such a plan, one farmer's surplus production would have less effect on the price and income of other farmers. It may offer an individual producer an opportunity for increasing his income.

With all the time and energy spent to propose a Class I Base Plan for New York-New Jersey marketing area, questions have to be asked. Will this plan be ac-

ceptable by the dairy farmers in the Order 2 Federal milk marketing area? Is the proposed Base Plan better or worse than the Louisville Plan in use in Order 2? Will Congress extend the amendment past 1969? And, do dairy farmers understand all parts of a Class I Base Plan? (Continued next week)

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