

Milk Prices Too High

Are milk prices too high in the Northeast?

In his provocative talk last week before dozens of dairymen at Lancaster County Dairy Day, A. J. Nixon, vice president of Penn Dairies, didn't flatly say prices are too high. But we suspect most dairymen who heard the talk felt Nixon was urging lower milk prices.

Are milk prices really too high in the Northeast?

It's a question of real importance to Lancaster County, which is first in the state in dairying. In an area where being first in various important aspects of agriculture seems to come naturally, the stature of dairying is still quite impressive.

Dairying in 1968 accounted for \$35.4 million of the county's \$124.2 million of agricultural production, dairying accounted for nearly one-third of the county's total agricultural product. Dairying was worth more than twice as much as beef cattle, hogs and sheep combined.

Nixon gave some sound reasons for lower milk prices, including the growing and costly milk and milk product surpluses in the Northeast. Normally, when a surplus develops in a product, the price is too high in relation to the demand.

The Penn Dairies president also said continued high prices of milk will encourage substitute products to come on the market. And he said high milk prices will encourage consumers to turn to other products.

But what about Lancaster County dairymen? Are milk prices too high, Mr. Dairyman?

Probably not.

We're constantly hearing about how the profit squeeze is hitting the dairyman, how important it is for him to make his herd more efficient, and how he must continue to expand to maintain a reasonable living standard.

If Nixon's proposal for lower prices is followed, the dairyman will be faced with both decreasing prices and increasing costs. It's an old story in economics in general and farming in particular. It's the classic price cost squeeze in which the less efficient and smaller operations get squeezed out and the bigger and better operations expand.

In a sense, the price-cost squeeze has been underway in dairying for many years. The number of herds has been decreasing, while those remaining grow larger to take up the slack. But this has been occurring under relatively favorable conditions, so continuing milk price increases. Imagine how the squeeze can intensify if, instead of going up, milk prices go down.

The question raised by Nixon, however, involves more than just whether or not milk prices should be lowered. Nixon actually was challenging dairymen to consider if they can afford not to lower prices.

Will the consequences in terms of lost markets and general decline in dairying as a result of high milk prices be worse than the consequences of lower profit margins for dairymen? That's really the question Nixon raised.

The question is vital to Nixon. He represents a firm which sells milk and milk products.

But the question is no less vital to every dairyman.

To Automate?

His automated feeder pig barn enables Glenn Longenecker of Elizabethtown RD1 to care for 400 feeder pigs with a minimum of backbreaking work and a minimum of time. (See story on Page 9.)

His modern set-up is a far cry from the traditional "slopping the hogs" approach most of us knew or probably still know.

Automation eliminates or holds to a minimum hired labor, which is increasingly scarce, more costly and less reliable than during the "slopping the hogs" days. Automation enables him to grow more hogs.

Has Advantages

Automation obviously has its advantages.

But that doesn't mean every pig grower should suddenly build an automated feeder pig barn.

Two points which Max Smith, county agricultural agent, and other Penn State extension service personnel are repeatedly making to county farmers are:

—Don't over-expand, don't buy too much or uneconomical equipment, don't waste your capital.

—Make sure that what you do fits in with your particular operation, don't run your system, don't get into something you can't manage.

Losses Possible

The point is simply this: While big profits can be made from big, efficient auto-

mated operations, big losses also await the farmer who makes big mistakes in expanding unwisely, improperly or in the wrong area.

One of the dangers of automation is that it's so expensive. We have to know how to get big returns out of automated operations in order to cover these high expenses and still have something left over.

Study Pros, Cons

Of course, there are many complicating factors which enter into the situation when each individual farmer begins to consider the pros and cons of the situation.

How much money does the farmer have to invest in upgrading his pig operation? How much can he or how much does he want to borrow?

How well does the farmer understand modern equipment? Can he fix it, or can he get someone to fix it when it doesn't work?

To operate efficiently, one piece of modern equipment often requires another. Can the farmer afford all the necessary equipment to become big and automated? Or will the costs of his equipment be too high to be off-set by the income from his product?

These are the kinds of questions each farmer has to answer for himself. Many factors are involved, which only the individual can know fully. Rewards for making right decisions can be great, and the losses from wrong decisions can also be huge.

Long Term Trends

Those who choose to expand have long term trends in their favor. Automation is generally replacing labor, farming operations are growing in size, farming is becoming more specialized.

But the name of the game is still to make a profit. The farmer who doesn't make a profit soon won't be a farmer anymore.

And to make a profit, costs have to be kept lower than returns. That's true if you slop the hogs or feed them by tube.



NOW IS THE TIME . . .

By Max Smith
Lancaster County Agent

To Be Alert For Termites

As warmer weather arrives during late March and April, property owners should be alert for termites that may collect in the sun near windows or doors. The termite should not be confused with flying ants that may collect in the same warm areas. Termites will have four large wings of equal size and one elongated body; the ant will have two pairs of wings of different sizes and have a two-section body. Termites at this time of the year is a warning of their presence in the building and possible serious damage.

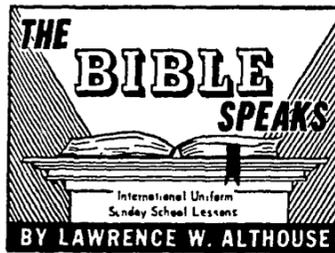
To Graze Herds Carefully

Winter ice and other fast-growing grasses will grow rapidly when warm weather arrives. Animals to be grazed on

these areas should be allowed only a short length of time (15 minutes to a half-hour) for the first few days in order to get them accustomed to the lush forage; a feeding of some dry matter such as hay, straw, or silage is recommended before they are turned into the new pasture.

To Keep Pesticide Records

The subject of pesticides in agriculture occupies the front row, and every food and feed producer should be extremely careful regarding the use of any chemical. Recommendations may be changed frequently and the registrations of certain chemical cancelled. Producers are urged to keep accurate records of their chemical applications. Record blanks are available.



Background Scripture: Isaiah 53, Matthew 27, Hebrews 2.
Evangelical Reading: Matthew 21:1-11.

A teenage boy had participated with a number of friends in the "borrowing" of a man's car (without his permission!). Because the car was returned undamaged before the loss was discovered, the police were not notified, but the boy's father found out when he accidentally heard his son and a friend discussing their "wild ride."

Confronting his son with what he had heard, he insisted on taking away his son's driving privileges with the family car for three months. This was to be his penalty.

No one knows

"But why, Dad?" his son wanted to know. "There was not any harm done, we got the car back in time, and no one else knows about it but you. I'm sorry it happened and I want to forget the whole thing. Why can't you forget it too? It doesn't cost you anything to forgive me. Why must it cost me something?"

What do you think? Is it true that there was no harm done? Is he correct in thinking that it doesn't cost us to forgive? If you were asked to explain how God goes about forgiving us, which of these two answers would you choose?

Answer #1 — When a man sins against God, he incurs a debt with God and, since he cannot pay it, God is ready to condemn him. But Jesus, by dying on the cross, offers himself in payment of the debt and persuades the angry God to forgive the sinner.

Answer #2 — When a man sins against God it is possible for God to overlook his sin as though it never happened. When we say we're sorry, this is what God does because of his great love for us.

The answers suggested above are both extremes. In the first one, God seems harsh and legalistic. What he wants is justice and it matters little whether it is Christ or man who does the paying.

God, the sin-bearer

In the second answer we see quite the opposite: God doesn't take sin seriously at all. He simply overlooks it as if it never happened at all. No one pays anything because there is really nothing to pay.

Neither of these answers are adequate. Both miss some important facts that are evident in the fifty-third chapter of Isaiah:

- (1) Sin does cost and cannot be overlooked.
- (2) God is not reluctant to forgive man, nor does he need to be persuaded by Christ.
- (3) The justice of God demands that someone pay the terrible price of sin; the love of God offers to pay that price for man.

In other words, it is God himself who offers to take upon himself the burden of sin. When Jesus willingly went to the cross, it was God himself who was assuming man's guilt and punishment.

The teenage boy, you see, was wrong. There was harm done and it did cost his father something to forgive him. So it is too with God. One of the characters in W. H. Auden's Christmas oratorio, *For The Time Being*, exclaims: "I like committing crimes. God likes forgiving them. Really, the world is admirably arranged." But he is wrong: God doesn't "like" forgiving us, for it is painful to him. He does so only at a terrible cost.

Someone paid

So it was too with the cross which Jesus bore. In it there was a terrible cost:

Surely he has borne our griefs, and carried our sorrows; . . . But he was wounded for our transgressions, he was bruised for our iniquities; Upon him was the chastisement that made us whole, and with his stripes we are healed.

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