

On Stopping Egg Busts

Why do egg busts occur?

The egg market is a classic example of what happens in a free enterprise system when supply of a product fluctuates wildly in the face of an inelastic or stable demand. When supply is low, prices are high; when supply is high, prices are low.

Authorities agree that irregardless of the supply, the demand for eggs — at least under present marketing techniques — remains fairly constant. Therefore, only a slight change in egg supply in one direction will send the price of eggs sharply in the opposite direction.

The UEP, in its projections, cites a four to one relationship between egg production volume and price. This means that a change in supply of eggs causes a change four times greater, percentage-wise, in price in the opposite direction.

According to some observers, however, the UEP is conservative in its four to one relationship. What actually happens in a market bust, they say, is that the bottom literally falls out of the market, the weakest sellers set the pace; since traditionally in a glut the weakest sellers haven't really had a market, the bottom becomes a give-away situation.

What has always happened in the egg market is that after every bust, in which a large number of producers are weeded out, wiped out may be more precise, a period of lower egg supply and resulting high prices follows. High egg prices immediately entice new and inexperienced producers and existing producers increase their production.

The resulting flood of new eggs, which generally has not really been more than an overall five per cent increase, causes egg prices to plummet below the cost of production. When enough producers cut back or get out to allow the supply pressure to ease, egg prices go up again.

So it goes, boom and bust, boom and bust.

But what the egg industry is facing today is not a small or normal egg bust, but a big, record, huge supply increase on the up side.

Most authorities are absolutely convinced that if massive corrective action is not taken industrywide on a scale proposed by the UEP (see page 1), the industry will inevitably have the most violent and prolonged downturn in its history. For those who remember 1967, industry leaders say we are on the doorstep of a bust that will make 1967 look like good times.

Although it is late in the game and the egg industry has never before mobilized to stop such a catastrophe, industry leaders are assuring us that it can and will be done.

We wish them all the luck in the world and certainly advise our readers to listen to their advice very carefully; but we note that not just local poultrymen, but egg producers and allied industry men across the nation must cooperate. Can it be done?

We're skeptical. We don't see how the industry at the last minute can find the courage to change without once more tasting the bitter fruits of financial loss caused by prices lower than the cost of production. But probably the work done now will not be forgotten when the disaster begins and the work now may cause a much quicker recovery than would otherwise be possible.

Looking beyond this situation, we see some real hope that the industry is mobilizing to avoid similar situations in the future.

We think this effort should and will include not only the stabilization of production but also major efforts in the marketplace to develop and standardize new means of making eggs attractive to buyers, new techniques for controlling the rate of consumption.

In the long run, we think that only a significant change in the violent relationship between egg supply and demand can stop the boom and bust egg market cycles

NOW IS THE TIME . . .

By Max Smith
Lancaster County Agent



To Practice Sanitation

The need for strict livestock sanitation practices is always present but especially important at this time with an outbreak of hog cholera in Chester County. This highly contagious disease requires very strict quarantine regulations and careful management to stop its spread. Local producers are cautioned about their source of feeder pigs, and to be very careful about bringing the infection to the home herd. Everyone should cooperate to eradicate this dreaded disease of hogs.

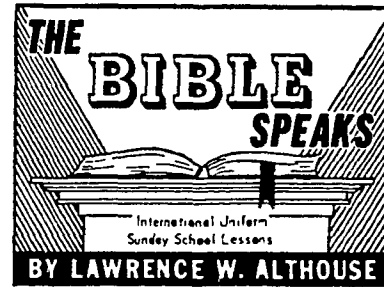
To Seed Cover Crop

Corn growers who have not used atrazine as a weed killer, and want to maintain the organic matter in their soil, may want to broadcast ryegrass or field brome grass immediately

after their last cultivation. On fields that will be in corn for several consecutive years the cover crop to plow down next spring is good soil and water management. Most of the herbicides used this spring on corn, other than atrazine, will permit a cover crop to grow this fall.

To Operate Combines Properly

Winter barley and wheat harvest time is near and the combines will be serviced and ready to go. In many cases the machine is in excellent condition but the operator is in too big a hurry to allow it to perform properly, as a result, too much of the grain is thrown out with the straw and we get volunteer growth this fall. In addition, tough grain makes the job more difficult and requires a slower pace. "Haste makes Waste" in this case and reduces the return per acre.



I'M ONLY ONE

Lesson for June 21, 1970

Background Scripture: Romans 12 through 13.
Devotional Reading: Romans 12:3-12.

You are a soldier in the United States Army stationed in Western Germany. You and seventy-two other American soldiers comprise a convoy of trucks making the routine troop movement between Helmstadt in West Ger-



many through East Germany along the autobahn to West Berlin. Usually the trip is uneventful except for periodic check-points along the way.

Lately, however, there has been some mounting tension in Berlin and there is some growing apprehension among your officers that the Soviets may retaliate with some petty irritations on the autobahns. You hope that if the communists decide to needle the American forces again they'll pick a different convoy with which to do it.

The rut people get in

You feel the truck slowing down and someone next to you says, "Marienborn checkpoint." Fifteen minutes at the most and you should be on your way once again. But fifteen minutes pass and then thirty and forty-five, but the convoy is not moving. Down the line comes the word: "The communists are refusing to let us pass until we fall out and line up to be counted."

You know what that means... possibly a long wait. It is U.S. policy to refuse to get out of the trucks for counting. You don't really understand why, but that's the way it is. You and the convoy will sit at the check-point until someone backs down. You chuckle, half in disgust and half in amusement, when you consider that neither you nor the Soviet soldiers standing guard really understand why you can't get out of the truck and why it is just as important to them to have

you do so. It's just part of the Cold War rut people get into, you decide.

The first two hours are not too bad, but after three hours of sitting in the cramped trucks, you and your comrades begin to be irritable. It is with gratitude, then, that you hear the sergeant call your name to deliver a message to the C.O. in one of the trucks up the line. This means an opportunity to get some fresh air and stretch your legs.

The dangerous sparks

As you stand waiting for a reply, you notice a Soviet guard with a tommygun. You don't look at him and he doesn't look at you. It seems best that way. The only sound is a chilly wind that whistles around you and the scrape of the guard's boots.

Then it happens! A sudden gust of wind lifts your fatigue cap off your head and deposits it in the dust . . . right in the path of the guard. You extend your hand forward in a gesture, but it is too late and the boot crushes the hat into the dust. "Hey," you shout and instinctively rush toward him. He stops and turns toward you inquiringly, his foot still resting upon your hat. "You're on my hat!" you shout. "Da?" he replies as if he does not understand you.

There seems to be a slight trace of amusement playing at the corners of his mouth. Did he do it on purpose, you ask yourself? Doesn't he see it? You begin to feel an overpowering urge to shove him and get him off your hat. "What's going on here?" a sharp voice asks behind you and you turn to see your C.O. and the Soviet commander.

Overcome evil with good

Later, back in the truck, your hat once more in your hands, you reflect upon what happened. Suppose you had lost your temper and started shoving the Soviet soldier? Out of such incidents, you realize, come the sparks that touch off wars.

One man can set in motion the events that lead two or more nations into war. If one man can do so much harm, is it not also likely that one man can also do much good? Let those who take refuge in saying, "I'm only one," be reminded of just how much they can do, as Paul puts it, to "overcome evil with good."

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Officials Look the Other Way

or

What You Don't Know Can Be Fatal

While the government has a huge apparatus supposedly for supplying information about U S farming, most of the data we get is completely out of touch with what the farmer and the nation want and need to know.

The present egg industry scare on overproduction is a shining example

While United Egg Producers has been flashing warning signals for months including advertisements in color, about an impending egg market bust, virtually all the data we have received from state and federal officials would indicate business as usual.

While all the knowledgeable egg producers and allied industry men we have talked to now see the egg bust as virtually inevitable within weeks or months — unless unprecedented corrective action is taken — state and federal officials who are paid to inform and assist the farmer have said almost nothing.

The situation spells out a warning loud

and clear for egg producers. It's still a dog eat dog world in the egg business insofar as state and federal government officials are concerned.

These officials have indicated they will continue to go through the motions of producing relatively meaningless and unrelated material, but they won't tabulate, define and interpret that material in such a way that egg producers can understand what's going on in the business

As a result, poultrymen must continue, as in the past, to rely on their own resources to save themselves.

Unfortunately, in the past egg men haven't done so well, the industry has gone through one violent boom and bust period after another; as a result, the egg industry can probably claim the distinction of having produced more bankruptcies than just about any other single farm enterprise.

But despite these violent price swings, and 1970 will probably show a shift from record highs to record lows, state and federal officialdom has not made any move toward supplying the type of information that can avert such disastrous price fluctuations.

And we are convinced that the price swings stem largely from producer ignorance resulting from a basic information void. We are convinced that producers can and will make intelligent decisions that will keep the market relatively stable — if they are given adequate, reliable information on which to base production decisions.

What producers get, however, are yearly figures on what percentage they should increase production nationally and monthly figures on how much they actually have been increasing production.

While egg type chick hatch, the advance (Continued on Page 11)

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