

Eastern Statement on '71 Dairying Warns of Cost Squeeze

"The warning flag is up for dairy farmers in the Northeast as we enter 1971," stated John C. York, general manager of Eastern Milk Producers Cooperative Association, Inc. in Syracuse, New York recently.

York made the following statement:

We are concerned for the welfare of our nearly 10,000 members from Maryland to New Hampshire—in Delaware, Pennsylvania, New York and Vermont—even though Eastern made great strides in 1970, in several areas, and expects that this trend will prevail.

The immediate 12-month outlook for all dairymen in this part of the country is extremely challenging at best.

Growth of Eastern Milk Pro-

ducers in the Vermont area has been phenomenal in 1970, both in number of new members and volume of milk handled by the Association. The Association has found it necessary to build a new modern bulk milk transfer station in Enosburg Falls, Vermont to handle several million pounds of milk produced by Eastern members in the northern part of the state. This facility, now nearing completion, will be large enough to handle the increased volume of milk predicted for 1971 in that area.

The Pennsylvania forecast for 1971, as far as Eastern Milk Producers is concerned, is one of stronger milk marketing arrangements with milk dealers in that state by the Association.

This past year has been a

tremendous increase of new membership in Eastern Pennsylvania. Part of this increase resulted from the acquisition of milk receiving plants to preserve market stability in various areas. In every case, Eastern met its commitments to its members with the orderly movement of milk when milk plants were forced to close.

The amount of milk produced by members of the Association in a six state area and marketed by Eastern in 1970 increased by 3 per cent over 1969 and is expected to increase another 5 per cent in volume in 1971. One reason for this change is the number of new members who were added to Eastern membership rolls in 1970, over 6 per cent from the year before and expected to jump another four per cent in 1971.

Processing, packaging and distribution of this milk which, it is anticipated will total over three billion pounds, will be sold to the nearly 90 milk companies with whom Eastern markets its product in the northeast.

It is predicted that the dollar value of this milk will reach \$75,000,000 or an increase over the value of milk marketed by the Association in 1970 of approximately 6 per cent.

All this, of course, means that the internal cost of running Eastern Milk Producers will go up nearly 5 per cent this year, a very reasonable figure when considering the increase in cost of running other businesses across the nation in these inflationary times.

Labor union contract negotia-

tions with other giants of industry have caused their cost of operation to go out of sight in many instances. These makers of goods and services which are purchased by dairy farmers, therefore, must raise their prices to offset increased costs of production.

Inflation is still with us whether we like it or not. The cost of producing milk will continue to rise in 1971.

Feed prices have already skyrocketed in many areas, due partially to the corn blight debacle in 1970. There seems to be little relief in sight for dairymen in need of farm labor, although unemployment is the highest in years.

Milk supplies took a big jump to offset increased production costs in 1970 and will continue to over-burden the markets of the northeast this coming year. Class 1 utilization continues to fall below the 1959 percentage figures although, during this decade, there has been a population growth of about 25 per cent.

We have urged President Nixon to continue the nation's school milk program in his forthcoming budget message. This could have a great bearing on dairy farmers in 1971.

The effects of attacks on cholesterol in foods by certain so-called medical authorities and makers of milk substitutes and soft drinks has undoubtedly contributed to the decline in the per capita consumption of milk, cream, and butter. But little has been said by these groups of the

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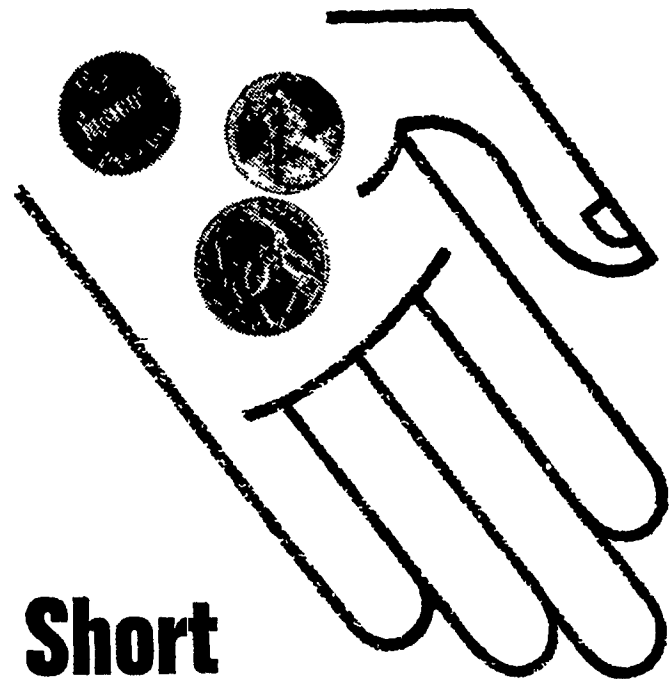
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