

# Economist Explains Need for State Milk Resale Price System

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Recently, when I returned to the office after a hearing in New Jersey, a local television personality had requested I call the station.

When I reached the office, they wanted to know why, with Federal Orders setting Class I and Class II prices, farmers wanted the State of Pennsylvania to set resale prices.

This was followed with the question of the value of the Pennsylvania Milk Marketing Board when resale prices were higher in Pennsylvania than in New Jersey.

In order to effectively support and defend resale price fixing by both the States of Pennsylvania and New Jersey, sound logical answers must be presented to each of the above questions.

First, basic to a regulated class price system is a federal order. A federal order is necessary to classify and price all milk moving in inter-state commerce. This method provides basic stability to the industry.

However, a federal order does not provide the answer to all the problems of pricing and marketing milk.

We need our state orders for the following reasons:

1. In addition to large national chains and dairies, local outlets are necessary for a low cost distribution system. This should include full service or full line milk dealers.

A full service dairy serving schools, stores and home delivery routes has a more even requirement for milk needs on a weekly basis and usually on an annual basis. Thus, less reserve or surplus milk is needed to furnish this type dairy with a sufficient quantity of milk for its needs.

This reduces the amount of reserve or surplus milk and the resulting pressure for surplus milk to increase Class I prices in order to improve the blend price. A proper resale price structure is required to protect the full service milk dealer.

2. Milk is a unique commodity, different in its total production and distribution characteristics than any other product of commerce. Milk is highly perishable and deteriorates in quality very rapidly. Farmers must milk cows twice daily or serious health consequences or loss in income will occur. It is imperative that markets be available to receive the milk daily.

A system of resale price minimums, which results in a stable market, contributes to confidence and certainty in the minds of farmers and dealers, should make both farmers and dealers feel that each will receive a just and reasonable return for his product under such unique circumstances.

3. In addition to the unique nature of the product, dairy farmers are characterized by unique production circumstances. The large fixed investment either freezes dairymen into the business or permits entry to only those with large capital resources. Dairy animals have less than a "salvage" value when sold for beef, and dairy buildings have little or no alternative use.

Due to the considerable investment required and the complexity of production conditions, a stable, healthy dairy industry is a necessity in order to provide a continuing supply of milk at fair prices.

4. Federal orders are not the panacea for dairymen. An expert in the USDA observed the following:

"Federal Milk Orders are only one of the devices to help

producers through their cooperative associations to help themselves to better marketing conditions. It is important to remember that no Federal Milk Order guarantees any farmer a market for his milk. Neither does it guarantee to the producer who is able to maintain a place in the market, a price for his products which will assure him of any particular income standard.

"What the Federal Order does is provide a framework and a set of rules by which a farmer can secure returns commensurate with existing mar-

keting conditions. The amount of such returns depends on how good or bad marketing conditions are; and, as you know, there are numerous ways in which producers, acting through their cooperatives, can seek to influence the market."

In this area, we have sought and obtained the help of state resale price fixing to complete the job. Such regulation is still necessary.

5. Unreasonably low resale prices in New Jersey are not in the public interest. The largest dealers selling in New Jersey

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## Public Auction

50 HEAD OF HOLSTEIN

THURS. NIGHT, JULY 22, 1971

starting 8:00 p.m. sharp

SALE LOCATED 5 MILES NORTH OF RT. 222  
ALONG 897, 2 MILES NORTH OF REINHOLDS.

These are all upstate cattle — some strictly fresh and the balance are close Aug. & Sept. Cows — the right kind for replacements for fall milk. If in need of fall milk, see us. Will also have a few good feeders.

Don't Miss This Sale.

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Randal Kline — Auctioneer  
Vernon and Ray Kline — Owners

PHONE Area Code 215 267-2368 or 267-2298

Not Responsible For Accidents

Refreshment Stand

## 5th ANNUAL INKA SALE

BRADFORD COUNTY CLUB SALE

Friday Night, July 23, 1971

8:00 P. M.

Location — Troy Fair Grounds, Troy, Penna.

Holsteins Selling are cows by local top breeders. Some from untested and unclassified herds. Also some from New York state.

These include —

- From Raymond Goeringer a fresh Clyde Hill Master King Fobes milking 90 lbs. per day.
- Two Irvington Pride Admiral dts. both from Reflector Dams, 1 VG 88, 1 G Plus 84 2 yr. old.
- Also a third Pride Admiral never classified and due sale time. All three are top cows.
- Three all Pennsylvania Senior Heifer Calves from 1970 are selling. Sired by Kingpin and consigned by George Page, Jr.
- Mel Peifer sends two — 1 is VG as a first calf due with second calf Aug. 9. Piney Hill Majority bred heifer from VG Ivanhoe Dam with 777 fat.
- Bob Tillinghast sends a real nice 2 yr. old fresh and milking over 60 lbs. daily. Her Dam has 27,027 milk. Next Dam 20,451 milk, 3rd Dam 20,537 Milk, 800 fat.
- Also selling a Kingpin from Reflector Dam. A VG 88 4 yr. old due sale time.
- A Marquis dtr. due in Aug.
- A Bluegill Reflector Flame, 2 yr. old from a 23,064 Milk 867 Fat Dam.
- From Richard Kingsley a Hagan Heifer calf that goes in direct maternal line to Admiral Star Nancy. Excellent and Gold Medal Dam.

Also many other fresh cows. Some with calves, show cow prospects, etc., etc. selling. Attend this year's sale and become one of our satisfied customers.

Auctioneers

Tom and Ernie Young  
Troy, Pa.  
Ph. 717-673-8659  
or 717-673-5094

John Merryman  
Sparks, Md.  
301-771-4674

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## PUBLIC SALE

Complete Milking Herd Dispersal of  
Registered & Top Grade Holstein  
Cows & Milking Equipment

Thursday, July 29, 1971

at 10:00 A.M. Sharp

Located in the Village of New Park, York Co., Pa. approx. ½ mile off Rt. 851. Watch for arrows.

34 Head Dairy Cows 34 Head

23 head of registered & 11 head top grade Holsteins. This is a very fine young herd most of which are in their 1st & 2nd lactation. A few samples of the quality of cows in the sale are a registered Ivanhoe granddaughter with 17,481 milk & 720 fat; another Ivanhoe granddaughter with 17,042 milk & 637 fat; a registered Hector daughter with 16,189 milk & 820 fat and many other fine blood lines in the sale such as Ivanhoe Jack, Romandale Performer, Emporer Duke Archie and 15 or more cows with Ivanhoe breeding. Herd is on DHIA and last years ave. was 13,513 lbs. of milk with 520 lbs. fat.

Herd will be tested within 30 days and will be eligible for interstate shipment with individual health charts. There will be approx. 12 head fresh by day of sale and where necessary will be checked for pregnancy. Don't miss this sale for some very fine herd replacements & foundation stock.

### Dairy Equipment

Mojonnier 325 gal. vacuum tank, 2½ HP Premier compressor, dumping station with approx. 50 ft. of glass pipe line, 2 units Surge 50 lb. size milkers & straps, heavy duty Model D Surge milker pump completely overhauled with a 2½ HP motor, extra Surge pulsator, litter carrier complete with good tub & approx. 150 ft. of track with 2 switches, Jamesway metal feed cart, 2 strap on milk stools, 50 gal. electric hot water heater, stainless steel double drain tubs, drain table, 84 in. snow bucket fits most any manure loader.

Auct. note: sale order will be dairy equipment first, followed by cattle.

Terms: cash or good personal check. Sale to be held under cover rain or shine. Lunch available on premises.

S. GUY & DAVID H. ALLEN, owners

Robert L. Sechrist, auctioneer  
Fawn Grove, Pa. Ph. 382-4379

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