

# Pa. Dairy Industry Must Have Profits, Eastern Manager Warns

"Does the consuming public in the Commonwealth of Pennsylvania understand the importance of dairying to the total economy of this state," questioned John C. York, general manager of Eastern Milk Producers Cooperative.

Speaking before an audience in Eastern's headquarters recently, the leader of nearly 4,000 milk producers in the state of Pennsylvania, concerned himself with the stability of the dairy industry and its impact on the Commonwealth's overall business climate.

York predicted that, because of the increased cost of living, consumers are going to be more selective in the purchase of food items. Milk has a bright future in terms of alternative food costs. The price of a quart of milk has

increased less, over the past 10 years, than has the cost of nearly every other item in the housewife's budget. Yet, milk is still the world's most perfect food.

The share of the nation's income going for personal expenditures for food currently is only 16.1 per cent, compared with 20 per cent in 1960. Expenditures for food at home comprise only about 12.9 per cent of disposable income, compared with 16.2 per cent 10 years ago. This is the lowest in the world.

Today's supermarket offers consumers 8,000 or more items to choose from. Food items comprise about 72 per cent of total sales, a decline from 76 per cent in 1963. Non-food items in the market basket account for an increasing portion of sales, from

24 per cent in 1963 to 28 per cent in 1970.

Last year, consumers disposable income rose six per cent. This increase made it possible for consumers to buy their dairy products with only 2.3 per cent of their income. The average wage earner had to work only 75 minutes per week in 1970 to earn the dairy products in the market basket of farm foods, the same as in 1969.

York said everyone desires a more stable economy. Dairying in Pennsylvania is a multi-billion dollar industry, generating millions of dollars and thousands of jobs. It is reported that two out of every 15 trucks seen on our highways are connected in some way with agriculture and that one of every six is directly involved with a part of the dairy industry. This does not take into consideration the hundreds of farm machinery dealers and feed companies as well as those enterprises involved in the sale of gasoline, tires, trucks and home furnishings, to mention but a few.

The tax structures of many of our rural communities are chiefly supported by dairy farmers, he said.

But where are we going in the Northeast? On a per farm basis, realized net income in 1970, stood at approximately \$5,374 or five per cent below the 1969 level, is not expected to show any gain this year, and will remain steady in 1972, only if there is a decline in the farmer's cost of production.

York stated, "Dairymen are going out of business at an alarming rate. During the first nine months of 1970, the milk industry in the Northeast lost about 2,186 milk producers in the five Federal Order Markets or about 273 producers per month. During the same period this year we have lost another 1,376 producers or about 172 producers per month. Milk distributors, those who receive the raw product, process and distribute it, are also finding it nearly impossible to continue in business with such a low return for their efforts. Employee wage

negotiations have forced many smaller proprietary handlers to go heavily in debt or shut down their operations entirely."

What must be done therefore, to keep this state's economy, as well as that of the dairy industry, stable?

York said "Without a reasonable profit for both the dairy farmer and the milk distributor, the collapse of one of this state's major industries is inevitable. Farmers need a sound market for their product, one which is able to remain financially strong. The retail price of milk has been at a standstill for too long when the cost of nearly every other food item has been on the increase.

"The Federal Order System helps maintain stability in the dairy industry in areas within the Orders by establishing minimum prices paid to dairymen of this state.

"Functions of the Milk Marketing Board are very similar to the above system and

covers the whole of the Commonwealth. In other words, it not only includes the areas covered by Federal Orders but picks up where that system leaves off. Whereas, retail prices for milk in Pennsylvania are higher in some instances than those in New York State, we must be ever mindful of the fact that a margin of profit must be maintained and nurtured to protect this state's economy."

York concluded by warning that "farmers in the Commonwealth of Pennsylvania cannot endure the future by reduction of prices to the consumers. If this occurs, the problem will come to rest on farms and eventually the total economy of this great state."

## Grant Voted AFBF VP

Allan Grant, 65, Perry, Calif., president of the California Farm Bureau Federation, and a member of the American Farm Bureau Federation board of directors, has been elected vice president of the Federation for a two-year term by voting delegates to the 53rd annual meeting of the Federation.

Grant succeeds David H. Sloan Jr., Marion, S.C., former president of the South Carolina Farm Bureau Federation. Sloan was elected Federation vice president in December, 1969.

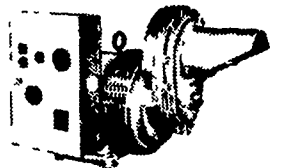
William J. Kuhfuss, 59, Mackinaw, Ill., livestock and grain farmer, was re-elected president of the Federation for a two-year term. Kuhfuss was elected president of the American Farm Bureau Federation at the December, 1970 convention of the Federation in Houston, Texas, to serve on-year of the unexpired term of Charles B. Shuman, Sullivan, Ill., who retired at the 1970 convention after serving 16 years as president.

## Guernsey Calf To Be Given

Immediately after the Guernsey judging has been completed at the Farm Show Monday, January 10, the drawing will be held for a calf which was donated by Windy Hill Farms, Titusville.

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