Erie Area Dairymen Seek Increase of 2° per Quart

A farm organization representative said in Erie this week that "dairy farmers are subsidizing milk production" and urged the Pennsylvania Milk Marketing Board to hike the Class I milk price by 91 cents to farmers in Crawford and Erie counties. This increase, if granted, would raise the price of milk two cents per quart to the consumer

The Milk Marketing Board is holding a hearing to examine the price of milk paid to producers by dealers and the price the consumer must pay for milk.

Marion Alsdorf, a dairyman representing the Crawford and Erie County Farmers'

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Associations, said that he was speaking for 606 farm families in the combined membership of the two county units. The local units are affiliated with the Pennsylvania Farmers' Association.

Dairyman Alsdorf said, "This figure may appear shocking, but the facts and realistic assumptions speak for themselves."

Earlier he cited figures which demonstrated "a very strong" demand for dairy products. "On a per capita basis, U.S milk consumption is increasing this year for the first time since 1955," Alsdorf testified. He pointed to increasing disposable income, relatively stable producer prices and retail dairy prices, and higher meat prices as the major factors contributing to increased consumption of milk and dairy products.

Alsdorf explained that even though consumption was increasing and supplies disappearing the farmer was "moving in an opposite direction from demand Milk production in Pennsylvania during November 1972 was 525 million pounds This was five percent less than in November 1971, and five percent less than October 1972" He submitted other statistics showing a 6,000 head decline in the number of cows in the state for the same period, a 35 pound drop in production per cow and an increase cost to replace cows in a herd Also, feed costs have risen as much as 100 percent for soybean meal, and hay quality has decreased because of the adverse weather throughout the country

"These factors not only have cut production the past year, but in all probability, will further reduce production in 1973," Alsdorf predicted.

Richard E Denison, manager of the PFA Farm Management and Business Analysis Service supported Alsdorf's price increase request, reporting that "the average farmer will have a cost of \$7 08 to produce 100 pounds of milk during the first half of 1973" The Crawford County dairyman in his testimony had asked for a Class I price of \$7 76 per hundredweight

Denison said this request was more than fair, because his data revealed that actual farm cost of producing milk in this area for 1972 would be \$6.81 per hundredweight, compared to \$6.55 in 1971 and \$5.86 in 1970

He further explained that cost factors for 1971 were derived from the records of 57 area dairy farms which utilize the PFA service The 1972 cost was a preliminary projection based on a random sample from the same farms This sampling projected a four percent rise in cost of production for 1972

"These same farmers face an even more devastating problem the first half of 1973," Denison said "This is because severe weather conditions this past summer reduced both the quality and quantity of their forage crops. So, they must buy more forage to maintain their production Alfalfa hay has been quoted at recent sales within the Commonwealth at \$80 per ton up \$40 per ton over a year ago

"The grain and protein sources of feed for dairy cows is considerably more expensive A recent issue of the Wall Street Journal quoted corn at 37 cents a bushel higher than the same date last year Soybean oil meal was \$100 higher than the same date last year These price increases are a direct result of adverse weather conditions in the Midwest," he said

Denison did not see any bright spots for the farmer in the grain situation during the next year, saying grain experts don't expect the situation to improve

Dairyman Alsdorf said he recognized that milk in Crawford and Eric Counties must be "priced competitively with competing milk supplies " Class I prices in the Eastern-Ohio -Western Pennsylvania Federal Milk Order have already pushed over the \$7 00 mark and can increase each month due to the working of a formula Effective Feb 1, a Class I price of \$7 51 has been announced by milk marketing cooperatives serving Area 8 (Erie and Crawford counties) Since prices are established by the Pennsylvania Milk Marketing Board through periodic hearings we not only need to think of today, but tomorrow and the next day

"If they (dairymen) are to continue to produce the quality and quantity of milk consumers enjoy purchasing, they must receive a realistic price for their contributions," Alsdorf concluded

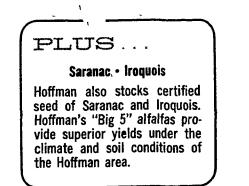


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