

Letters to the Editor

Thoughts on Milk Market Expansion

Editor: Regarding our discussion on your May 3 editorial on "Order 4 Milk Market Expanded", I was critical of two statements in the last paragraph, and I offer the following considerations:

1. I feel that Inter-State is making available much propaganda on this matter, some of which I consider inaccurate. While the extension of Order 4 may be inevitable, I think we must stick to facts.

A. When these hearings were held in the spring of 1974, Federal Order 4 Class I price was \$10.42 to \$10.93. At the time, because of inaction on the part of the infamous Pennsylvania Milk Marketing Board, the Pennsylvania minimum was \$8.27. While most independent dealers like myself paid more than the \$8.27, Inter-State never-

theless had every right to work on behalf of its members to make Pennsylvania prices more favorable; and an Order 4 extension at that time seemed logical.

B. Today the industry is paying for the excesses of the spring of 1974. As raw milk prices have gone up in recent months, so have selling prices. Customers have drastically reduced their purchases of milk and dairy products.

C. Following legal action by Inter-State, an injunction was issued by Commonwealth Court requiring PMMB to act on hearings and issue orders, which they reluctantly did. I say "reluctantly" because the Philadelphia hearing is in its third year and is presently recessed until June 10.

D. Under court order, a Harrisburg - York - Lancaster PMMB marketing area 4 hearing held in November, 1973, brought a

new producer and resale price in November, 1974 - blinding speed prevailed. Most dealers by then were already paying almost the \$1.15 per cwt. increase from \$8.27 to \$9.42. The resale price was also well above the PMMB minimums. Actually, the PMMB was just catching up with reality, rather than preceding it, contrary to the mandates of a law the Shapp administration chooses to ignore. By then, Order 4 prices had dropped to a realistic level which reflected the decrease in sales. In November, 1974, the PMMB Class I price was \$9.42 and Order 4 was \$9.47. So, with only a 66-pct. Order 4 Class I utilization, an independent dealer under PMMB regulations was returning more to his producers - Moore Dairy, for example, paid 65-cents per cwt. more in the blend price in November than the Order 4 weighted average for the same month.

2. I will be the first to agree that milk producers should have more money for their product, their efforts and investment - so should milk dealers. Unfortunately, the Shapp gang is playing to

the consumer and in my opinion, playing hero as a coverup to all their poor performance in the past. They have set back the dairy industry more during their five years in office than many could perceive, telling customers and producers they are being "ripped off" by dairies; sending McHale to buy milk in New Jersey; making Ernie Hayes a hero; ignoring the milk marketing law; etc. etc. etc. The marketing and processing coops such as Country Belle, Dairymen's League and Lehigh Valley are facing financial problems; large dealers such as Sealtest and Meadow Gold (a division of Beatrice Foods) closed up in Pittsburgh and many smaller dealers are gone or are well on their way to going out of business. Only the dealers willing to cut prices to gain volume, or the many low-priced juggers, are selling milk in these times of cost-cutting by customers. Don't forget that milk sold by juggers takes away sales from state and federal market orders.

3. Pressure has been applied to politicians to help the dairyman face his

situation. In Pennsylvania, all they get is double talk from McHale and Kapleau - never any solutions to problems. Their usual line is to blame the dairyman's problems on Washington. So, Inter-State marched on Washington after Nixon shafted the industry by opening the floodgates to imports in late 1973 and early 1974. But now Butz and Ford have a big problem. Ford says we must cut spending at the same time CCC is buying every increasing amounts of milk powder, butter and cheese. The consumer doesn't buy these products directly, but pays for them indirectly through CCC purchases. So Ford vetoed the farm bill because he didn't want to encourage production of commodities, like milk, that we already have too much of. The day after the veto, Butz jiggled the surplus formula a little and the milk price went up, but we didn't really need his help. Many dealers already have a problem in selling surplus milk. And when they do find a market, it's often only at a reduced price. We pause now for an Inter-State commercial - they can provide independent dealers like myself with a dependable milk supply while unloading the burden from us of surplus milk. A valid point.

4. As an independent milk dealer struggling with daily cost increases and being in the same boat with the milk producer trying to survive, I need one more regulatory agency like Federal Order 4 like I need another hole in my head. Already, we've had to contend with an almost daily stream of mailings to the Order 4 market administrator, such as:

- A list of producers and their August to December production so bases can be set.
- Seminar to explain the monthly forms that have to be filled out.
- Minimum prices for June.
- Announcement of uniform prices for base and

excess producer milk for March.

- Announcement for minimum class prices for the month of April.

Etc., etc., and so on.

What bothers me most is that on June 1, by Order 4 mandate, I must pay \$9.72 for Class I or 30-cents more than the PMMB price, and my producers will probably receive about 30-cents less from the Order 4 pool. My costs go up and my producer gets less.

Dr. Hand says, "There is no need for milk prices to go up." Come on, Dr. Hand, where did you study economics? Or are you convinced all milk dealers adhere to the add-volume-to-cover-cost theory?, and that they go broke in the process?

The addition of 400 to 500 independent producers to the 7629 already in Order 4 will not, in my opinion, bring any more than a 10-cents per cwt. increase to the producers already shipping to Order 4 markets. And it might even bring less. But the producers who were dragged into the order will lose a lot more than 10-cents.

I am fully reconciled to the fact that bigness - big milk dealers and big coops - is the ultimate path here. The independent producer and milk dealer are doomed to oblivion by the politicians, the consumers and the industry itself. But then, the politicians, the consumers and the industry had better be prepared to accept what bigness has to offer.

I for one regret to see this taking place, and thus my frustrated vehemence in opposing it.

W. J. Deisley
The Moore Dairy, Inc.

TRY A CLASSIFIED AD!

PHONE 626-2191
OR 394-3047

Lucky "13" Give Away



13 lucky winners of New Idea cordless Electric Riding Mowers!

\$995⁰⁰ VALUE!

A winner a week for 13 weeks! Nothing to buy! Just come in and register! Free pen-lite (while supplies last) just for registering! Participants must be 18 or older. Limit one registration per family per week. See for yourself . . .



Battery power is better

SELECT FROM THE LARGEST LINE OF BATTERY POWER TRACTORS AT:

Umberger's Mill

Rt. 322
Fontana, PA

A. C. Heisey Farm Eq. Inc.

RD1 Jonestown, PA.
(Shirksville)

Zimmerman Farm Service

Old Rt. 22
Bethel, PA

Roy H. Buch

RD2, Buch Road
Ephrata, PA

Reber & Miller

RD3
Honey Brook, PA

Stoltzfus Farm Service

Cochranville, PA

Town & Country Hardware

45 S. 3rd St.
Oxford, PA

A. L. Herr & Bro.

310-312 Park Ave.
Quarryville, PA

Brandt's Lawn Mower Service

RD1
Mount Joy, PA



ORDER NOW FOR PROMPT DELIVERY
PHONE
Blue Ball, Pa 354-4125
Gap, Pa 442 4148

Martin's Limestone

Come in and ask about our line of five rugged, reliable, cordless, battery-powered garden tractors from 8 to 18 hp classes.

The satisfaction that comes from doing a good job of farming

It's a great feeling to know that you are the master of your farmlands . . . that when you treat your soil right, it will treat you right. Liming is one of the most important factors in keeping your soil in the highest productive range. By raising the pH from a level below 6.0 to 6.5 or higher, you can expect to harvest .8 more tons of alfalfa per acre, with similar increases for all other forage and cash crops.