

# Dairy surpluses

(Continued from Page 1)

milk has become severe and will spell disaster if the brakes aren't put on, one dairy official after another points out. That's especially true if USDA grants another support price increase on April 1 when the parity adjustment becomes due. An upward adjustment of 30 cents per hundredweight for Class II milk is anticipated. Few dairymen in this area would welcome such a move, realizing that high prices at

this time would only add to their future woes.

Although the dairy business is pretty well off on the farm right now, the surplus could lead to an economic backfiring in months to come. A primary reason for this concern is that the Commodity Credit Corporation is now purchasing seven per cent of all the milk going to market. Government stockpiles of milk are at their highest level since the 1960's says

Penn State's agricultural economist William F. Johnstone. Others in the industry are echoing his concern.

This year, the U.S. government will spend about \$800 million to buy milk over and above America's needs. That expense is at tax payer's expense and will likely draw significant opposition once Congress becomes aware of the matter. That's why dairy officials are worried.

Henry Geisinger, executive vice president of the Pennsylvania Association of Milk Dealers, says that U.S. government

purchases of milk this year will be equivalent to all the milk produced in Pennsylvania this year.

Geisinger, who took part in Lancaster County's Dairy Day program this week, told a gathering of about 400 dairymen that "Production for price looks very good today, but it may not pay off tomorrow." He urges dairymen to produce for the demands of the market.

Surplus milk supplies have already caused numerous smaller dairies to cut off some of their shippers. Included among the dairies which is cutting producers is the Christiana Dairy of Lancaster County.

A number of dairy cooperatives are shaky too, simply because they're faced with having to handle too much milk and struggling to get rid of it.

Only one dairy cooperative in Pennsylvania is known to not be complaining too much about the surplus milk supplies. Lehigh Valley Cooperative Farmers of Allentown is handling all of its own milk plus dozens of tanker loads from other cooperatives. According to John York, vice president and public relations officer for Lehigh, 45 per cent of all the milk handled by Lehigh comes from non-member sources. The cooperative is actively searching to increase its membership, and boasts an increase of 120 members just since last year. Total membership, according to York, now stands at 750, and the goal is to have 950 members by the end of 1978. He made the remarks during a meeting of Lehigh members at New Holland on Thursday.

Lancaster Farming, Saturday, March 11, 1978-17

Lehigh has been so involved in its efforts to recruit new members that it has caused another cooperative, Eastern Milk Producers, to file papers in court to prevent Lehigh from taking Eastern members. The court has since ruled in Eastern's favor, although Lehigh officials explain that they did not encourage anyone to break his contract with Eastern. Spokesmen for both cooperatives have indicated that they have no intentions of pursuing the matter in court. Freeburn Love, marketing spokesman for Eastern, told Lancaster Farming last week that Eastern could sue Lehigh for \$250,000 but will not do so. He noted that some rumors had indicated otherwise.

Love, and other Eastern officials spoke at a district meeting at Intercourse a week ago. Expressing concern over rising milk supplies, the cooperative has begun a system of deductions from milk checks to cover extra handling costs and to build up reserve funds. A five cents per hundredweight deduction on all members' milk is expected to raise between \$5 and \$7 million dollars during the next five years. That fund cannot be eroded by current operating costs, said Franklin Wagner, District 8 director for Eastern and a Dauphin County dairyman.

Lester Jones, president of Inter-State Milk Producers, told his members on Thursday that even increased advertising campaigns will not take care of the glut on the market. He made the comments during

a District meeting held south of Lancaster. Details on that meeting can be found in a separate story beginning on page 1.

"We have too much milk and our promotion program is not enough to take care of it," Jones said. Describing himself as a strong believer in promotion, Jones remarked: "If we increase consumption by one per cent a year, that's good - but with production increasing by seven per cent, it's not enough."

Johnstone points out that for many a dairyman in the Northeast, the milk situation boils down to his having a reasonable price for his product, but no market. What's more, the dairy farmer's options for finding other marketing outlets are fewer and fewer. In 1955, Johnstone pointed out, Lancaster County had 52 handlers, in 1971 there were only 21, and since then the number has dropped even lower. A number of smaller dairies are closing their doors altogether, the Penn Stater pointed out.

The marketing dilemma is causing more and more dairymen to turn to cooperatives, which guarantee markets to their members.

Some cooperative, however, aren't accepting new members at this time. Lehigh is actively searching for new members, and Eastern has announced its membership rolls are open. Some of the other cooperatives are not advertising for new members at this time.

Johnstone also noted that (Turn to Page 32)

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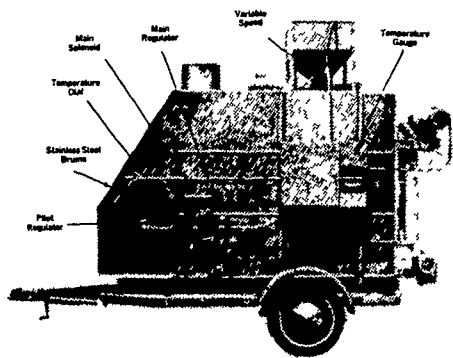
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