

Letters to the Editor

Egg producers treated unfairly

Dear Editor:

The egg business has always been a "boom or bust" enterprise for the farmer. Recently, we have passed through the bottom of the "bust" cycle. For example, it now cost the average farmer around 40 to 50 cents to produce a dozen eggs. He has been receiving about 35 cents per dozen; a net loss of nearly 10 cents per dozen eggs produced. It is during these "bust" phases of the cycle that egg farmers are frequently questioning the sanity of their decision to venture into this business. Furthermore, it is during this correction phase, that some of the more frustrating problems of the business tend to surface. There are many problems to be faced in this business, but the biggest problem and our weakest link, is the marketing outlets currently available to the farmer-producer. It's not that the outlets aren't available for his eggs; it's just that no one is looking out for his interest when it comes to egg pricing, both in what he receives and in what the consumer pays.

Today, I would guess that about 90 per cent of the egg farmers in the Pennsylvania and Maryland area sell or "contract" their eggs to Independent Egg Processors (IEP). The IEP buys "nest run" (unwashed and ungraded) eggs directly from the farmer. He processes (washes, candles for bloods, grades for size and packs in one dozen boxes) these eggs from the farm and sells them to retail outlets (stores, restaurants, etc.,).

The IEP offers a valuable "service" to the farmer, mainly because it gives him time to concentrate on what he does best, that is produce eggs. The problem, however, is that we are being increasingly taxed for this "service" with absolutely no representation.

The farmer must realize that the IEP is not interested in making money for the farmer. For example, I can remember when the IEP was willing to pay his producers from one to two cents per dozen below the N.Y. egg market for large eggs. Today, from these same processors, he receives about 17 cents per dozen below the N.Y. egg market. What has happened? The obvious is that the IEP is paying the farmer about 15 cents less per dozen than he did 10 years ago. The IEP has gradually passed onto the farmer all of his inflationary costs. Whenever, he had an increase in cost, such as, for egg cartons, gasoline, labor, etc., he informed his producers that he could no longer pay as much for the farmer's eggs.

Did you ever ask why these inflation costs were never passed onto the consumer? One possible answer is that it is much easier for the IEP to pay the farmer less for his eggs than it is to try to sell them to the retailer for more. In fact, not only is he paying the farmer less, but he is also selling our

eggs for less. Just a few years ago the IEP sold large eggs for three to four cents over the market. Now his

customers are paying three to four cents below the market.

It seems that the farmer's main concern has been to get rid of his eggs rather than what he should receive for them. When you realize that a farmer can accumulate up to 1/2 million eggs in just one week, you can fully understand his concern, even if it's just to make room for next week's eggs. The IEP's

are fully aware of the almost neurotic dependence of the individual farmer on the processor for an egg outlet. The farmer straddled with huge bills (feed, pullets, equipment, etc.), must have the continuous income from the eggs just to keep his head above water. If the farmer can somehow manage to just pay off these bills, it is considered to be quite an accomplishment in itself.

The IEP has always readily offered to take all of the farmer's eggs every week. This has been, and is a great comfort; a sense of relief to the farmer. However, there has been a tendency for the IEP to use this "sense of security" as a leverage to convince the farmer that he should accept periodic price reductions. Over the years this "sense of security" has probably cost

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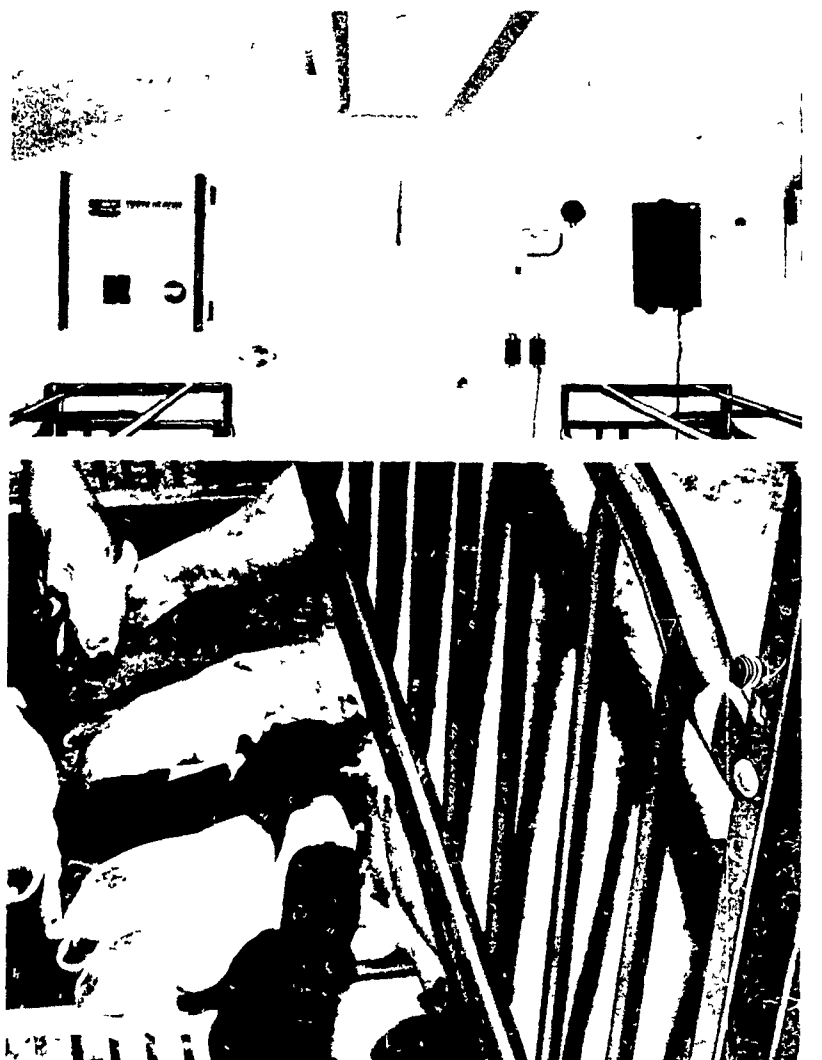
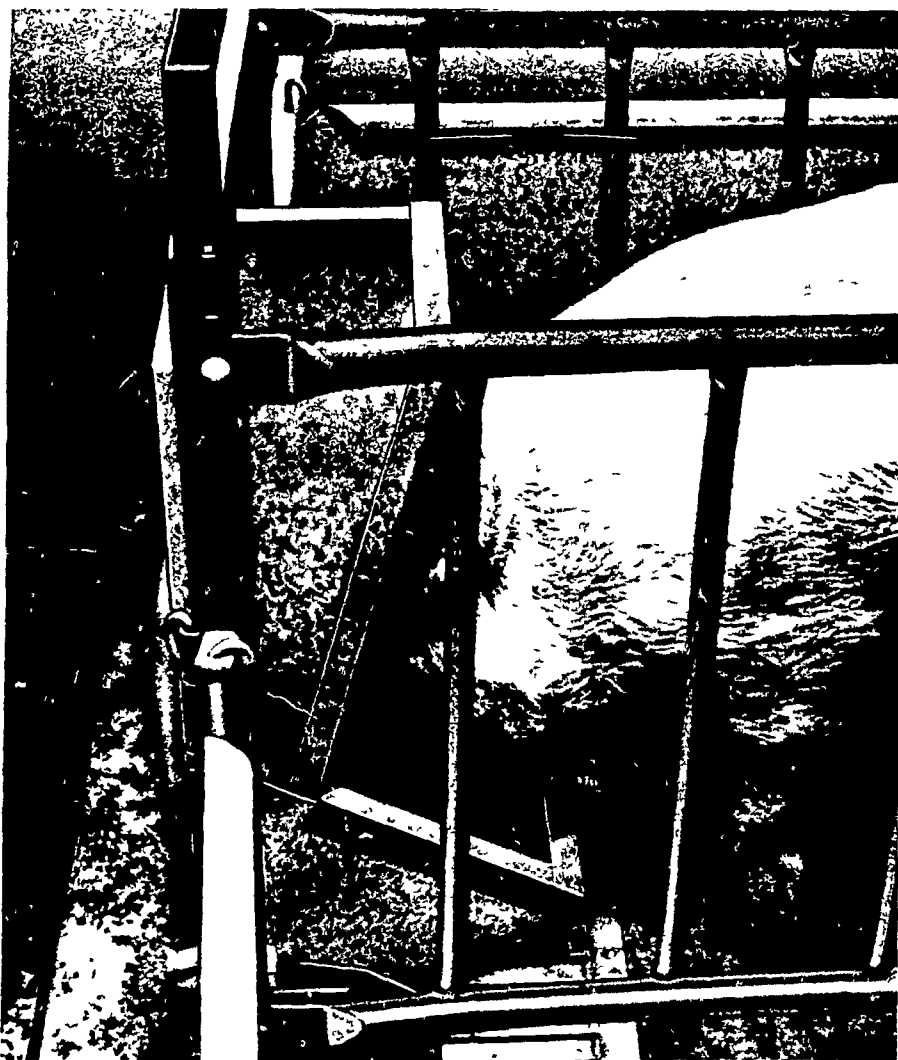
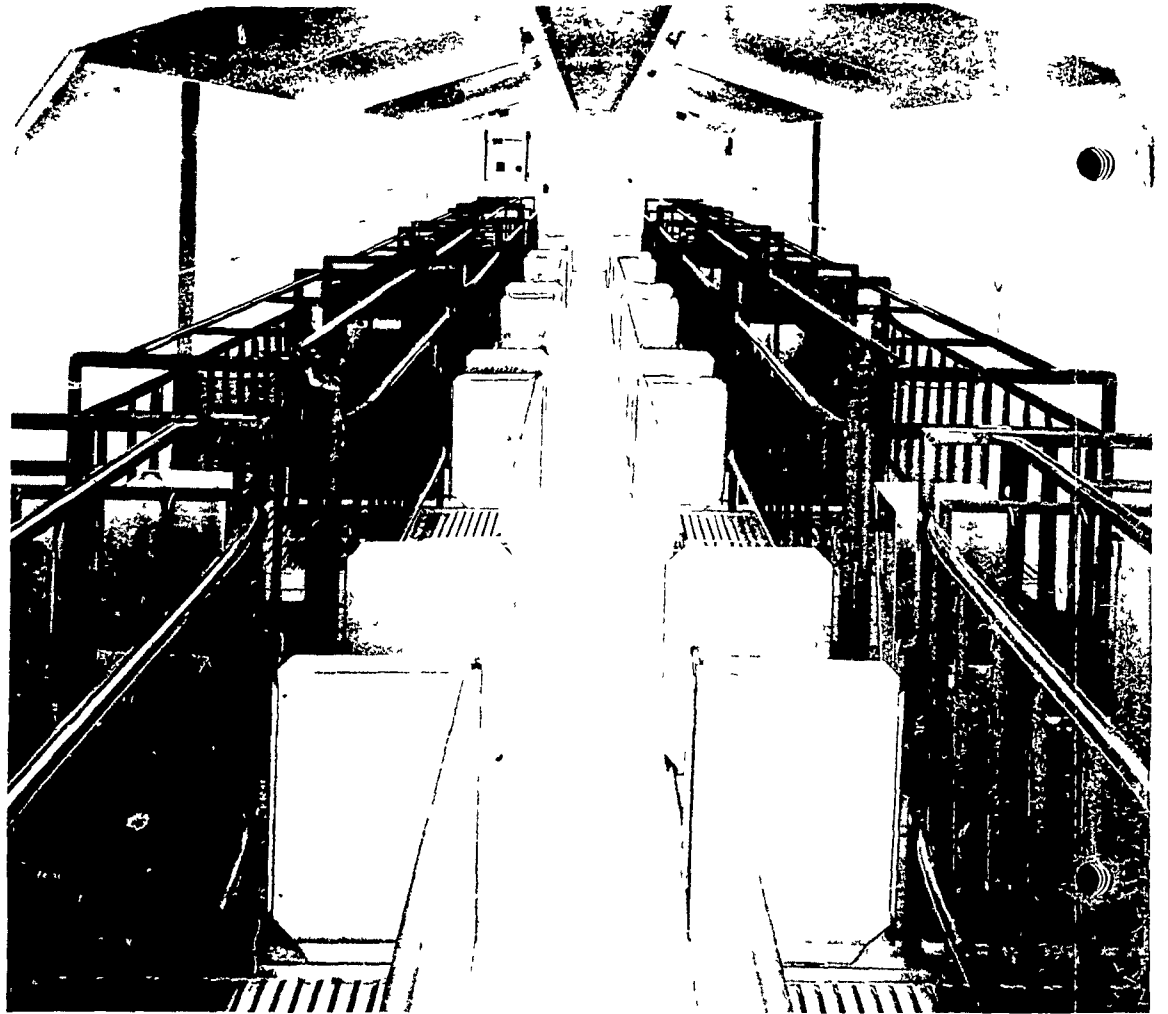
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