The cooperative spirit prevails at Dairylea

By DIETER KRIEG

LITITZ — Dairy farmer members of Dairylea Cooperative are basically enthused about what's happenening with their organization, despite thousands of dollars worth of assessments that have been heaped on them during the past several years. Dairylea, which is headquartered in Pearl River, N.Y. and has a membership of 5500, with about a quarter of them in Pennsylvania, assessed its members four years ago and lost some friends in doing so. Earlier this year more deductions from milk checks followed and some grumbling was heard.

The grumbling hasn't ended and there is no denying that the cooperative has lost a number of its supporters during the past four years. Nevertheless, considerable enthusiasm abounds within the membership despite the debts, losses, and negative developments.

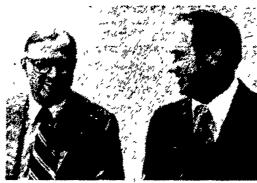
Union County dairy farmer Eugene Spangler calls the capitalization program (see page 1 story) "probably a step in the right direction." He decided to stay with the cooperative even after having considered other alternatives and having been hit with a \$12,000 assessment on the production of his 70

"The capitalization steps will help to alleviate other situations - they'll eliminate some loopholes - they're going about it in a sound. business-like manner now,' Spangler continued. "We're doing things now that should have been done eight or ten years ago," he added.

Stating that he has mixed feelings about the overall situation he has experienced at Dairylea, Spangler admitted he looked at other marketing channels before he decided to stay with the cooperative. He looked only at other co-ops, however, explaining that he "didn't like the record of private dealers."

Ray Diebold, an outspoken Blair County dairyman who has been a Dairylea member for six years says he considered the old financing plan anything but wise. He was one of 13 men (one from each of Dairylea's districts) who looked into the cooperative's financial structure two years ago. He said he personally was surprised at the way business was conducted and is happy to see the introduction of more businesslike principles.

Now, after recom-mendations from from professioanl management consultation firms, the old form of capital is being turned into non-interest bearing notes. "Previously there wasn't any investment in the co-op," the 38-year old dairyman revealed.







Fred Denman

Dairylea Cooperative's new management team is headed by executive vice president and general manager Robert Maerz, left, and Clyde Rutherford. president.

"We got rid of the interestbearing due-dated notes. The finances of the cooperative were outside of the membership before because up to 60 per cent of the certificates of indebtedness were sold by farmers to machinery dealers, feed millers, etc. I was amazed at the percentage of ownership by nondairymen," Diebold continued.

"I'm pro-capitalization, although - believe me - it's been hurting me from month to month," the Blair Countian went on.

Like many others, Diebold checked around for other marketing possibilities. Order 4 is strongly represented in Balir County, but he found out that to have switched to that market would have meant building a base at a greater cost than the assessment he owed to Dairylea.

"I firmly believe Dairylea will do alright once we get these certificates of indebtedness out of our hair," Diebold emphasized. "They have been a cross to Dairylea.

Expressing amazement at the kind of response Dairylea is having with the plan of offering holders of

the old certificates 53 cents on the dollar, Diebold believes, however, that much more has been paid. He hasn't forgotten the previous assessments which kept Dairylea alive during years gone by.

Diebold is also aware of the costs of the program, as is every other Dairylea member. According to a letter from Dairylea President Clyde Rutherford, the capitalization program expenses through Sept. 30 were pegged at \$547,000. Deductions from members' milk checks are taking care of that tab.

Diebold takes comfort in the thought that he is investing in marketing security. "It's awful nice to know that somebody is going to pick that tankful of milk up," he commented. "I mean some of those private dairies they don't offer that security - they can cut you right off. Diebold is looking at his marketing investments as representing a lower income for him now, but possibly a longer, steady income in the long run. "I'm looking at the steady money, not the quick buck," the dairyman concluded.

Lee Shaffer of Selinsgrove

was hit with a \$15,900 assessment and he's still with Dairylea. He has been a member for 22 years and his father was before him.

"This capitalization makes us maybe the Cadillac of the dairy business, but I hope all farmers have good markets," he stated.

Echoing comments of many Dairylea members, Shaffer exclaimed: "This new manager, Robert Maerz, is terrific. If it weren't for him. I'm sure we wouldn't have the dairy anymore.

According to Shaffer, not too many dairymen in his area considered leaving the cooperative. "Not too many fought the plan; I know I didn't." he concluded.

"Without cooperatives it would be every farmer for himself," says Dairylea director Robert Pardoe. He operates a 254-acre farm near Milton in partnership with his son, Robert, Jr. They have a total of 145 Holsteins.

"I'm investing in the cooperative simply because I believe this is the direction we've got to go," Pardoe noted. "Bear in mind that private handlers dropped dairymen last Spring and now they want'em back. There is more security in marketing through a cooperative."

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MONDAY 1:30 P.M. THURSDAY 11:00 A.M.

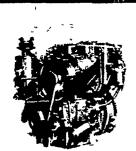
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