

# 1979 to be

(Continued from Page 21)

first half of 1979 could very well slightly exceed the first half of 1978 followed by a slight reduction during the latter half of 1979.

Government removals of butter at the end of 1978 was 134 million pounds as compared to 220 million pounds in 1977. American cheese was 44 million compared to 148 million in 1977. Nonfat dry milk was 250 million pounds compared with 464 million in 1977. Prospects for 1979 would indicate a continuous low level of government removals of these products perhaps closely duplicating what happened in 1976 when the butter removals were 39 million pounds, cheese 38 million pounds, and nonfat dry milk 157 million pounds.

The inventory of cattle on farms peaked in 1975 with 132 million and has been going down consistently with 116 million in 1978 and prospects for another 5 million head reduction in 1979, slightly less than the reduction that occurred from 1977 to 1978. Steer and cow prices exceeded the 1977 level in 1978 by more than 12 cents a pound. Feeder calf prices went up more than 45 cents from the 1977 level. The downward trend in the supply of cattle in 1978 and the anticipated reduction in 1979 will continue to push steer and cow prices upward in 1979 another eight to 12 cents a pound. Higher beef prices will encourage a high demand for cheese since consumers are likely to utilize more cheese as a substitute for beef in their diets.

In the Northeast, farm costs will continue to rise seven to eight per cent in 1979, York continues. He expects that farm milk prices will follow the same trend. The attrition rate of dairy farmers in 1979 is likely to level off as alternatives to dairymen become less favorable. Milk prices will continue to run above support price levels and the Minnesota-Wisconsin manufactured milk price which establishes the prices for Class I and Class II milk among the federally regulated markets in the Northeast will continue to increase. The average Minnesota manufactured milk price in 1978 was \$9.57 which is an 11.5 per cent increase over the 1977 level. In 1979 M W manufactured milk price could exceed \$10.70 and is likely to average close to \$10.40 for the year, 83 cents per hundredweight over the 1978 level. Milk supplies are going to continue to shift as between markets in the Northeast and the movement of milk in package form will also show changes in distribution patterns as between competing handlers, York says.

Tank load sales of milk will be stronger for the first half of 1979 were running substantially above the first half of 1978 with market strength continuing into 1979, the well-known dairy industry leader says.

The New York Order 2 blend price in 1979 is estimated to be \$11.18 (201 mile zone price) compared with the Middle Atlantic Federal Order 4 weighted blend of \$11.65 delivered. Federal Order 4 blend could exceed the Federal Order 2 blend in the Spring months of 1979 by as much as 95 cents while in the Fall months the Order 2 could approach the Order 4 blend.

The new year looks much like 1978 in terms of cost increases and farm milk price increases while on the other hand, support prices in relation with manufacturing values are likely to be more like what happened in 1976. Some reduction in the national economic growth, particularly in the Northeast, will impact on the dairy industry. Stable milk supplies will largely offset the downward trend of the economic climate would our

## Obstacles to farm prosperity defined

MIAMI BEACH, Fla. - Government efforts to provide cheap food at farmer's expense through market-manipulation, is a disincentive to production of badly needed food, Richard W. Owens said here recently.

Owens, chief administrator and secretary of the American Farm Bureau Federation, speaking at the federation's 60th annual meeting said that inflation, led by federal overspending

and deficit financing, is the major obstacle to farm prosperity.

Despite these obstacles, which prevent the farm economy from enjoying prosperity shared by others, "Farm Bureau has grown to a record 3,076,867 members in 1978, enjoying its 18th year of continuous growth," Owens said.

The strength of the world's largest farm organization is helping set America on the

right track, Owens suggested.

The Farm Bureau leader listed political education and action as the number two concern of farmers and ranchers.

"Farm Bureau members and leaders have been deeply involved in campaigns which caused about two dozen state legislatures to go on record calling for constitutional spending limitation," he quoted.

Owens also suggested that

many government regulatory agencies such as the Occupational Health and Safety Administration (OSHA) and the Environmental Protection Agency (EPA) are adding to the cost of doing business without any visible sign of doing anybody any good.

Direct action by producers to increase trade with developing markets abroad, offers the best hope of expanded world trade, Owens concluded.

national product growth be three to four per cent as opposed to seven per cent in 1978, says York.

Prices estimates for 1979 follow:

	Order 4	Order 2
First quarter	\$11.66	\$11.16
Second quarter	11.40	10.49
Third quarter	11.62	11.40
Fourth quarter	11.90	11.68



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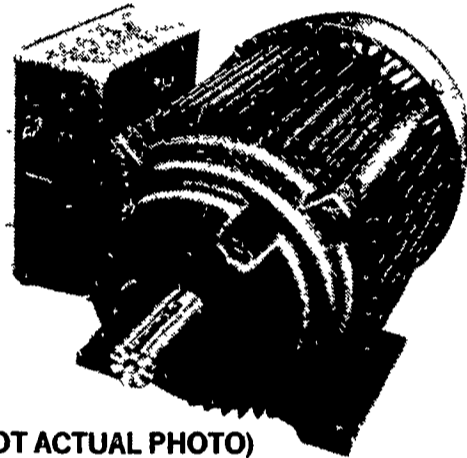
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