

Can the world pay for food production?

I read with interest your editorial endorsing the proposal that the State mandate payment of producers every ten days.

Unfortunately, while the idea seems a simple solution to a complex problem, the facts...as is usually the

case...do not weigh in favor of the ten-day payment concept.

For instance, your rather innocent statement that any handler in a sound financial position should have no problem borrowing money to pay for milk sidesteps the

real problem: if you mandate payment to producers by co-ops and handlers every ten days, then it is only fair that you mandate payment by the customers of co-ops and handlers every ten days. Why should a milk distributor have to pay for milk with borrowed money, pay the interest on that money, and, if he can, pass the additional cost on to consumers?

If you are going to involve government in the dubious business of guaranteeing payment of bills and specifying the time in which they must be paid, then you must carry your scholastic program all the way down

the line so that EVERYONE who sells anything is paid within ten days. Oh happy day! Right now we are all delighted if we can get our receivables down to an average of 30 days. As the pressure of inflation gets worse, the length of receivables gets longer.

It will indeed be a joyous thing when the all-powerful, all-knowing government.. which often does not pay its bills short of several months to half a year...decrees ten-day payment for all.

I don't want to be too light-hearted about the proposal, but it simply won't work. Furthermore, what will happen in federal order markets which now specify once, sometimes twice-monthly payment of producers? The conflict between the State's ten-day regulation and the federal orders would mean that handlers whose bulk tank units (routes) cross state lines would have to eliminate the Pennsylvania farmers or else go to the extraordinary expense and complication of setting up two bookkeeping-payment systems for each inter-state route. The whole phantasmagoria of borrowing, paying interest, setting up a separate payment system, accounting for milk on a ten-day basis by estimated blend prices, etc. would inevitably mean that, given a choice, handlers will buy their milk anywhere but Pennsylvania.

And what about the farmers themselves?

Presently, many hundreds of dairymen have arrangements with co-ops and handlers to pay some of their larger bills (mortgages, machinery purchases, feed, etc.) on a monthly milk check deduction basis. These bills are paid at the end of the present milk check pay period (around the 25th of each month). With a ten-day payment, based on estimated prices (the actual blend prices don't come out until the middle of the month following the month milk was shipped), there would be inadequate money in the final (third) check to pay the bills. You could hardly expect either the co-op or the handler making such payments for farmers to hire extra bookkeepers to estimate production, but-terfat test, and prices and balance these in ten-day increments against the bill payment money required by producers at the end of the month. The end result, would be that the whole convenient structure of such automatic bill payments would be lost to dairymen. It would be impractical if not impossible to carry it out.

All of the major dairy co-ops and general farm organizations in Pennsylvania have agreed on a proposal for a Producers Security Fund. It is probably the greatest show of unity among the farm groups in 50 years. That being the case, it would seem relatively un-complicated to move

forward in the Legislature with that proposal. Admittedly, the milk dealers do not want to contribute to a producer security fund. I can understand that, but the fact remains that the purpose of the fund is to assure that the money dealers owe farmers will be paid. It is the dealer taking out insurance that his debt to farmers will be paid, NOT the farmer paying an insurance premium to be sure that the dealer will have money to pay his bill. When I take a loan out at the bank, they expect me to pay for insurance to guarantee that the bank will get its money. I have never heard of a bank paying the premiums for a homeowners mortgage insurance, have you?

In the end, the real issue is whether you and the other citizens of Pennsylvania really endorse the idea that government has the obligation to pass laws protecting people against the consequences of their own business judgment. Once you start, where do you stop? Is the milk industry that much more valuable economically than the steel industry to Pennsylvania? Why not a security fund for the steel mill operators and the sheet metal plants and the truckers of steel, etc?

Yours for less government in business... and for more practical, non-governmental solutions to business problems.

Bruce V. Snow, Director
Public Affairs
Dairylee Co-operative

Letters To The Editor

Md. tobacco auction to open April 9

UPPER MARLBORO, Md. — Maryland's 1980 tobacco auction season will open April 9th and run for a 27-day selling period ending May 22nd according to the State Tobacco Authority.

To be sold is the 1979 crop of world famed "Maryland Type-32" tobacco which is estimated to be some 26.4 million pounds.

It is so-called "short crop" due to last year's heavy rains during the growing season and the appearance of "blue mold," a destructive tobacco disease which

hit Maryland growers for the first time.

The tobacco authority, an arm of the Maryland Department of Agriculture, has set a daily sales quota totaling one million pounds for the eight auction floors which are located at Upper Marlboro in Prince Georges County, Wayson's Corner in Anne Arundel County and Waldorf, Laplata and Hughesville in Charles County.

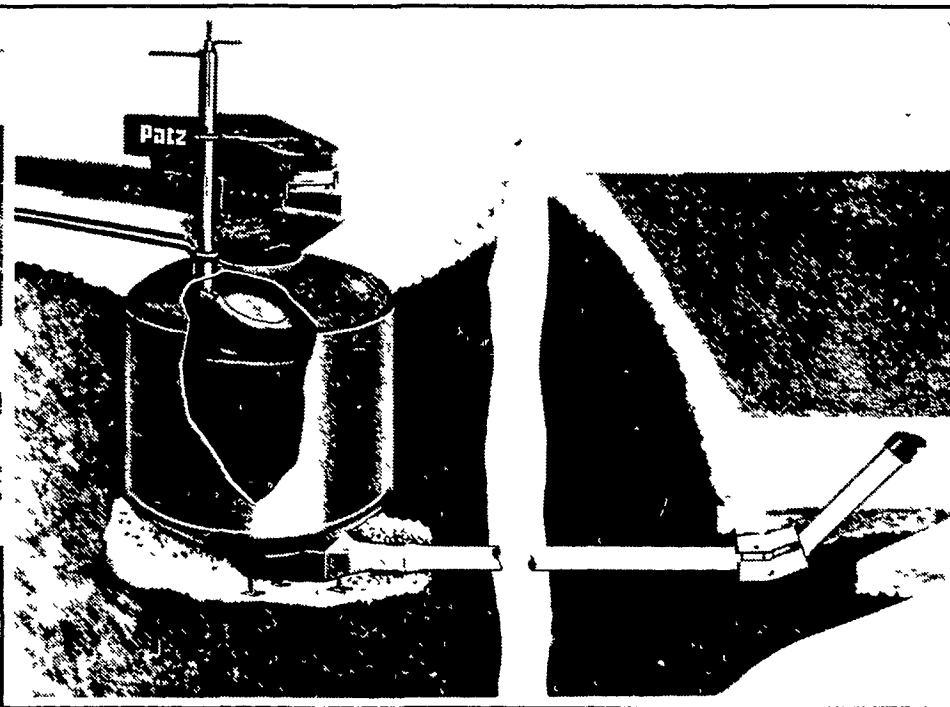
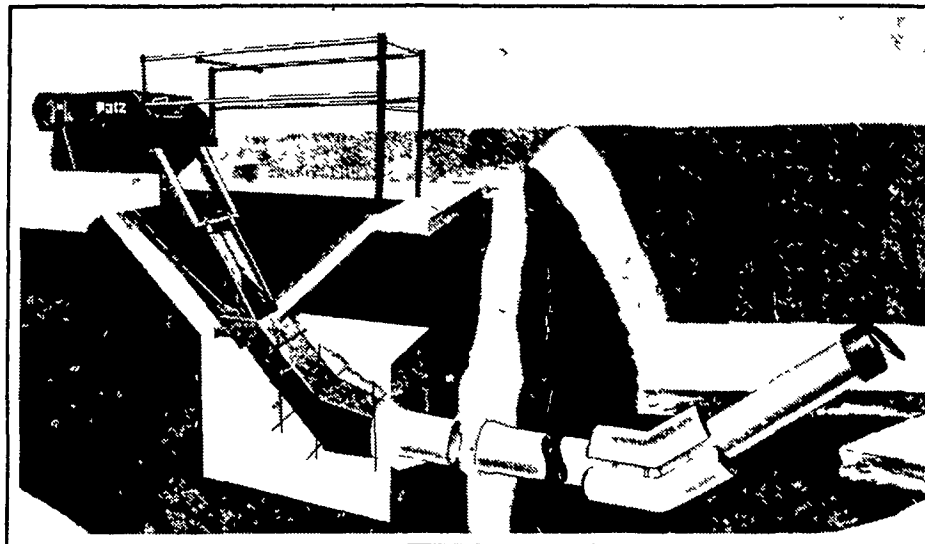
Opening week will see sales Wednesday through Friday. The following weeks

will have sales on a Monday through Thursday basis. Sales are held in the mornings and afternoons rotating between the various sales floors.

Much of the crop (one-third as a rule) will find its way into export as the fine burning Maryland-32 leaf is still favored by many European customers continuing a strong tradition of agricultural exports which is over 300 years old.

DID YOU EVER SEE A TREE AFTER A FOREST FIRE

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Patz Slurry Manure Pump (left photo) and Compressed Air Manure Mover (above photo)



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