

The Milk Check



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County Agent

BACK TO SQUARE ONE
It took only 21 days for Congress and the President to take away the 38 cent increase in the support price that they gave you on October 1 and roll it back to the \$12.80 you had on September 30.

That's because it's taking longer to write a new farm bill than they had planned and one of the hangups is dairy. The House approved a four year farm bill on October 22 by a narrow vote of 193 to 180 but it included the Bedell amendment.

This calls for continuing the present support price for one year then going to 72.5 percent of parity for a year then 70 percent for two years. Those last two years have a maximum of 3.5 billion pounds of milk equivalent for CCC purchases or the support price goes below 70

percent. This is different than the Senate version, so now the whole bill goes to a conference committee to iron out the details.

The only thing that's certain now is that the present support price of \$12.80 will stay for another year. Your only hope for improvement now is a change in the "make allowance" to get the manufacturing milk price up to \$12.80 from the present price of \$12.34 which is 46 cents below the support price.

This would be worth more than getting a 75 percent of parity price with no change in the present allowance of \$1.22 for butter-powder and \$1.37 for cheese which hasn't been changed in two years.

ANOTHER ROADBLOCK
Along with being stymied on price supports it may be a while before you have a chance to vote in

Pennsylvania in a referendum to support an advertising and promotion program.

Dairyland and Lehigh Valley are holding out for a matching funds program that would allow some of the money to be used for brand advertising. This would require an act of the legislature to change the present law and affect established programs for apples, potatoes and cherries.

Unless the other dairy co-ops and the general farm organizations support an effort to go with a referendum under the present legislation, it will be a long time coming in Pennsylvania.

BIG CHEESE

Milk producers generally have some vague idea that increases in cheese consumption have been a help to them but most of them don't appreciate its tremendous value to the industry and the prices they receive.

Just in the last ten years, while fluid milk consumption dropped seven percent from 271 pounds to 252 pounds per person per year and butter lost 22 percent of its sales from 5.3 to 4.1 pounds, cheese was making gigantic gains from 11.5 pounds to 17.3 pounds for an increase to 50 percent.

With the increased population during the last ten years, total consumption of American types of cheese has gone from 1.4 million pounds to 2.4 million for a whopping 70 percent jump. And that's just for the American types (like

cheddar, colby, and monterey jack) that make up only 60 percent of our cheese production.

Another way to appreciate the value of cheese is to recognize that nationally, farmers produce 60 percent of their milk for manufacturing dairy products. Out of all that "necessary surplus" milk, 46 percent is used to make cheese which has become a \$5 billion market for your milk. Is it any wonder we encounter such puns at dairy promotion meetings as — "what a friend we have in cheeses," or worse yet — "it is cheddar to give than to receive."

CHEAP IMITATIONS

While the American type cheeses jumped 70 percent in consumption in ten years, mozzarella was gaining up to 10 percent a year. Most of this was due to a national craze for pizza that—no matter what else might be included — it had to be entombed in a layer of mozzarella cheese. As a result last year about 20 percent of all our cheese production was mozzarella.

Imitating mozzarella on pizza wasn't too difficult. It's not an "aged" cheese and when the pizza is baked it's too difficult to tell that it was made with casein instead of milk. In addition, the cost of the imitation was a third less than the dairy product so there was real incentive to make it. It's estimated that very soon imitations will have

50 percent of the mozzarella market and keep climbing.

NO END IN SIGHT

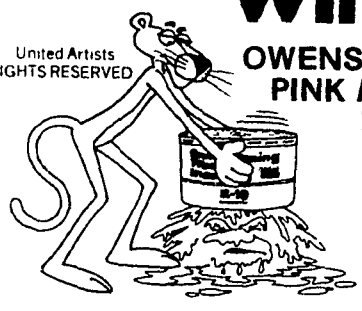
But it didn't stop there. On any evening you can go to your local supermarket and find lots of imitation cheese in addition to what's in the frozen pizza case. Some of them just take out the butterfat to reduce the calories for weight watchers while others go all the way substituting vegetable oils for butterfat and casein for the milk protein. And the prices are lower on the imitations of the American types also—about 40 cents or 17 percent less for the imitation cheddar compared to 12 ounces of good New York cheddar.

Besides the lower price, they tell you in big letters such things as "90 percent less cholesterol" or "75 percent less fat" or "50 percent less calories" or in one way or another appeal to the current diet trends.

You may think the threat of imitation cheese isn't serious but you've lost over five percent of your total cheese sales last year and that is expected to rise to 15 percent by 1985. To put it another way—each time you lose one percent of cheese sales you have lost \$120 million of dairy farm income. That's an average of \$1,825 per farm last year and \$5,475 per farm by 1985.

You didn't do much to stop the invasions of your market by oleomargarine or imitation dessert toppings or coffee whiteners but if you ignore the threat of imitation cheese you'll lose the only friend you have left in the dairy industry.

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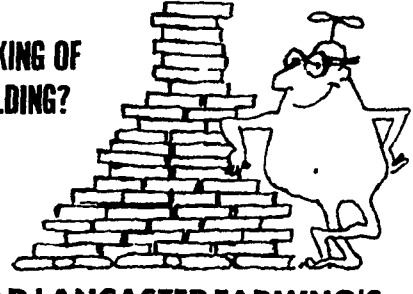
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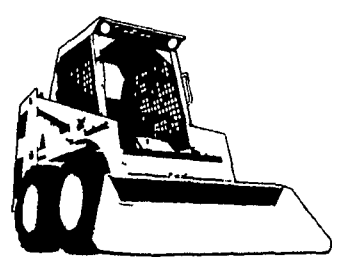
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