

# Program stresses theme: 'Get better, not bigger'

BY ROBIN PHILLIPS  
Staff Correspondent

STATE COLLEGE — There is a "good, solid stable, agricultural unit in Pennsylvania," Samuel H. Smith, Dean of Penn State's College of Agriculture, assured producers, students, researchers, and extension personnel at the 1983 Pennsylvania Dairy and Livestock Day on Tuesday.

Throughout the day, the concept of "getting better, instead of bigger, as well as "Promotion, Promotion, Promotion" was stressed to all producers in dairy, beef, swine, or sheep.

The main fact is, according to Dean Smith, that no matter how much producers "love the land," or "love the way of life," they must sell their product to stay in business.

"The problem today is to keep producers who are in business on a profitable level," Smith continued.

Producers were advised to "tighten their belts" and follow sound marketing and financial plans which they must work out according to their particular operation.

Continuing the program, Dr. Lew S. Mix, Director of Farm Management Research and Development with Agway, Inc., Syracuse, N.Y., painted a grim outlook for the next decade for dairy farmers in the Northeast.

Looking ahead from 1983 to 1984, Dr. Mix listed the current trends: (1) Milk is down; (2) Cost of production is up 2 percent; (3) Net cash flow per cow is down 25 to 35 percent; (4) There will be an increase of cow numbers to help meet expenses until mid-year; (5) Cull cow prices at \$35.00 - \$45.00

cwt; (6) Sharp reduction in capital expenditures; (7) There will be continued interest in leasing of equipment. (8) 5 to 10 percent of dairymen will go out of business from '83 to '84.

It will be "survival of the fittest" and will be particularly hard on the young dairyman who is still trying to establish himself, he said. Expanding his outlook, Mix predicted that in the time span from 1983 to 1990 there will be a 22 percent drop in the number of farms in the Northeast, meaning up to 8,000 operations will go out of business.

Adding that the farms surviving will be bigger operations with more cows, Mix stated that more farmers will turn to computers linked to main data banks to keep them up to date on their operational and financial condition. Because of the huge amounts of capital that will be needed per worker in the years to come, Mix stated that "the name of the game for this decade is the management of money." Previously, the farmer had to closely monitor his management practices, herd health, and crop productions, and while this is still essential to stay in business, today's producer must develop a detailed financial plan for the farm and stick to it. Again emphasizing "get better, rather than bigger" Dr. Mix said that those who are able to survive in 1983-1984 will start to see a return to normal profits toward 1990.

Although "the amount of debt service" will be the key to the survival of the young dairyman, Mix stated that all producers should be greatly involved in the



Speakers for the dairy portion of program at Penn State include, from the left, C.W. Heald, M.L. O'Connor and T.F. Sweeney.

marketing of their products. "There has been a steady upturn in milk produced and in cow numbers in the last 5 years," Mix continued. There must be alternative plans to this practice and it is up to each and every dairyman to participate in the future of the industry, Mix said.

Because of the excess of milk in different areas, there is continued controversy over who should be made to pay the penalty. Dr. Mix reviewed the current plans under consideration.

- (1) Drop the support price 2.50 per cwt. in 5 increments of 50 cents each starting 4/1/83.
- (2) Milk tax on assessment of

1.00 cwt. by April 1. Dr. Mix stated that he is personally opposed to this since it won't do any good. It may be repealed but will be stressed as the program unless an alternative is initiated.

(3) Voluntary Incentive Program of 10.00 to \$12.00 cwt for production under the 1982 base. The upper Midwest Coalition assumes that it costs the government \$17.00 cwt. to buy and store milk and believes if it isn't produced to store, then the government could afford to give the dairyman 10.00 to 12.00 for each cwt. reduced from the 1982 level.

(4) Two Tier Price Plan — Within Base \$13.10, Over Base \$1.10

plus a 15 cent cwt assessment.

(5) The 85 - 15 Program introduced by Congressman Jeffords.

Reminding all present that the outlook is for "more production for a decreased population," Mix suggested increased and better quality promotion to increase per capita consumption in the United States as a partial solution to the surplus. Mix concluded that there should be a 10 cent to 15 cent per cwt. deduction for advertising and that the dairy industry definitely needs increased advertising. He is in favor of some brand advertising

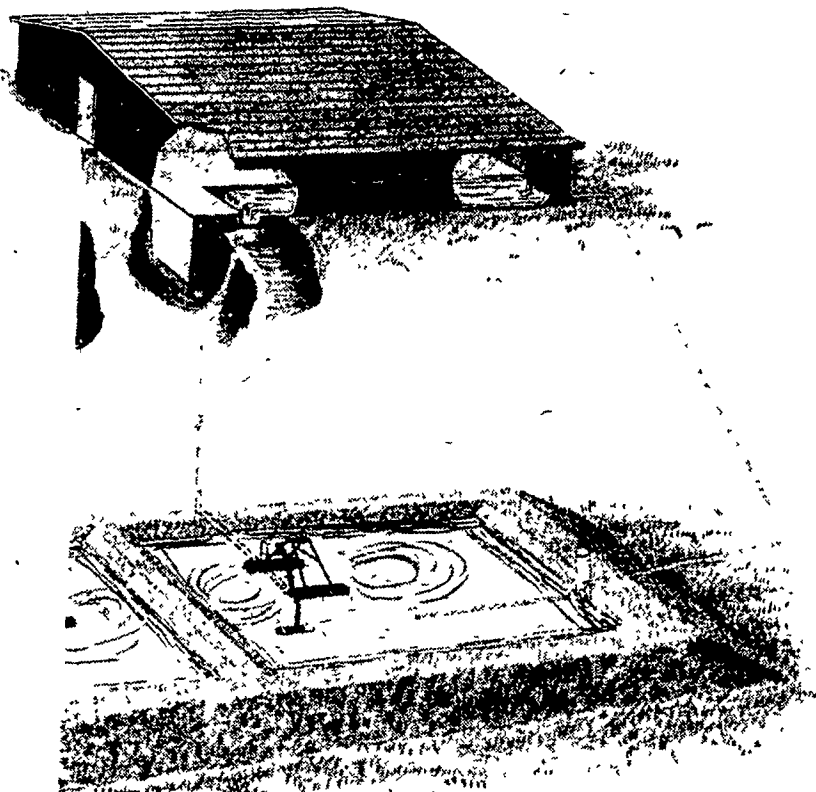
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