

Over-order pricing can save Northeast dairies

(Continued from Page A1) and others, such as the Pennmarva co-ops and Eastern, have expressed their support of over-order pricing and are expected to join RCMA. But organizing the independents is another matter. Listeners at the meeting expressed doubts about the feasibility of organizing all the Northeastern dairy farmers into an industry-wide marketing agency.

But Little gave evidence of independent farmer support for the marketing agency in New York, Vermont, Maine, and other states. Backing up his claims was George Demeree, a Little Falls, N.Y. dairy farmer who is volunteering his time to organize central New York state milk producers to link up with RCMA.

Demeree has enjoined independents and co-op members alike to sign RCMA marketing agreements. He explained that to meet a spring 1985 target date for achieving 95 percent participation, the New York state dairy leaders have organized by state, county, and township, so every dairyman in the state is personally contacted and understands the over-order pricing concept and the opportunity to help themselves by joining with others.

"We hope to find one independent shipper to head up each state, and break it into county and township groups," said Little. In Pennsylvania the RCMA officers, who are currently an interim board of directors made up of co-op representatives, also hope to gain the support of the state's major farm organizations to establish the sign-up network.

Arden Tewksbury, an active member of the Pa. Farmers Union dairy committee and coordinator of the Thursday meeting, ex-

pressed his desire to see RCMA negotiating for over-order pricing in the Northeast. "This is really an opportunity to reap benefits without putting anything into it," he said.

No assessment
But Tewksbury also reminded Little that dairymen are very leery about signing membership agreements. "That word assessment scares people more than anything else," he cautioned.

Little, who works only part-time for RCMA and is the agency's sole employee, allayed Tewksbury's fears about establishing a costly program that will siphon monies from the farmers. "We have taken a firm position not to build up an administrative hierarchy that will be costly to producers," he said.

Of course the costs of implementing over-order pricing will have to be shared by all the members, but the monies can only come from the over-order premiums, not from the members' regular milk checks, reminded Little. Historically, administrative costs of RCMA averaged between one and five mills per hundredweight.

"RCMA does not have any dues," continued Little. "And the RCMA board of directors passed a resolution at the Jan. 4 meeting not to institute any assessment on individual producers until the first over-order price is collected."

"There is no charge to independent producers now, and they're not tied in the first year. If they see it isn't working, they can withdraw with 90 days notice," he added. After the first year, the RCMA marketing agreement is an annual contract with a Jan 1 withdrawal date.

Equity for all
He further explained how the

RCMA will actually work. Under the RCMA agreement the producer will authorize RCMA to market all his milk. But the board of directors has adopted a resolution that delegates back to the member the function of marketing his own milk with the exception of the authority to establish price levels for that milk.

Therefore, member-producers will continue to receive milk checks from their handler for milk shipped at the blend price. The milk processors will pay the difference of the blend price and the over-order price to RCMA, and RCMA will in turn pay that difference to the producer.

This system, explained Little, will allow the over-order pricing program to perform equitably for handlers and producers. Since the over-order price will only apply to Class 1 utilization, all the orders will be pooled to determine Class 1 utilization for the entire Northeast. Every RCMA member will receive the same over-order premium per hundredweight, based on total over-order monies paid by handlers divided by total pounds of Class 1 utilization.

For example, cited Little, assume a hypothetical over-order price on Class 1 milk amounts to \$1 per hundredweight and Class 1 utilization of member's milk is 50 percent. Producers will receive 50 cents per hundredweight minus cost of administration.

The RCMA advocate also pointed out that handlers will also be provided equity under the system. Refuting arguments that handlers will object to paying the over-order price, Little said, "They don't care what price it is, just so there is equity."

And Demeree cited an example

of a New York State milk inspector who is supporting RCMA. "The dealers realize the farmers need more money to survive," he commented. "Our milk inspector has signed up over 100 RCMA members so far."

What's next?

With all the facts about RCMA laid on the table, the obvious concluding questions were about time frame and additional steps to organize the Pennsylvania dairymen. While Little expressed hope that RCMA would get established in the spring and be negotiating for over-order pricing in late summer or early fall, Demeree stated that March 1 is the New York target date to have all the counties signed up.

"In a week or ten days we should have a tremendous task force put together," was Tewksbury's determined comment. "Have them signed up by the end of March."

"I'd like to see a meeting of key members of these dairy committees (PFA, PFU, Grange). We're talking about doing something to give dairy farmers a salvation," declared Tewksbury.

And another listener to the presentation voiced his optimism about the opportunities that RCMA provides. Said Tom Jurchak, Lackawanna County Extension agent and milk-marketing specialist, "I often hear the frustration of farmers who say they individually can't do anything to influence the marketing of milk. I think this is the first thing to come down the road in a long time to give them a chance."

"Look at it this way," added Demeree. "In the month of November with an over-order price of \$1 or a 50 cent premium on the blend, we could have collected \$9.5 million." Let the dairy farmers think about that, he added.

For further information about RCMA, or copies of the by-laws and membership agreement, dairy farmers can contact Arthur Little, Regional Cooperative Marketing Agency, Inc., 831 James St., Syracuse, N.Y. 13203; or phone 315-476-9101. Or contact Arden Tewksbury, R.D.2, Box 165, Meshoppen, Pa. 18630; or phone 717-833-5776 or 717-833-5749.

Tobacco growers to hold marketing meeting

LANCASTER — Farmers dissatisfied with the current tobacco marketing system utilized in southeastern Pennsylvania are encouraged to attend a tobacco marketing meeting at the Guernsey Barn, on Route 30, east of Lancaster, on Feb. 15, at 7 p.m.

According to Lancaster County Farmers Association president Earl Newcomer, several meetings have been held since the beginning of the year, with as many as 40

tobacco growers attending and voicing their support for an auction-type marketing system similar to that used in Maryland.

At present there are no tobacco auctions held in Pennsylvania, due to a lack of organization and support from growers, said Newcomer.

A representative from the American Farm Bureau's tobacco marketing division will be present to address the Feb. 15 meeting.

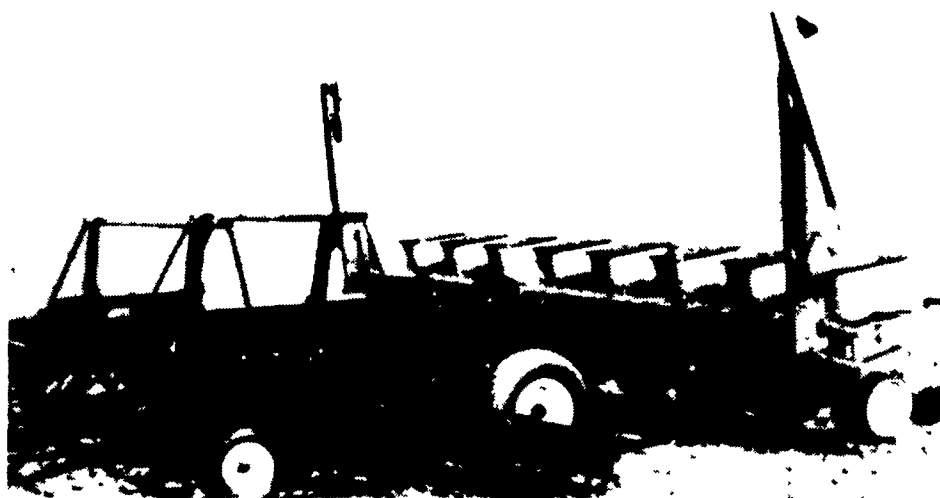
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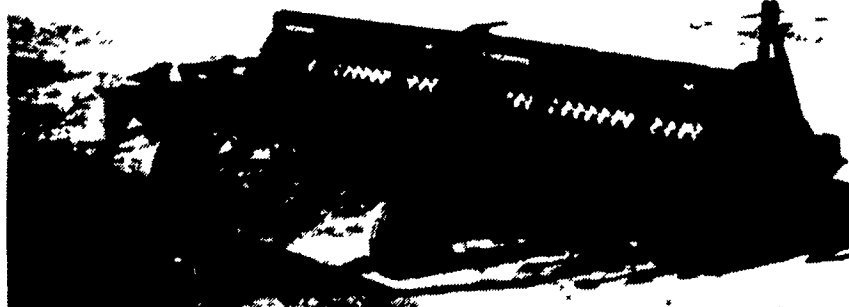


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