



Dairy officials won't confirm it, but...

Promotion referendum expected to win big

BY JAMES H. EVERHART

LANCASTER — Dairy producers across the country apparently have voted overwhelmingly in favor of continuing the present dairy promotion program.

Though results of the national referendum will not be officially announced by USDA until later this month, preliminary indications point to a margin of more than ten-to-one in favor of passage.

Officials of the various promotion and producer groups were reluctant to claim victory, and USDA was refusing to comment until the official announcement.

However, the sheer weight of votes cast by the nation's dairy cooperatives appears to be more than enough to carry the day. Specifically, tallies indicate that 183 of the nation's 185 dairy co-ops, representing more than 70 percent of the nation's producers, have voted in favor of the referendum.

And though individual dairymen had the right to cast their own votes in opposition to the promotion program, reports indicate few took advantage of the opportunity.

Specifically, reports indicate that hardly any dairymen requested ballots from ASCS offices, which were designated as the local headquarters for the referendum vote. And unofficial sources indicated USDA had received fewer than 10,000 votes by the Aug. 20 deadline.

Even if all the individual votes are cast in opposition to the promotion program, the referendum would still pass overwhelmingly.

The referendum, conducted Aug. 1-20, was the producers' chance to indicate whether they are willing to continue paying the bills for the promotional activities

It was mandated by the Dairy and Tobacco Adjustment Act of 1983, which also created the existing promotion program and the 15-cent-a-hundredweight deduction that finances it.

All producers — a total of about 200,000 nationwide — who shipped milk during April 1985 were eligible to participate.

Dairy leaders and promotion

advocates mounted an impressive campaign to win the support of the producers in the all-important vote.

In the first several months the dairy promotion program was in operation, the various dairy promotion groups spent approximately \$197 million — \$82 million of which was spent by the National Dairy Board.

Those groups have used the money to sponsor a variety of national and local television, magazine, radio and billboard advertisements and point-of-purchase displays.

If the referendum had been defeated, the 15-cent assessment would have ended, and two promotion groups — the National Dairy Board and the Pennsylvania

Dairy Promotion Board — would have gone out of existence.

Prior to the program, much weaker voluntary promotion programs were in effect throughout most of the federal milk orders. However, most officials agreed that the individual efforts suffered because they lacked the central direction and planning provided by the National Dairy Board and its campaign.

The best of the best



Once again Tom McCauley's four-year-old Queen Star Sexy proved unbeatable at Lancaster County's Elizabethtown Fair. The young Elizabethtown exhibitor not only repeated last year's win in the dairy show with Sexy, but also went on to win Supreme champion honors for the second year in a row.

Pictured with McCauley is Virginia Groff of Groff's Meats Inc., sponsor of the supreme award. For complete Elizabethtown Fair results turn to pages A21 and 22.

Of the 15 cents assessed, five cents is earmarked for the National Dairy Board. The remainder can be directed either to the National Dairy Board or to a local promotion agency.

Though analysts disagreed on the specifics of their findings, most agreed that the promotion programs had increased sales and consumption of dairy products.

Specifically, many had disagreed about the effectiveness of generic, or non-brand, advertising of the type created for the dairy promotion program. They contended it was less likely to produce results than branded ads directed at promoting a specific product.

To counter that criticism, the promotion agencies recently coupled their own generic programs with brand-oriented campaigns launched by individual manufacturers of dairy products, especially ice cream and cheese.

As one expert noted during an informational program in Lancaster just prior to the referendum, passage of the program should allow the industry, "to find out once (and maybe for all) whether and to what degree advertising of dairy products does pay."

State's first tobacco auction scheduled for Dec. 16

BY JACK HUBLEY

LANCASTER — With prices of most agricultural commodities in the doldrums, the tobacco market may turn out to be a bright spot on the horizon for Pennsylvania growers, come sale time later this year.

According to Lancaster County sources, the newly formed Pennsylvania Tobacco Auction, Inc., expects to sign the requisite corporate papers on Tuesday that would bring a yearly tobacco auction to the state.

The state's annual production of about 16 million pounds of tobacco is divided nearly equally between Maryland Type 32, used for cigarettes, and Pennsylvania Type 41, used in the cigar and chewing tobacco trade. About 80 percent of the total is grown in Lancaster County.

Growers here, however, have never had the benefit of having buyers compete for their product through an auction. Traditionally,

tobacco marketing in the state has been a one-on-one affair, with southern buyers coming to the state beginning in November, and negotiating with farmers on an individual basis.

Grower dissatisfaction with this system manifested itself earlier this year when three meetings were held in Lancaster County to explore the possibility of starting an auction.

The complaint registered by nearly all growers attending the meetings was substandard prices caused by what the farmers perceived as a lack of competition for their product. One grower, who requested to remain anonymous, estimated that last year's crop of Type 32 averaged 90 cents a pound across all three grades, "bot-toms", "middles" and "tips".

The grower alleged that, although many farmers received offers in the neighborhood of \$1.10 on the farm, upon delivery, the buyer would often dock, or

penalize, the farmer based on what he determined to be improper grading or moisture content.

Marketing by auction would eliminate such abuses, said the grower, pointing to Maryland's tobacco auctions as an example. Although Maryland-grown Type 32 is generally considered to be of no better quality than its Penn-

sylvania-grown counterpart, Maryland tobacco averaged \$1.45 over the block last year, or about 50 percent higher than the same variety grown here. "If we could just live with \$1.25, we'd be happy," said the grower.

Although Keystone State farmers could conceivably receive higher prices in Maryland, Maryland growers discourage Pennsylvania growers from attending the Maryland sales, said the source.

So if Pennsylvania growers can't take their tobacco to existing auctions, they're prepared to bring the auctions here. According to a Pennsylvania Tobacco Auction, Inc., spokesman, the season's first sale is slated for 10 a.m., Dec. 16, at an auction facility near Intercourse. The first sale will be open to Maryland Type 32 tobacco, with Type 41 going across the block after Christmas. Sales will take place every Monday, Wednesday and Friday until the entire year's crop is sold.

Happy Labor Day!

Due to the Labor Day Holiday, the office of the Lancaster Farming will be closed on Monday, Sept. 2. Mailbox Market & Sales Register deadlines have been extended until Tuesday at 5 p.m. Have a nice holiday!