

The Dairy Business

By
Newton Bair

Rough ride ahead

Now that the bids are out for the whole herd buyout program, it looks like a part of the surplus milk problem will be taken care of. At least temporarily. Shakespeare would say, "Ay, there's the rub." How long will it last?

For every one of us left in the business of milking cows, a major question must be faced. That one is, "How am I going to act now that some of my competition is out of business?"

Whether you think of your neighbors as competitors or just hard working dairymen like yourself, all people who milk cows are competing with each other for a limited market. Now that some of that competition is temporarily gone, how am I going to handle it?

Eliminating a million cows from the herd will cause a small gap in production — for a while. But the potential for quickly filling that gap is still here, and most of us know how it can be done. We can assume that a lot of the lower producers are among the herds that sold out. But there are many 20,000 pound herds and 25,000 pound cows still around.

We will be lifting the average production per cow to new heights before we know it. It is simply a matter of fine-tuning the technology that we already have.

Feed programming, growth hormones, and nutritional additives are only starters. How long will it be until we are right back in the same old surplus battle?

The answer lies in how each one of us is going to react in the next couple of years. Some will immediately start to build larger numbers, perhaps in preparation for a possible quota system.

It could develop into a mad rush to buy up the available cows, just to keep someone else from getting them. The biggest influence on your reaction as well as your neighbors is, how profitable will it be to expand, and will the means (money and cows), be available when they are needed?

The support price for milk will be the final criteria for both staying in business and deciding to expand. Solvency must be the key to survival.

The natural tendency whenever a shortage develops is for those who are in a position to expand to do so as quickly as possible. If shortages develop, they will be regional, and not countrywide.

Milk distributors, both Co-op's and private companies, will continue to compete for both supplies and markets. This will put pressure on you as a producer to get into the best position you can find for the long haul. Shaky and marginal processors will be brushed aside, and the rest will fight for position in the market place.

In spite of Regional Federal Marketing orders that control prices, there will have to be a sifting out and re-shuffling of supplies and distributors. How fast this occurs will be interesting to watch.

I don't expect any fast knee-jerk reaction to the Dairy Herd Reduction plan. Most of us will be rather conservative and cautious over the next couple of years.

Those of us who intend to stay in business will keep our eyes open, and stay informed on all political issues, as well as those issues that affect our business directly.

ALEXANDRIA, VA — Middle Atlantic Order Market Administrator Joseph D. Shine today announced a Class I milk price of \$14.05 per hundredweight for May 1986. This price is up 23 cents from April but is 68 cents below last May's Class I price. Effective with the May 1986 Class I price, the Order 4 Class I differential increased from \$2.78 to \$3.03 per

We will make the necessary adjustments to our farm management, and keep a clear, clean path open between the farm and the bank.

Heavy debts will have to be made manageable and kept that way.

There will be no room for the casual, sloppy, or uninformed and untrained dairyman.

Farmers have always thrived on competition and uncertainty. A little belt tightening now might slim us down for the hurdles that lie ahead.

hundredweight pursuant to the Food Security Act of 1985 and the subsequent expedited final decision.

Mr. Shine announced a Class II milk price of \$10.99 per hundredweight for March 1986 and a butterfat differential of 15.8 cents for the month. The Class II price was down nine cents from the previous month, while the butterfat differential decreased two-tenths of a cent.

The May 1986 Class I price and the March 1986 Class II price are based on the March 1986 Minnesota-Wisconsin manufacturing milk price of \$11.02 per hundredweight at a 3.5 percent butterfat content.

The USDA reported that the wholesale price of Grade A butter at Chicago for March was \$1.3748 per pound and the nonfat dry milk price was \$.8044 per pound, f.o.b. plants in the Chicago area.

Brazil buys dairy products

WASHINGTON — Under Secretary of Agriculture Daniel G. Amstutz announced an export sale by the Commodity Credit Corporation of 22.0 million pounds (10,000 metric tons) of nonfat dry milk valued at \$6.9 million to Interbras, a Brazilian buyer.

CCC sold the nonfat dry milk, part of its surplus inventory acquired under the CCC dairy price support program, for \$690

per ton f.a.s. (free along side) vessel. Deliveries will be made in April and May with payment in U.S. dollars. No credit arrangements are involved in this sale, Amstutz said.

Brazil has also purchased 7,000 tons of nonfat dry milk from New Zealand at \$690 per ton and 5,000 tons of nonfat dry milk from European exporters at \$690 per ton.



STRIKE IT RICH!

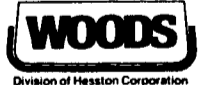
SELL IT WITH A LANCASTER FARMING CLASSIFIED



If you're particular about your mow'n



Woods mow'n machine is the particular mower for you...



- True 360° zero turning
- Finger-tip control of speed, direction and braking
- Maneuverability that lets you trim as you mow
- Convenient 'out-front' mowing
- Choice of 44", 52" or 61" cutting widths
- Easy-on, easy-off attachments — snowblower, brush and dozer blade

...come in for a demonstration

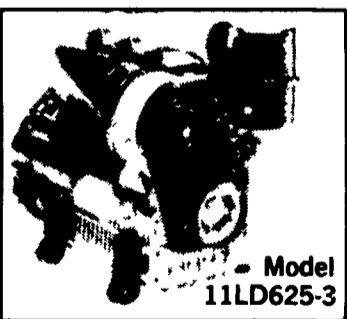
- | | | |
|--|--|--|
| WM. HOBENSACK'S SONS
Ivyland, PA
215-675-1610 | KELLER BROS.
TRACTOR CO.
Lebanon, PA
717-949-6501 | MANOR EQUIPMENT INC.
Sinking Spring, PA
215-678-0828 |
| R.S. HOLLINGER & SON, INC.
Mountville, PA
717-285-4538 | KELLER BROS.
Lititz, PA
717-626-2000 | PIPERSVILLE GARDEN CENTER
Pipersville, PA
215-766-0414 |
| LAMBS FARM MACHINERY
Thorndale, PA
215-269-2676 | NORMAN BRIGHT, INC.
New Egypt, N.J.
609-758-2211 | THOMAS POWER EQUIPMENT
Avondale, PA
215-268-2181 |

LOMBARDINI

The Powerhouse

DIESELS

The Farmer's Choice



MOWERS, BALERS, CORNPICKERS, CHOPPERS, ETC.

We have the right size, weight, shape, price and engine available. 4 to 80 H.P.

LOMBARDINI DIESEL USES 1/4 OR LESS FUEL THAN GAS ENGINES LESS DOWNTIME THAN GAS ENGINES



Model 9LD560-2

Is your old engine giving you a headache? Try a LOMBARDINI... World's Largest Manufacturer of Small Air-Cooled Diesel Engines.

DIESELS OUR SPECIALTY

- TAKE ADVANTAGE OF:**
- | | |
|-------------------------------------|---|
| 1. 12 month warranty or 2,000 hours | 4. Price per horsepower |
| 2. Low fuel consumption | 5. Easy starting |
| 3. Low maintenance | 6. 100% back-up with parts and service. |

Let Us Know Your Service Problems Check Our Prices

Service After The Sale...That's Us!

HOOVER DIESEL SERVICE

2998 W. Newport Rd.
Ronks, PA 17572
(717) 656-3322
(717) 295-1729

Furnace Rd.
Box 91A, R.D. 3
Quarryville, PA 17566
(717) 786-2173

DEALER INQUIRIES INVITED