

RCMA Updated At Chester County Meeting

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Editor's Note: Prior to the Chester County RCMA meeting in Parkburg last week we caught up with Harold Eby, the spokesman for the effort to sign independent milk producers into a milk marketing cooperative. This cooperative is designed for bargaining power to inforce over-order pricing through an 11-state area. Pennsylvania is one of the last areas to be reached with this membership drive, and we asked Eby how the program was progressing and what additional points are pertinent at this time. Our questions and his answers follow.

Q. Harold, we've been reporting now for some time about the events and the progress of RCMA, how far along are you by now, especially in Pennsylvania?

A. The independent producers that have signed up for membership in RCMA are now being put on computer. Hopefully by mid-February we will be able to identify the individual producers and know their location. Regions are put together over the 11-state area, and there will be about 18 to 20. The regions are put together based on the prospects for the program as best as we can identify them. Each region must have 300 independent producers. The regions likely will encompass between 300 and 600 independent producers. By early March we will

send out notices to these farmers who have joined the cooperative. They will then get together for organizational meetings and to elect a representative from their district to the RCMA board when it comes into play.

In New York state they have over 80 percent of the independent producers signed up. In Pennsylvania of the 3,200 independent producers needed 80 percent would be 2,500. Presently we have 400 to 500 members in Pennsylvania. But the interest is beginning to build as more and more people hear about it. The farm press has been very valuable in getting people to know about the program.

Q. We have had a drop in the support price in January. While we do have some premiums being paid because of the scarcity of milk right now, many people believe that surpluses will return in the not too distant future. Prices may even be below order. Would you care to comment on this?

A. When we look at the drop in January of the support price, it was two cents per pound of butter. The Chicago market dropped 18 cents a pound of butter. Where the production levels are low enough to hold the price over the support level, I'm not in a position to say. But the drop in price has had an adverse affect on the blend price. We can look for this drop to continue and by the flush period of May and June many economists say, and I agree with them, that we will likely get less for our milk than

a year ago.

One of the ideas we need to consider is that if we can just hold the price rather than let it drop, we have accomplished something for farmers with RCMA. But we need to band together to do it.

Q. Some farmers are reluctant to do anything to harm the handler especially if they are small handlers and have been with this handler for a long time. How do you answer this legitimate reserve from farmers?

A. Yes this is a question that oftens comes up and we sometimes hear that we don't need RCMA, that we can go to our milk handler for premium. In my opinion the last two years have been the best, most lucrative of the last 10 years for milk handlers. Now if there was any willingness to pay a premium, we should have seen it, and we didn't. It's only since RCMA has begun to surface that we started to hear anything about handlers paying their producers premium. Handlers are businessmen in business to make a profit. And we certainly don't hate them for that. But farmers also are businessmen, and they should have their share. Over the last three years they haven't been getting it. Looking at this year's prices projected, we will receive about what we did in 1979, and we're paying 1987 prices.

Q. Some farmers are reluctant to join a cooperative. In fact they are reluctant to join anything I suppose. What about the idea of the real need of the cooperative effort

to get over-order pricing?

A. We need to emphasize that the only way we can do this job is to put together a cooperative. Some don't like cooperatives. If there is another way, I haven't heard about it yet. RCMA doesn't want to hurt the handler. Whether the handler can take the extra price over-order out of the present profit or if you must get it out of the retail market, I don't know. I do know that since Farmland got into the New York city market effective two weeks ago the price in New York city has dropped 40 cents per gallon. That equates out to \$4 per hundred.

Q. That sounds like a large drop that must come from somewhere. Apparently at this point from the handler's profit. Could you comment a bit more on that Farmland situation?

A. Well, previously Farmland had been denied access to the New York market. But that has since been overturned, and just recently Farmland has negotiated for entry into the market there. It has become really competitive now because last fall Dairylea sold their a Woodside plant to Tuscan Dairies. Then Johanna bought Tuscan that put both of them into the New York city market. Johanna bought Lehigh Valley's Schuylkill Haven plant. All of these were then bought by Labatts, a brewery out of Canada. So now you have Labatts owning Lehigh Valley, Tuscan, Johanna and

Dairylea and of course in competition with Farmland in the New York city market. That gives them a sizable chunk of the market under one head.

Q. Another concern farmers would need to have is the diminishing number of handlers for their milk. Would you say that that would tie in with the need for RCMA?

A. Yes, we are looking at reduced handlers. One handler now has four operations under his control. We are continuing to see that kind of situation. And if farmers don't get together and organize and recognize their bargaining power, I don't where they are going to be at.

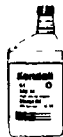
Q. You have said RCMA can even help the handlers. Would you explain this?

A. Well even the small handlers may be helped if their producers are members of RCMA. To get an increase in price at the retail level, the handler must go to the milk control board and justify an increase in cost. If a handler's members belong to RCMA, the handler can blame the need for an increase for milk prices on the increased price they must pay to farmer RCMA members. If these producers are not members of RCMA, the handler may have a harder time proving the need for price increase based on an increase in his costs.

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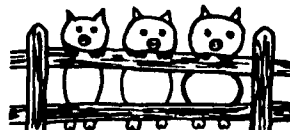


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