Pa. Milk Priced Competitively With Other States

UNIVERSITY PARK -Although Pennsylvania is one of the few states to set minimum prices for its milk at all levels, the consumer cost here is often lower than average prices throughout the country, according to a Penn State agricultural economist.

"Overall, I'd give Pennsylvania an A-minus in setting milk prices," said Dr. Jack Kirkland.

Especially when consumers buy half-gallons and quarts of the liquid beverage, he said.

The Penn State assistant professor compared four urban areas in Pennsylvania to cities throughout the nation. He found that in March 1987, a gallon of whole milk could cost as little as \$1.75, in Salem, Ore. Or it could go for as much as \$2.53 anywhere in Montana.

Pennsylvania's retail milk prices are, in some cases, lower

than even the Midwest dairy region, where the cost of farmer's milk is lowest in the country.

When you buy milk in Philadelphia. Harrisburg, Altoona/Johnstown or Pittsburgh, you're buying it for less than the average price in March, \$2.08. Only Altoona broke the \$2 barrier, selling milk for \$2.04. The other three cities featured milk for anywhere from \$1.93 to \$1.98.

"In states where there is no control of milk prices, retailers may have lower prices on the highvolume quantities and products, like a gallon of whole milk.

"But they make up the difference on the smaller quantities, like half-gallons and quarts,"
Kirkland said. "Pennsylvania is definitely the place to buy milk in quarts.

For a quart of whole milk, a consumer can't get it cheaper than

in Harrisburg, he found. A quart can cost as much as 79 cents, in Asheville, N.C., but throughout Pennsylvania, it's not more than 56 cents, Kirkland said. The same is true for a quart of 2 percent milk. he said. For that product, Altoona/Johnstown is just about cheapest in the country.

The rest of 1967 should show an even better deal here, the agricultural economist predicts.

Kirkland believes that Pennsylvania's good rating in the cost of milk products vindicates the state's minimum resale-price control program.

"It adds stability to the industry by eliminating price wars and other forms of destructive competition," Kirkland said. Most retailers do sell their products at the minimum price set, or just slightly above, due to the competition.

"But one major disadvantage is that costs of individual dealers vary from the average because of differences in volumes. The result is that some firms are encouraged to remain in business though earning quite low and possibly negative returns while others stand to reap benefits," he said. substantial

Kirkland said his main argument with milk price-control is that in Pennsylvania, the prices are set to guarantee that milk processors receive 2.5 to 3.5 percent profit.

"I maintain that the purpose of regulating price is not to insure profit, but to maintain orderly market conditions. The price

should be a floor that keeps retailers from charging destructively low prices," he said.

The market strategy for processing plants to sell below their cost is to drive firms who are unable to sell at those prices out of business, Kirkland said. "The remaining firm(s) captures more of the market. With little or no competition, this sometimes results in them being able to charge very high prices.
Regulation is designed to prevent
this from happening."

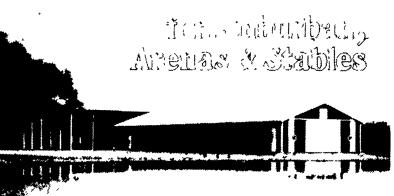
All in all, he said, the bottom line is that milk drinkers are still getting a very good buy when they shop for the beverage here.



GIGANTIC SELECTION

IN Lancaster Farming's **CLASSIFIEDS**







Commerchal and Civic Structures





WEATHER VANE with every building

purchased

Call or write today to arrange to see and hear more reasons why you should own a Morton Building 3368 York Rd Gettysburg, PA 17325 Rd #10, Box 76 Meadville, PA 16335 State College, Box 361 Centre Hall, PA 16828

Box 126 Phillipsburg, NJ 08865 1918 Industrial Drive Culpeper, VA 22701 P O Box 187

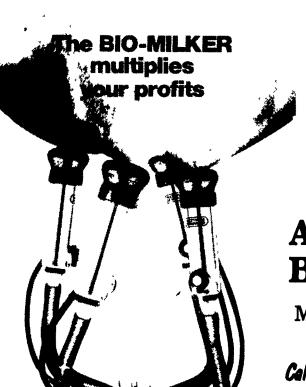
Harrington, DE 19952

Ph 814/336-5083

MORTON BUILDINGS

Ph 814/364-9500 Ph 201/454-7900

Ph 703/825-3633 Ph 302/398-8100 K.C. Dairy Service **Kevin Correll** 717-897-5141



- Healthier udders
- Reduced milking times
- Superior milking out
- High milk yield
- Reduced cell count
- Longer productive life of the cow
- Increased profitability in the shed

A New Way To **Better Milking**

Many New Installations For You To Visit -

Call Your Westfalia Sales Engineer



Westfalia Milking Equipment And Computer Sales Centers

CHAMBERSBURG Skinner & Walton Dairy Service Raymond Skinner Gary Walton 717-352-7606

COCHRANVILLE Farm Construction & Equipment

Robert L. Janney

215-593-2365

NEW WILMINGTON Chuck Moose Dairy Equipment 412-533-3077

MIFFLINBURG Wehr's Dairy Equipment Mark Wehr 717-966-1396

MT. BETHEL

LEOLA Fisher & Thompson, Inc. Ames Fisher Rick Thomps 717-656-3307

SPARTANSBURG
Brenner Dairy Equipment Albert Brenner 814-654-7309

SOUTHWESTERN PA PA Dairy Automation Service, Inc. **Mike Wright** 412-538-FARM

TROY Dairyland Sales & Service Jim Kelley 717-297-4128

WILLIAMSBURG Longenecker Implement Dale Longonecker 814-793-3731

WILLIAMSPORT Williams Farm Systems Dave Williams 717-398-0829

HAMBURG Shartlesville Farm Service Dale Wenger 215-488-1025

NEW MILFORD Sega's Dairy Service 717-465-7506

OXFORD W & J Dairy Sales Bili Guhi 717-529-2569

HAGERSTOWN, MD **Tri-State Farm Automation** 301-790-3698

SPECIAL WESTFALIA DEALERS FOR THE AMISH DAJRYMAN

SYKESVILLE, MD

Mid-Atlantic Division

Dairyman Inc.

William Stauffer

301-795-2727 301-781-7020

> **PARADISE** Lioyd Ranck 717-687-6361

REBERSBURG Tim's Diesel Service **Tim Stoltzfus**

BUCKET & PAIL SYSTEMS

WESTFALIA SALES ENGINEERS

Robert E. Turner 717-677-9301 Chuck Zimmerman.......717-334-6814