

# Beef Is Popular Alternative

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farming, and only 15 percent plan on full retirement with no further employment.

Nor was bankruptcy a major factor for most farmers going the buy-out route. "It appears that the majority of these farmers were fairly well off financially," says Kirkland. Only 14 percent indicated they would need their entire buy-out check to pay debts, with 2 percent listing bankruptcy as a major factor in choosing the buy-out. Forty-two percent of the respondents took the opportunity to sell because they believed the dairy business no longer had a bright future. Other major contributing factors included the health of the owner and labor problems. Two percent said they were simply burned out.

According to ASCS executive director Gene Thompson, the state's dairy herd will be reduced by 20,614 cows, 7,319 calves heifers and 5,386 calves by the end of the third buy-out period in August. He points out, though, that the

numbers will actually be higher, since the official tally doesn't include calves dropped between the time bidding took place and the herds were dispersed.

Thompson says that the number of cows entered in the buy-out nationally represents 6 percent to 8 percent of the total milk marketings. "But that doesn't necessarily mean you will get a 6-percent drop in production," he says, noting that the program probably culled a higher percentage of the marginal herds than the high producers. The ASCS chief expects a net decrease in milk in the 3- to 4-percent range.

Jim Pepple's decision seems to reinforce Thompson's theory. "I had purely grade, commercial animals," he says, pointing out that his brother, Robert, who owns a herd of purebred registered Holsteins, did not opt to sell. "His purebreds were worth five times beef price," says Jim. "They have more sentimental value in them, too."

The total cost of the buy-out

comes to \$42.5 million in Pennsylvania, which is a good investment, according to Jack Kirkland, who points out that Commodity Credit Corporation purchases are running about 50 percent of what they were last year at this time.

"I think this program is a good tool for getting supply in line with demand," Kirkland says, adding that the buy-out also encouraged farmers to sit down and take a hard look at the profitability of their operations. Regulating milk supply solely through support prices results in too much lag time between lower prices and a drop in production, he says.

Judging from Penn State's survey, most buy-out participants are leaving the business permanently. Seventy-five percent said it was unlikely they would get back into dairying at the end of their 5-year DTP contracts, while only 5 percent said it was "very likely" they would once again be milking cows.

For his part, Jim Pepple says it's not his goal in life to be milking cows 10 years from now. But if he ever does decide to get into the dairy business again, he's convinced he'll need better cows. "I don't think you can make money in the dairy business anymore milking average cows," he says.

Like many former dairymen, though, Pepple admits that there is one aspect of the dairy business he will miss—the monthly milk check.



Jim Pepple still has black and white cattle on his farm, but he's not milking any of these. With the help of the Dairy Termination Program, the Chester County dairyman turned his dairy operation into a beef herd. He says feeder cattle fit well into free-stall facilities.



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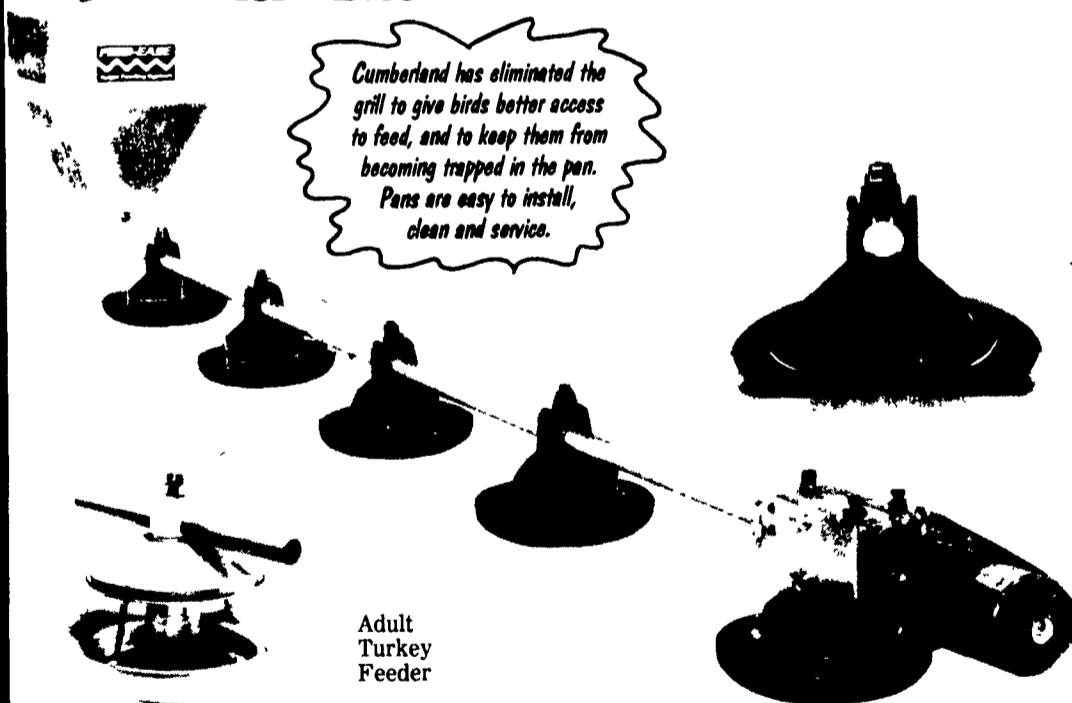
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