

With These Participating Professors

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**Penn State
FARM AND DAIRY
Business Seminar of the Week**

What Really Determines Milk Prices?


BY JACK J. KIRKLAND
Assistant Professor of
Agricultural Marketing

If most dairy farmers were asked this question, their answer might be, "Why the government does." At first thought, this appears to be correct since the government, through the price support program, establishes a target or desired minimum farm price for milk.

However, the correct answer is: demand. The demand for milk establishes farm milk prices.

In an unregulated market, the price of a product is determined by the interaction of supply and demand. For any given price at a particular point in time, there exists a demand for the product and a supply of the product. The demand for a product is simply the amount consumers are willing to purchase at that given price. The supply of the product is the amount producers are willing to sell at that given price. As the price goes up, consumers are willing to purchase less of the product but producers are willing to sell more of the product. When the price decreases, the reverse is true: consumers are willing to purchase more but producers are willing to sell less.

Of course other factors influence both the consumers' and pro-



ducers' decisions to purchase or sell a product. On the consumer's side, decisions to purchase a product are also influenced by prices of substitute products, income levels and tastes and preferences. On the producers' side, the decision to sell a product is influenced by costs of inputs needed to produce the product, profitability of other commodities that can be produced, technology, government policy, and an increasingly more important factor: cash flow needs of the producer.

A market price is then the price associated with the quantity of product that the consumers are willing to purchase and the producers are willing to sell. An agreement is reached by consumers to purchase and producers to sell a quantity of

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ARMSTRONG FARM MUSCLE




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Only A Small Extra Fee)**

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- Sunbury • Allentown
- North Penna. • New Jersey
- Northern Maryland

**Ask About Our
Guarantee On
Rear Tires
Strongest In The Country**

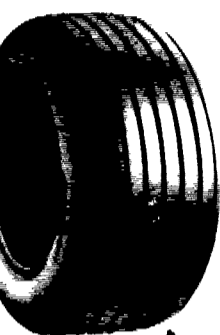
ARMSTRONG Loader-Dozer

TUBELESS	Price
16 9x24 8 Ply	\$265 00
16 9x24 10 Ply	\$330 00
17 5Lx24 6 Ply	\$245 00
17 5x24 8 Ply	\$270 00
15 5x25 12 Ply	\$310 00
17 5x25 12 Ply	\$440 00
19 5Lx24 10 Ply	\$390 00
19 5Lx24 12 Ply	\$430 00
12Lx24 12 Ply	\$500 00
20 5x25 12 Ply	\$643 00
23 5x25 12 Ply	\$960 00
23 5x25 16 Ply	\$1 000 00

TUBE TYPE	Price
14 9x24 6 Ply	\$200 00
14 9x24 8 Ply	\$220 00
16 9x24 6 Ply	\$220 00
16 9x24 8 Ply	\$235 00
16 9x24 10 Ply	\$280 00
17 5Lx24 8 Ply	\$240 00
16 9x28 8 Ply	\$260 00
18 4x28 10 Ply	\$340 00
20 5x25 12 Ply	Call For Quote
1300x24 10 Ply	\$225 00
1300x24 12 Ply	\$245 00
1400x24 10 Ply	\$255 00
1400x24 12 Ply	\$280 00



WAGON TIRES



Special Discount \$5.00 OFF These Prices

• WAGON TIRES SHIPPED UPS - NO CHARGE! •

26 1200x12 4 Ply	\$49 00
8 51x14 6 Ply	\$41 00
9 5Lx14 6 Ply	\$44 00
9 5Lx14 8 Ply	\$49 50
9 5Lx15 6 Ply	\$42 00
9 5Lx15 8 Ply	\$44 00
11Lx14 6 Ply	\$49 00
11Lx15 6 Ply	\$43 00
11Lx15 8 Ply	\$47 00
11Lx15 10 Ply	\$60 00
1000x15 8 Ply	\$60 00
11Lx15 8 Ply Tubeless	\$50 00
11Lx16 8 Ply	\$58 00
11Lx16 10 Ply Tubeless	\$74 00
12 5Lx15 10 Ply	\$75 00
12 5Lx15 12 Ply	\$85 00
12 5Lx15 14 Ply	\$87 00
14Lx16 1 12 Ply	\$140 00
16 5Lx16 1 10 Ply Tubeless	\$160 00
25x7 50x15 4 Ply Tubeless	\$44 00
25x7 50x15 6 Ply Tubeless	\$49 00
27x9 50x15 4 Ply Tubeless	\$53 00
27x9 50x15 6 Ply Tubeless	\$60 00
27x9 50x15 8 Ply Tubeless	\$65 00
31x13 50x15 6 Ply Tubeless	\$88 00
31x13 50x15 8 Ply Tubeless	\$99 00

OFFER EXTENDED...

FREE MOUNTING ON Super Hi-Power Lug Radials

New! 5-Year Warranty

14 9R28 10 Ply	\$325 00
16 9R28 10 Ply	\$399 00
18 4R34 6 Ply	\$399 00
16R38 6 Ply	\$429 00
18 4R38 6 Ply	\$459 00
18 4R38 8 Ply	\$489 00
18 4R26 10 Ply	\$449 00
20R34 8 Ply	\$639 00
20 8R38 8 Ply	\$649 00
20 8R38 10 Ply	\$699 00

ARMSTRONG FRONT TRACTOR

Shipped UPS - No Charge!

★ 3-RIB ★

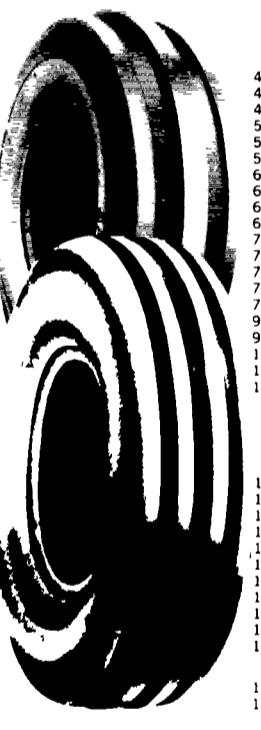
400 12	\$22 00
400 15	\$24 00
400 19 4 Ply	\$29 00
500 15	\$31 00
550 16 4 Ply	\$33 00
550 16 6 Ply	\$36 00
600 14 6 Ply	\$52 00
600 16 4 Ply	\$37 00
600 16 6 Ply	\$41 00
650 16 6 Ply	\$42 00
75L 15 6 Ply	\$50 00
75L 16 8 Ply	\$54 00
75L 15 6 Ply	\$50 00
75L 18 6 Ply	\$64 00
75L 20 6 Ply	\$77 00
9 5L 15 6 Ply	\$55 00
9 5L 15 8 Ply	\$60 00
10 00 16 6 Ply	\$80 00
11Lx15 8 Ply	\$75 00
1100 16 8 Ply	\$110 00
4L 16 1 8 Ply	\$160 00

★ 4-RIB ★

11L 15 8 Ply	\$80 00
10 00 16 6 Ply	\$80 00
10 00 16 (TL) 6 Ply	\$95 00
10 00 16 (TL) 8 Ply	\$106 00
11 00 16 6 Ply	\$108 00
11 00 16 (TL) 6 Ply	\$110 00
11 00 16 8 Ply	\$108 00
11 00 16 (TL) 8 Ply	\$123 00
14L 16 1 (TL) 6 Ply	\$180 00
14L 16 1 8 Ply	\$164 00
16 5L 16 1 (TL) 8 Ply	\$250 00

★ 5-RIB ★

1100x16 12 Ply Tubetype	\$135 00
1100x16 12 Ply Tubeless	\$150 00





CONTRACTOR F-3

11Lx15 8 Ply	\$80 00
11Lx16 8 Ply	\$92 00
11Lx16 10 Ply	\$98 00
750 800x16 10 Ply	\$80 00
11Lx16 12 Ply	\$130 00
145 75 16 1 10 Ply	\$225 00

3 WHEELER TIRES

22x11 00 8	\$38 01
25x12 9	\$54 71
18x950 8	\$30 65

ARMSTRONG FARM MUSCLE

Hi Power Lug


New! 5-Year Warranty

11 2x24 4 Ply	\$106 00
11 2x24 6 Ply	\$125 00
14 9x24 4 Ply	\$161 00
14 9x24 6 Ply	\$172 00
14 9x24 8 Ply	\$200 00
16 9x24 6 Ply	\$200 00
16 9x24 8 Ply	\$220 00
14 9x26 6 Ply	\$180 00
18 4x26 6 Ply	\$247 00
23 1x26 8 Ply	\$525 00
11 2x28 4 Ply	\$120 00
12 4x28 4 Ply	\$137 00
13 6x28 4 Ply	\$150 00
13 6x28 6 Ply	\$165 00
13 6x28 8 Ply	\$195 00
14 9x28 4 Ply	\$165 00
14 9x28 6 Ply	\$185 00
16 9x28 6 Ply	\$225 00
16 9x28 8 Ply	\$245 00
16 9x30 6 Ply	\$240 00
18 4x28 6 Ply	\$300 00
18 4x30 6 Ply	\$270 00
23 1x30 8 Ply	\$650 00
24 5x32 10 Ply	\$775 00
16 9x34 6 Ply	\$270 00
18 4x34 6 Ply	\$310 00
18 4x34 8 Ply	\$335 00
20 8x34 6 Ply	\$479 00
20 8x34 8 Ply	\$510 00
23 1x26 10 Ply	\$600 00
23 1x34 8 Ply	\$689 00
11 2x38 4 Ply	\$147 00
12 4x38 4 Ply	\$175 00
13 6x38 4 Ply	\$185 00
13 6x38 6 Ply	\$205 00
14 9x38 6 Ply	\$224 00
15 5x38 6 Ply	\$235 00
15 5x38 8 Ply	\$260 00
16 9x38 6 Ply	\$295 00
16 9x38 8 Ply	\$325 00
18 4x38 6 Ply	\$340 00
18 4x38 8 Ply	\$380 00
20 8x38 8 Ply	\$520 00

**Service Available....
Call For Quote!**

Small Rear Farm Tires

750x20 4 Ply	\$59 95
750x24 4 Ply	\$64 95
8 3x24 4 Ply	\$82 00
9 5x24 4 Ply	\$92 00
11 2x34 4 Ply	\$142 00
11 2x36 4 Ply	\$144 00
12 4x24 4 Ply	\$123 00
12 4x36 4 Ply	\$175 00
13 9x36 6 Ply	\$200 00



ARMSTRONG USED GRASS TIRES IN STOCK!

8 3x24	\$100 00
9 5x24	\$112 00
14 9x24 6 Ply	\$200 00
16 9x24 6 Ply	\$210 00
18 4x16 1 6 Ply	\$245 00
18 4x26 6 Ply	\$360 00
13 6x28 6 Ply	\$225 00

SKID LOADER TIRES

570x12 4 Ply	\$40 00
23 850x12 4 Ply	\$47 00
27 850x15 4 Ply	\$51 00
27 850x15 6 Ply	\$65 00
27 1050x15 6 Ply	\$70 00
700x15 6 Ply	\$65 00
750x15 6 Ply	\$68 00
10 16 5 6 Ply	\$80 00
12 16 5 8 Ply	\$120 00
Steel Shield	
10 16 5 6 Ply	\$95 00

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