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to 1990 scheduled contingent upon forecasted CCC purchases.

During 1986, the program effectively reduced CCC purchases, especially during the last half of the year. Commercial demand also increased 2.8 percent over 1985. This combination of stronger commercial demand and a reduced artificial demand resulted in sharp increases in the M-W price during the last half of 1986.

The average M-W price for the second half of 1986 was 55 cents higher than the first half. This illustrates the benefits and importance of a greater commercial demand and a smaller artificial (lower CCC purchases) demand. The weighted average farm price was higher since a higher proportion of milk was receiving the higher Class I price and all Class prices were higher since the M-W was higher. The M-W was higher since the CCC purchases were lower and less product was being purchased at the lower artificial market, or support, prices (more was being purchased at higher commercial market prices).

The situation in 1987 is still improving. Continued increases in commercial demand and less dependence on artificial demand has resulted in the average M-W price for the first half of 1987 that is 16 cents higher than in the first half of 1986 despite a 25-cent reduction in the support price.

CCC purchases for the first half of 1987 were about 54 percent lower than in the first half of 1986. Again, the combination of strong commercial demand resulting in higher Class prices and proportionally more milk being used in the highest Class price category has dramatically improved prices

for dairy farmers.

The key element in determining prices for farmers should now be very evident. A strong commercial demand and less dependence upon the CCC to create an artificial demand to support milk prices are the factors that have the major impact on milk prices. With a strong commercial demand and less dependence on the CCC to create an artificial demand, farm milk prices could very well be higher than prices achieved with a higher support level in conjunction with a weaker commercial demand and thus more dependence on the CCC creating an artificial demand.

Farmer's Role

However, most farmers feel that they can do little to affect demand. They do, however, have a major impact on commercial demand as the result of an excellent, farmer funded advertising and promotion campaign.

As mentioned earlier, demand is influenced by price, income, changes in population, and taste and preferences. Certainly, increases in incomes and the population as well as the positive impact from decreases in retail prices have helped to increase consumer demand. However, the advertising and promotion campaign, designed to change consumers' tastes and preferences and induce them to buy more dairy products at any given price, has certainly contributed to the past increases in demand.

Since the surplus situation is seemingly under control at the present time, farmers are seeing the benefits in improving milk prices. Demand cannot be neglected by farmers. It will ultimately determine their ability to survive in the industry, especially now that the government has decided to limit

the level at which the CCC can purchase dairy products and thus create an artificial demand.

Once supply and demand are more in line, production by farmers and the resultant supply of milk can continue to grow, but it

cannot exceed the growth in demand without prices decreasing.

The future will continue to bring challenges to the dairy industry and dairy farmers. With the possibility of dramatic changes in the efficiency of milk production resulting from new technologies,

future problems of excess production may be a real possibility. However, one would hope that the lessons learned in the mid-1980s on the importance of commercial demand in the determination of milk prices will be remembered.

4 States To Sign Poultry Disease Agreement

ANNAPOLIS, Md.—Governor William Donald Schaefer announced today that an historic four-state agreement pledging cooperation among Delaware, Maryland, Pennsylvania, and Virginia to prevent poultry disease is to be signed on Wednesday, July 22, in Salisbury, Maryland.

Governors of the four states, state secretaries/commissioners of agriculture, state veterinarians, poultry industry representatives, state and federal legislators, USDA employees, including Agriculture Secretary Richard Lyng, and representatives of other agricultural groups have been invited to participate.

The poultry industries of Delaware, Maryland, Pennsylvania, and Virginia contribute significantly to the economic health and

vitality of the eastern United States. Because of its integrated and concentrated nature, the industry's economic survival is continually threatened by the rapid spread of diseases which have epidemic potential. Cooperation among the states is essential since industry operations transcend state lines.

The agreement to be signed July 22 will be carried out in three phases. Phase 1, the Prevention Phase, is the subject of the Memorandum of Understanding to be signed. Phase 2, Control, and Phase 3, Compensation, will be studied further by the states.

The agreement to be signed on the 22nd accomplishes the following:

1. Establishment of a Mid-Atlantic Poultry Health Council, consisting of state agricultural department

employees, a university representative and poultry industry representative.

2. Development of a model plan for the prevention, control and eradication of poultry diseases.

3. Creation of laws and regulations to implement Phase 1.

4. Development of a model biosecurity plan for the region.

5. Establishment of a statistically valid surveillance strategy.

Simmental Assoc. To Hold Field Day

SPRING GROVE — The Pennsylvania Simmental Association will hold its annual field day this year in York County on Aug. 1. Hosting the event will be G&J Valley Farm, owned by George and June Snyder, RD 1, Spring Grove. The farm is located off Rt. 116, 1½ miles east of Spring Grove on Lehman Road.

The spotlight will be on the association's junior members this year, with a junior show and juniors scheduled as speakers. Cosponsoring the event will be the Southcentral Cattlemen's Association.

The field day gets underway with registration at 9 a.m. and the Junior Simmental Show at 9:30. Other events included a judging contest at 11:30 a.m., junior speakers at 1 p.m. and a herd walk at 2:15. Commercial exhibitors will be on hand and lunch will be served at noon.

For more information call 717-225-6146 or 225-6279.

Cattlemen Plan Membership Drive

ITHACA, NY — Team leaders have been named for the New York Beef Cattlemen's Association's intensive 1987 membership campaign which will continue until Labor Day.

The membership drive team leaders are Larry Kramer of Cortland, Mike Kieff of Cape Vincent, Bill Cisco of Lindley, Steve Gotovich of Stanfordville, Gary Bush of Madrid, Roger Bannister of Kent, Vic Marcum of Jamestown, Charles Boone of Westerlo and Fred Lewis of Geneva.

Membership development in the state-wide beef organizations has been made a major emphasis in the association's recently adopted three year plan of action. No prizes or awards are being offered for the top membership sales persons. Instead the incentive is the strengthening of the organization and the state's beef cattle industry which it represents.

Executive secretary Lee Kraszewski of Corning and association

president Peter Nixon of Westfield are working closely with the team leaders.

Kraszewski explained the New York Beef Cattlemen's Association provides its members with many services that include major marketing programs such as spring and fall feeder calf sales, the Tele-marketing program and the Bull Test Sale. The association also provides members with informational material about the industry and the organization; has representation on state and national organizations that work with state and national Legislatures; and offers participation in performance testing and other areas of management.

"Beef producers or persons involved with the beef industry who wish to join the organization may do so by sending me their \$15 annual dues," explained Kraszewski. His address is NYBCA, c/o Lee Kraszewski, RD1, Box 120, Corning, N.Y. 14830.

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