

RCBA Asks New York State To Establish Milk Price Survival Floor

BATAVIA, N.Y. — The cooperative that represents the majority of New York State dairy farmers today (Wednesday) petitioned the state to establish an emergency milk market order setting temporary survival floor prices paid by purchasers of milk produced by the state's dairy farmers.

In a petition filed in Albany with New York State Commissioner of Agriculture and Markets, Richard T. McGuire, the Regional Cooperative Bargaining Agency Inc. (RCBA) requested the commissioner to use his authority under the Rogers-Allen Act of 1937 to avert disaster in the state's rural economy caused by a sudden and unprecedentedly sharp fall in milk prices over the past year that is expected to continue through 1991. At the same time, the cost of production incurred by New York State dairy farms has climbed steadily and is projected to rise through 1991.

According to RCBA, current milk prices already have fallen below the cost of production for many New York State dairy farmers, and hundreds of dairy farms are at risk of failure in the coming months. The petition requests a state-regulated safety net for prices.

Specifically, the price paid to dairy farmers for Class I or fluid milk would not be allowed to fall below \$14.50 for one hundred pounds of milk and the minimum price to be paid for Class II milk, used for manufacturing cottage cheese, yogurt and other dairy products, would be \$11.50 per hundred pounds. Dairy farmers would actually receive a uniform, or blend price for all their milk of about \$12 per hundred pounds.

The minimum prices which the state's dairy farmers now receive for their milk are established by

government market administrators under a joint federal and state marketing system. Prices here are based on market prices for manufactured milk in Minnesota and Wisconsin and are not based either on market conditions in New York State or on New York dairy farmers' cost of production. The RCBA petition asks the Commissioner to establish a single set of survival prices for the entire state.

The RCBA issued the following statement:

"On behalf of all the dairy farmers in New York State, we are asking the Commissioner of Agriculture and Markets to establish a survival floor for prices paid by purchasers of milk produced by New York State dairy farmers to head off a disaster now looming for the rural economy of the state.

"Due mainly to market conditions caused by the buildup in the Midwest of huge inventories of manufactured dairy products by large food processing companies, the price of milk in New York State has plummeted more suddenly and precipitously in the past year than at any other time in the last 25 years. During the past year as a whole (December 1989 to December 1990), the price of milk paid to New York State dairy farmers under the federal milk marketing system fell by more than 27 percent, and the price is expected to continue to decline substantially in 1991.

"For many dairy farmers, the cost of production already far exceeds the price they received for their milk. Even lower prices over a long period will result in the failure of large numbers of the state's dairy farmers and will impose severe hardships on many more. This will have a devastating effect on rural communities whose economies are heavily dependent on

dairy farming and ultimately may result in shortages and higher prices for consumers.

"The adoption by the Commissioner of a survival price will help continue to guarantee an adequate supply of reasonably priced milk for the millions of consumers of New York State.

"The Commissioner has ample, tested authority under the state's Rogers-Allen Act to establish a survival price for milk producers in order to insure an adequate supply of this essential and highly perishable commodity. The New York State Legislature by statute originally enacted in the 1930s gave the State Commissioner of Agriculture and Markets the authority and the mandate to establish survival prices for the milk of New York dairy farmers. Milk orders have been in effect in Western New York continuously since 1938.

"There is no economic reason why the adoption of the survival prices requested will have any adverse impact on consumer

prices. There has been no decrease in the retail price of milk paid by New York consumers over the past year despite the sharp decline in prices paid to dairy farmers. In fact, the retail price of milk has risen in some areas; the proportion of the retail price paid to farmers has declined sharply; and the proportion going to retailers in the distribution chain has risen substantially.

"Given this structure of the retail price of milk, a minor change at the farm level should have no measurable effect at the check-out counter. Moreover, the failure to adopt a survival price will result in widespread farm failures followed by a decline in supply and a significant shortage that will cause prices to consumers to rise.

"Our request for desperately needed emergency action is in keeping with the long-established public policy of the state to insure order in an agricultural sector deemed essential to the state's economy and to the public wel-

fare. The proposed survival price will be lower than the actual cost of production of many farmers. It will be in effect only for 12 months and will sunset automatically unless the Commissioner makes another finding of an urgent need to continue or modify it."

RCBA is a specialized bargaining entity set up for the purpose of petitioning the Commissioner under the Rogers-Allen Act. Its membership consists of the Regional Cooperative Marketing Agency, Inc. (RCMA), a cooperative corporation whose membership, in turn, embraces approximately 22,000 dairy farmers in the northeast.

Following today's filing, the Commissioner must give notice of public hearing. Following the public hearing, if the Commissioner makes a favorable recommendation on the petition, a period of public comment then must follow before the Commissioner can rule. The decision-making process could last several months.

N.Y. Ag Agencies, Officials Support RCMA Efforts

ALBANY, N.Y.— The Regional Cooperative Marketing Agency's (RCMA) efforts to raise prices for dairy farmers have gained endorsements from several important sources.

New York's Joint Commission on Dairy Industry Development, several New York State legislators, the New York Farm Bureau Dairy Committee and the Grange have expressed support for RCMA's efforts to provide an economic safety net for the state's milk producers, RCMA Executive Director Carmen L. Ross reported to the Board of Directors during a meeting March 8 in Albany.

Support focuses on a petition to Richard T. McGuire, state commissioner of agriculture and markets, which requests that he establish a statewide marketing order to set minimum prices on milk by using his authority granted under the Rogers-Allen Act. The petition was filed last month by the Regional Cooperative Bargaining Agency (RCBA), an organization in which RCMA is a member.

The commissioner has begun the legal steps necessary for acting upon RCBA's petition, Mr. Ross reported. On March 5, he sent out notice of the petition. Interested parties have until March 22 to submit additional proposals to the commissioner. After that date he is expected to announce the hearing.

RCMA is working with many persons and organizations to arrange expert testimony for the hearing on the plight of the state's dairy industry. The hearing is a crucial step in the process, because the commissioner's decision on minimum milk prices must be based on information presented at the hearing.

The RCMA Board of Directors was also informed that directors of Upstate Milk Cooperatives Inc., an RCMA member which had expressed opposition to the Rogers-Allen petition in Western New York, had voted at a special meeting to endorse the RCBA's Rogers-Allen petition in concept. Upstate and Niagara Milk Cooperative Inc. are expected to submit to the commissioner of agriculture a petition for the Western New York Milk Marketing Order. This petition should complement the RCBA petition.

RCMA is encouraging its members to write to elected officials to urge them to notify the commissioner that they support RCBA's petition and to urge the commissioner to act as rapidly as possible. "Dairy farmers need help in the form of higher prices, and they need them now," Ross said.

RCMA directors also voted to endorse the concept of federal legislation that would freeze Class



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