

# Farm Bureau Recommends Improvements For Dairy Industry

SCRANTON (Lackawanna Co.) — A representative of the Pennsylvania Farm Bureau testified before U.S. Sen. Arlen Specter and U.S. Secretary of Agriculture Dan Glickman on Feb. 10 at a hearing held at Keystone Junior College near Scranton.

On behalf of the PFB, Harold Moyer of Wyalusing offered several recommendations to improve the future of the dairy industry, especially in light of the recent record plunge in farm milk prices.

PFB represents 26,625 farm and rural families statewide. Moyer is a dairy farmer and serves on PFB's State Dairy Committee.

Referring to the 27 percent drop in the Basic Formula Price (BFP) for milk between last September and December, Moyer said, "The financial strain that roller coaster prices are putting on many Pennsylvania dairy producers is real."

While milk price projections are optimistic for the remainder of 1997, Moyer said, "... many producers are still facing serious financial stress with the lower prices now being experienced."

Attention has recently been focused on the activities of the National Cheese Exchange in Green Bay, Wisconsin. The Exchange trades an estimated one percent to

three percent of U.S. cheddar cheese production, yet it has a direct impact on pricing over 90 percent of the nation's milk supply.

Prices on the Exchange underwent the largest drop in history last October following a period of record high prices.

"Producers have legitimate concern about the effect of the National Cheese Exchange lowering the price of milk too fast and too far for market conditions," said Moyer. "Recognizing this concern, Farm Bureau requested action (last November) to be taken to help stabilize producer prices."

Moyer commended Secretary Glickman for responding quickly and favorably to many of Farm Bureau's requests including making advance school lunch purchases of dairy products, purchasing \$5 million worth of cheese for domestic food programs and increasing the flow of dairy products into international food assistance programs. Glickman also announced last month that USDA's National Agricultural Statistics Service would begin collecting data on cheddar cheese prices received by manufacturing plants across the nation as a way of having a more accurate source of discovery for

the cheese price.

Moyer pointed out that "The dairy industry has a stake in its own future as USDA has been given a mandate to consolidate Federal Milk Marketing Orders and is open to consider other possible changes in the way milk is priced."

Addressing Secretary Glickman, Moyer said, "Pennsylvania Farm Bureau believes that our greatest opportunity to not only address current concerns, but also our long-term competitiveness in the Northeast, is for you to provide the necessary environment for producers to come together and bargain for the best possible price that markets will allow."

To accomplish that, Farm Bureau is recommending that the future consolidated Northeast Federal Marketing Order include all current federally unregulated areas in the region. "It is time for everyone in the Northeast dairy industry to play by the same rules," Moyer said.

Currently, three separate federal orders control milk marketing in parts of Pennsylvania while the largest geographic portion of the state is regulated by the Pennsylvania Milk Marketing Board.

"The disruption in markets created by the current patchwork of regulations is costing Northeast producers premium dollars that the market could provide with more uniformity," Moyer said.

The differences in prices set for milk in various parts of the United States is also an important issue to Northeast dairy farmers, Moyer said. He pointed out a Cornell University study showing conclusively that milk has value based on the location of milk production, processing and consumption.

"We recommend the Secretary (of Agriculture) give full consideration to this study..." Moyer said. "Northeast producers should be allowed to benefit from producing milk where it is needed."

Moyer noted that Farm Bureau is encouraging consideration of changes in the calculation of the Basic Formula Price for milk.

"More price stability is needed for many producers to survive," Moyer said. "Changes that would provide an accurate price discovery and less volatility is a tall order." Stability would eliminate not only the bottoms, but also the peaks of price swings. "We as pro-

ducers need to recognize the trade-off," Moyer said.

Farm Bureau also strongly supports the nationwide adoption of what is commonly known as the "California Standards" for solids in milk. "Producers across the country know higher solids in milk would be well accepted by consumers and would create a greater utilization of our product," Moyer said. "Adoption of higher solid standards would require no expenditures of government funds and would greatly enhance producers' prices."

The final issue addressed by Moyer concerned the North

American Free Trade Agreement. "The NAFTA agreement was signed without Canada opening its dairy markets," he said. "Canada needs to be brought back to the negotiating table and (to) truly address free trade in the dairy industry."

"Freer markets and trade will continue to bring challenge and opportunity to all dairy producers in the Northeast," Moyer concluded. "If we're provided the necessary changes to allow us to take full advantage of the marketplace, we can meet those challenges and welcome the opportunities."

## Partnering Strengthens Agriculture's Future

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should be kept in mind when farm partnerships are formed.

A Siskel and Ebert version on the economy was portrayed with a debate between Dr. Barry Flinchbaugh, professor of ag economics at Kansas State University and Dr. Mark Edelman, economics professor at Iowa State University.

The two bickered back and forth about the pros and cons of raising taxes, raising interest rates, and dealing with inflation.

Edelman was a former student of Flinchbaugh and the two often contested economical issues and have since used their debating skills to help audiences understand both sides of economic issues.

Using the same charts, the two interpreted the figures differently. Flinchbaugh believes that interest rates should be raised now to solve the inflation problem. Edelman believes inflation isn't high enough to worry about and is largely due to energy trends. He foresees higher interest rates having a dampening effect on agriculture.

Both agreed that the national deficit problem has not been solved and that something must be done immediately to lower increases in social security and medicare and medicaid expenses to prevent financial disaster later.

"If ag will prosper in the next decade it has to be through exports and can not improve through U.S. consumption, which is the result of dwindling population," Flinchbaugh said.

"Exporting is the greatest success story in agriculture. While other industries are importing more and more, ag is exporting more and more," he said. The figures show \$32 billion imports in agriculture compared to \$60.1 billion in exports.

Although Flinchbaugh painted an excellent picture for agriculture's trade, Edelman gave a thumbs down on the benefit of overall trade. He said, "International trade has much more risk than our own (U.S.) markets. . . . The trade picture looks excellent, but the political picture does not. The China market could go to

nothing tomorrow."

John Blanchfield, ag manager for the American Bankers' Association, talked on how political decisions will affect agriculture. He believes agriculture is in excellent shape because in 1996, ag assets reached \$1 trillion compared to a \$155 billion debt load.

With the government offering no guarantee to bail out farmers if prices drop, Blanchfield said that the decision shows that "The best decision maker is the farmer, not Uncle Sam. The opportunity is to exceed to your highest dreams or fail miserably. The no guarantee attitude is what has made this government great."

Blanchfield gave a top 10 list of signals and changes for agriculture, many of them centering on trade. He also see major changes to the conservation reserve program, which is pushing for more land to be incorporated into the Chesapeake Water Shed and encouraged farmers to look more into the issue.

The Internal Revenue Service has agreed to wait a year to mandate that income from a crop that is grown and harvested must be reported the same year and not held over another year for tax purposes.

"Expect to see federal intervention in the cheese exchange. Instead of riding in with money, the government will ride in with regulators," Blanchfield said of milk prices.

He also warned against the "interesting" ways of selling crops that have surfaced. Remember the adage, "If it sounds too good to be true, it probably is," he said.

H. Louis Moore, agricultural economist, gave his ag outlook for 1997, which has been written about in previous issues of *Lancaster Farming*.

Other speakers included Andy Young, state FFA president, who told how FFA has changed in recent years but continues to teach impart strong leadership skills to youth. Jimmy Mullen, county 4-H ambassador, spoke on the ongoing need for farmland preservation programs to insure farms today are here for tomorrow's future.

## Adams Holstein Board Advances Program Plans

GETTYSBURG (Adams Co.) — Plans for a spring tour, a follow-up report on membership enrollment, and the approval of an operating budget for 1997, topped the agenda at a meeting of the board of directors, Adams County Holstein Association, held Saturday evening at the Landing Restaurant in Hanover, Pennsylvania. President Kevin Holtzinger presided.


Membership Chairman Marvin Brown reported a current total of 58 members enrolled, 12 short of goal for the club. Persons interested in supporting this dairy industry organization through membership are encouraged to call him at 359-7700 or call Kevin Holtzinger at 259-7211.

Breed Improvement committee chairman Todd Gulick supported his suggestion of a dairy tour to Franklin County by presenting a list of Holstein breeders as possible hosts. Contacts will be made with the farmers and arrangements

made for transportation and lunch. An early April tour date is desired.

Treasurer Dean Lobaugh presented a proposal to provide insurance coverage for the Dairy Princess program. This was adopted on action by the board. President Holtzinger reviewed the proposed operating budget for the current year, reflecting an increase for the Dairy Princess/promotion programs and a doubling of the funds to be awarded in the club's scholarship program. This was adopted with minor modifications.



Looking ahead to the next annual meeting, Phil Van Lieu offered information on optional meeting places. The board voted to hold this event at the community firehall in Harney, Maryland, on Tuesday evening, October 21, 1997. State Director Marvin Brown reported that the South-central Championship Show will be held on Saturday, August 9, 1997, at the fairgrounds in Shipensburg, PA.



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