

FARMERS AND FARM PRODUCTION

The various dairy products differed considerably in rate of utilization through the different outlets. For example, whereas only 17.7 percent of all butter bought was moved through commercial sales channels, 24.9 percent of all cheese was so disposed of and 31.8 percent of nonfat dry milk (Table 3). Noncommercial sales of butter also were relatively small compared to the movement of cheese and nonfat dry milk. On the other hand donations of butter to both domestic and foreign recipients accounted for more than one-half of all purchases. The same holds for cheese, whereas only slightly more than one-third of all nonfat dry milk was so disposed of.

It is not surprising, rather it is to be expected, that transactions involving the movement of surplus products will show financial losses. The purchase of surplus products presupposes supplies in excess of the amounts the market will absorb at specified or given prices. And unless some production calamity overtakes the industry or special markets (and prices) develop because of some other type of calamity, such as war, these products ultimately must be moved into consumption channels at lower prices than those at which the commodities were taken off the market.

Table 3.—METHOD OF DISPOSITION OF DAIRY PRODUCTS BOUGHT:
JAN. 1, 1949, TO MAR. 31, 1956

Method of disposition	Butter	Cheese	Nonfat dry milk solids
	Percent 100.0	Percent 100.0	Percent 100.0
Total.....			
Commercial sales.....	17.7	24.9	31.8
Noncommercial sales.....	4.1	11.5	20.1
Transfers to other agencies.....	21.7	8.7	3.2
Donations.....	56.5	54.9	35.9

The losses experienced in the sale of purchased dairy products were the lowest in 1951-52, the first full year of the "Korean Incident" (Table 4). The year of the largest loss was following the end of the "Korean Incident" when demand for the greater supplies dropped and market adjustments for producers were most severe. The total losses in handling surplus dairy products to the equivalent of nearly 33 billion pounds of milk amount to slightly more than 25 cents per hundredweight, or about 1 cent per hundredweight of milk produced.

Table 4.—METHOD OF DISPOSITION OF SUPPLIES BOUGHT, BY KIND OF DAIRY PRODUCT, BY CALENDAR YEARS: 1949 TO 1956

Method of disposition	1949	1950	1951	1952	1953	1954	1955	1956	Total	1949-56 percent distribution
Butter (million pounds)										
Commercial domestic sales.....	2.6	113.3	26.8		3.7	21.4	2.7	0.9	171.4	14.9
Salvage.....					.3				.3	
Commercial sales exports.....						1.7	14.7	12.1	28.5	2.5
Noncommercial exports.....		5.5				11.4	28.6		43.5	3.8
Transfer to International Cooperation Administration.....						9.1	3.6	2.3	15.0	1.3
Transfer to sec. 32.....	15.0	4.2			71.0	36.0		37.1	163.3	14.1
Transfer to U. S. Army.....					16.1	29.7	41.4	5.6	91.8	7.9
Transfer to Veterans' Administration.....						.9	2.7	.7	4.3	.4
Donations—sec. 416, Domestic.....		36.4				77.2	95.1	1.4	210.1	18.2
Foreign.....		37.9			28.1	130.5	173.9	50.3	425.7	36.9
Total.....	17.6	197.3	26.8		118.2	317.9	265.7	110.4	1,153.9	100.0
Cheddar cheese (million pounds)										
Commercial domestic sales.....		25.7	7.9	1.1	5.3	119.9	8.7	0.6	169.2	22.6
Exports.....						.3	4.0	3.7	8.0	1.1
Noncommercial exports.....		71.9	.8		.5		6.8		80.0	10.7
Transfer to International Cooperation Administration.....						4.1	16.0		20.1	2.6
Sec. 32.....					17.4	10.7		20.4	66.5	8.9
U. S. Army.....						1.3	2.2	.4	3.9	.5
Donations—sec. 416, Domestic.....		20.5				58.0	71.3		149.8	20.0
Foreign.....		8.5			14.3	78.9	118.0	32.1	251.8	33.6
Total.....		126.6	8.7	1.1	37.5	282.2	227.0	66.2	749.3	100.0
Unsold supplies, Mar. 31, 1956.....								228.2		
Nonfat dry milk (million pounds)										
Commercial domestic sales.....		30.8	31.5	19.5	0.1	4.4	1.3	0.4	88.0	3.2
Animal feed.....		10.0	17.5	7.4	2.5	573.3	15.6	6.4	637.7	23.6
Exports.....		2.7	5.9			2.2	89.0	25.2	125.0	4.6
Noncommercial exports.....	140.8	187.1	88.5	20.2	90.2	142.9	75.3		749.0	27.7
Transfer to International Cooperation Administration.....						11.6	15.5		27.1	1.0
Sec. 32.....	15.4	4.0	1.4	9.5	7.5	4.2		29.0	71.0	2.6
U. S. Army.....				5.9	6.8	.1	.3	.1	13.2	.5
Donations—sec. 416, Domestic.....		12.4	11.0			56.5	71.3		151.2	5.6
Foreign.....		71.2	54.6		79.9	189.3	365.3	88.5	845.8	31.2
Research.....					.1		.1		.2	
Foreign Agriculture Service.....							.1		.1	
Total.....	156.2	318.2	205.4	62.5	196.1	986.5	633.8	149.6	2,708.3	100.0
Unsold supplies, Mar. 31, 1956.....								46.4		

The difference between the total quantities purchased and the total quantities disposed of after making allowance for stocks in inventory, may be attributed primarily to the fact that purchase contracts provide for a 2 percent tolerance with the result that the quantities delivered to the C. C. C. may be somewhat more or less than the contracted quantities.