HONEY PRICE SUPPORT PROGRAM

Honey was included in the Agricultural Act of 1949 as one of the nonbasic commodities to be supported at a level between 60 and 90 percent of parity. The program has worked quite well for the industry and generally beekeepers feel that it has given a degree of stability to the industry whether it was used or not.

Table III shows that beekeepers generally have made very little use of the price support program. Small quantities have been placed under loan and even smaller quantities acquired by CCC. The take-over honey has been disposed of primarily through the National School Lunch Program with very little difficulty. The greatest activity in terms of CCC take-over honey took place in the initial 3 years after the implementation of the program. Table III shows that during the 13 year period from 1953 to 1966 only very small amounts were delivered to CCC in 6 years, and no honey was delivered in the remaining 7 years. During this period the support rate ranged from a low of 60% to a high of 75%. This percentage, translated in cents per pound on a national average, set support prices from 8.3 to 11.4 cents per pound. The 1968 price support program set the support on honey at a national average of 67% of parity.

These figures by themselves would suggest that the honey market in the United States is not distressed. If the market was distressed and beekeepers were plagued with price depressing imports and high costs, why doesn't the price support program absorb more honey? We sought this information from the commercial honey producers themselves.

HONEY PRODUCER ATTITUDE TOWARDS THE PRICE SUPPORT PROGRAM

A good number of beekeepers do not understand the mechanics of the program and generally do not want government assistance unless absolutely necessary. A great majority favor the program whether they use it or not. Their comment indicates that they feel like the program is good insurance against disastrously low prices. It is also a good place for a quick loan at low interest, and an opportunity to hold their honey until a better market develops, or delivery to the CCC.

Quite a number of beekeepers reported that they would rather sell to a cash buyer if his price is near the loan figure. Beekeepers say that when freight, loan service charge, loss of containers and other charges incidental to doing business with the government is figured he can afford to take 1 to 1½ cents per pound less money for his honey at his warehouse when containers are exchanged. This means that white honey selling for 11½ cents in the West and 11.9 cents in the East would be approximately the same price as honey delivered to CCC, and the beekeeper feels that he is operating without help from the government. Since honey price support loans are unavoidably expensive, the net returns for beekeepers delivering honey to CCC is considerably less than 67% of parity.

Selling for cash, which nets about the same as a price support loan, and the desire to operate without government help seems to be the main reasons beekeepers have not used the loan program more. This means that under present condition commercial beekeepers have been netting about 60% of parity and this is definitely a distressed figure.

The average price of imported honey in 1967 was 11 cents per pound duty paid at port. (See Table V). Add freight costs and we have a sales figure close to the market of our own domestic honey. This is a strong indication that the domestic beekeepers are meeting the imported price. This would also explain why imports remain as low as they are.

IMPORTS DEPRESS OUR MARKETS

When discussing the honey import problem, officials in the Department of Agriculture have repeatedly stated that imports have not materially affected our price support program and that so far honey exports have exceeded imports. Table I does show that exports exceed imports during 14 of the last 17 years. Table III also shows that imports have not materially affected our price support program. But these figures do not tell the full story. Beekeepers are meeting the prices of foreign honey which means that all domestic honey is selling at a distressed level of 60% of parity. This cost price squeeze has caused many of our commercial beemen to quit business or drastically curtail their operations so that no high priced labor would be needed.