

## **CNI** proposal

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regulations extend beyond the authority of the Secretary of Agriculture to regulate the price of milk

Their arguments pack a lot of punch in the current dairy economy where milk prices have far outstriped demand for milk and are being kept high artificially by government supports.

The Commodity Credit Corporation currently is sitting on mountains of milk powder which it must purchase to keep milk prices

CNI states it less kindly "Present Class I price levels are inflationary, cause consumer rebellion, and are detrimental to the producers whom the Orders are sup-

USDA in its decision.

The first would be to continue current policy without a change in the Orders Most dairy groups and farmer organizations have urged members to support this route.

The second would be to adopt the CNI proposal. This would eliminate the down allocation and compensatory payments now required when handlers use milk reconstituted for fluid use

In effect, the milk so used would be in a lower price class. But only products made from nonfat dry milk would be reclassified.

The all milk price would be about 12 cents per cwt lower nationally with a range from 64 cents lower in the Southeast to unchanged in the Southwest

Government expenditures would be reduced about \$55

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million, or 15 percent, compared to the farmers' loss of cash farm receipts of between 1.3 and 5.7 percent depending on location. In this area the estimated loss would be 2.1 percent.

Consumers would save about \$55 million, or one-half of one percent of their expenditures.

Taste tests conducted in many parts of the country

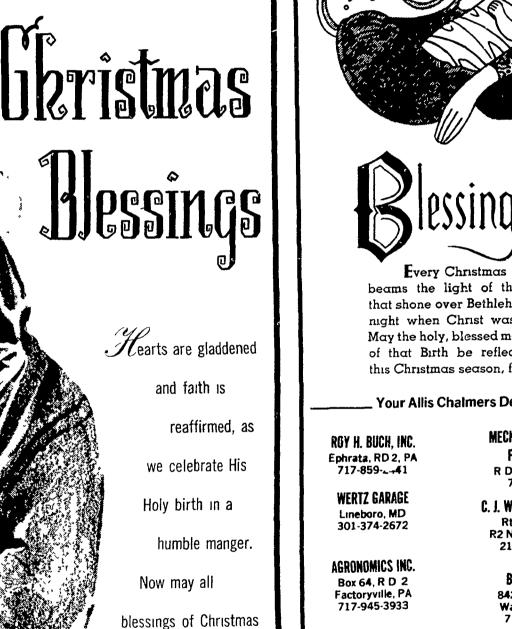
show the consumer would not notice the taste difference between the fresh and reconstituted product.

After three years under the CNI proposal, milk production would be down 775 million pounds nationally, while con-sumption would be up 423 million pounds, USDA economists say.

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## Lancaster Farming, Saturday, December 20, 1980–D21



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