

VOL. 30 No. 36 Four Sections Lancaster Farming, Saturday, July 13, 1985 \$7.50 per Year

# House Committee approves dairy provisions

## Farm Bill title grants diversion authority, ties price supports to production costs

BY JAMES H. EVERHART

WASHINGTON — The House Agriculture Committee has passed a controversial dairy title as part of its 1985 Farm Bill package, which is now nearing completion.

The title, very similar to the National Milk Producers Federation "dairy unity" proposal, was passed by the committee Tuesday as it struggled to complete its "markup," or final preparation of the Farm Bill it will present to the full House.

The measure, if approved by Congress, would place the legislators on a collision course with the Administration over a number of points of national dairy policy.

Specifically, the measure includes:

• **Stand-by diversion authority.** In a program similar to the one which expired April 1, the legislation would authorize USDA to institute a diversion program if government purchases exceed five billion pounds equivalent, and would require a diversion plan if purchases reached seven billion pounds.

As with the previous program, producers would be paid \$10 a

hundredweight to reduce their marketings, and would sign a two-year contract. The Secretary would also have the authority to accept bids at other payment rates under a 100-percent buyout plan.

In the event that a diversion program is placed in effect, producers would be required to pay an assessment sufficient to fund the cost of dairy programs on all milk produced above the five-million-pound-surplus level. Current figures place the assessment at 40 cents a hundredweight.

• **Price supports.** Each year, the Secretary of Agriculture would compute a preliminary support price, based on changes in cost of production, as compared to a base year.

If projected government purchases at this price level are expected to exceed four billion pounds of milk equivalent, the Secretary is authorized to reduce the support figure by 2.6 percent for every additional one billion pounds of surplus, up to a maximum of 7.8 percent.

For the current marketing year, it is estimated the formula would produce a support level of about \$11.74 a hundredweight.

• **Marketing orders.** Within 120 days of the enactment of the legislation, the Secretary of Agriculture would be required to raise the differentials in 33 marketing orders. This provision, which establishes those figures by law, is designed to assure adequate supplies in the Southeast.

The bill also would permit milk handlers who provide market-wide service in marketing orders — such as moving milk into deficit areas — to get service payments which have the effect of spreading servicing costs among all farmers supplying a marketing order area.

• **Dairy Research.** The bill would create a National Dairy Research Endowment Institute which would conduct research on nutritional needs for dairy products and on ways to develop new dairy products.

• **Livestock Industry Protection.** In order to prevent adverse impact on livestock producers, USDA will be permitted to purchase an additional 200 million pounds of meat, whenever a dairy diversion program is in effect.

The purchases, which would be donated to domestic food assistance programs, are designed

to offset the effect of the additional numbers of dairy cows sent to slaughter.

• **Imports.** Within 60 days of the enactment of the bill, USDA would be required to conduct a study to determine whether imports of casein interfere with or render ineffective the current price support program.

The Reagan Administration has been critical of a number of bill's provisions in the past, especially the diversion plan and the price support program.

One official noted that the plan would virtually guarantee a "permanent dairy diversion program."

Purchases in 1984, when the diversion program was in effect, topped eight billion pounds, a definite improvement over the

previous year's 16 billion pounds. This year, purchases are expected to reach 10 billion pounds.

The Administration has also called for more market-oriented policies, and proposed sharp reduction of dairy price supports over the first few years of the new farm program.

In other Farm Bill action, the Committee late this week approved Wool, Conservation, Credit and Research titles with relatively few amendments to subcommittee proposals.

The Conservation title included the key reserve and sodbuster provisions, while a proposal added to the Credit title is designed to prevent the USDA from "dumping" large amounts of farmland on the market through foreclosures.

**Sign-up deadline is July 17**

# DER kicks off Bay Program

BY JACK HUBLEY

LITITZ — Department of Environmental Resources Secretary Nicholas DeBenedictis came to Lancaster County yesterday to

officially launch the joint state-federal \$2 million Chesapeake Bay cleanup effort.

Meeting at the J. Roger Moyer farm, Lititz, with the Conservation

District chairmen from the six southeastern counties encompassed by the program, DeBenedictis signed contracts that make \$1 million available for instituting the so-called Best Management Practices.

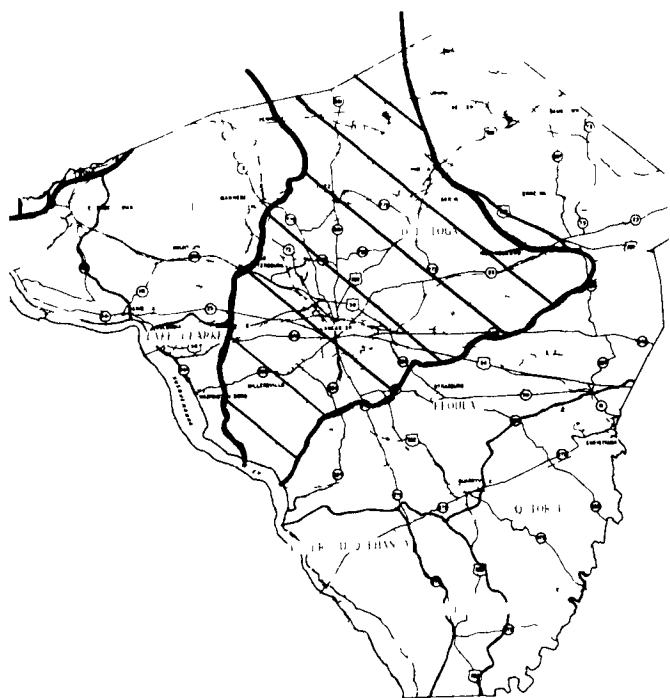
Installation of BMP's at the farm level is aimed at managing farm-related nutrients in an effort to keep excess nutrients from reaching groundwater supplies, streams, rivers and ultimately the Chesapeake Bay.

"Farmers can improve production and at the same time reduce nutrient costs by using animal wastes in a balanced program with chemical fertilizers," the Secretary pointed out. "Through the new cost-sharing program we hope to save the Chesapeake Bay while Pennsylvania's farmers save money."

The remaining \$1 million is earmarked for three other phases of the program including education, a nutrient management assistance program at the local level involving a mobile nutrient testing lab, and a water quality monitoring program for the lower Susquehanna basin aimed at evaluating the program's overall progress.

DeBenedictis emphasized that the department is pleased with response to the voluntary program thus far, with 77 farmers in the six eligible counties completing ap-

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Farms lying within the crosshatched areas shown are eligible for cost-share funds available through the Chesapeake Bay Program. Funding may be available within a year for the Pequea and Octoraro watershed areas.

## INSIDE this issue

### Cow Sales, Show Dairy Marketing

It may be vacation time, but the area's dairy producers still manage to find time for shows and sales. This week's edition includes coverage of two outstanding sales — the Ray Anthony sale in Meadville and the July Jubilee in Erie County — and the Northwest Pennsylvania District Jersey Show in Mercer. Turn to page A25 for the sales and page A33 for the Jersey show.

Recognizing the importance of marketing in today's dairy industry, Lancaster Farming this week inaugurates a special new feature on dairy marketing. Coverage this week includes stories on the effectiveness of dairy advertising, a history of price supports and stories on prices. Turn to page A32 for this new feature... and look for it in succeeding issues



Have you seen this Jersey lying on the grassy bank of the Brandywine? For more about her, turn to page A26.



There's more to Australia than kangaroos and aborigines. Read about farm life in the southern hemisphere on page A18.