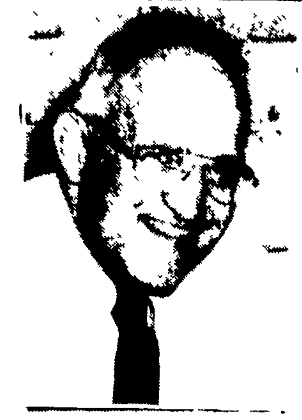
The Milk Check



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All but one of the provisions of the Dairy and Tobacco Adjustment Act of 1983 have been completed, including support price adjustments, Commodity Credit Corporation purchases, a diversion program and a mandatory national milk promotion program.

The only one left before the legislation expires on September 30 is a referendum of all producers to decide if the promotion program should be continued. All producers shipping milk during April 1985 are eligible to participate.

Cooperatives can bloc-vote their membership but must also send each of the members a ballot to use if they want to vote contrary to their co-op vote. Producers who are not members of a cooperative must pick up a ballot at their county ASCS office and mail it after August 1 and before August 20 in the postage-free envelope provided.

If a majority of producers voting are in favor of the promotion program it will be continued. Otherwise it will expire with the rest of the Act in September. If it is continued after September the Secretary of Agriculture may conduct another referendum at anytime but must have one if requested by a representative group comprising at least 10 per cent of all the producers.

Everything to date is on schedule with all the bloc voting coops mailing ballots to their members. Lehigh Valley is the only major coop in Pennsylvania not bloc-voting in favor of continuing the promotion program.

Proprietary handles have sent informational leaflets provided by USDA to their shippers notifying them that they must pick up ballots at the ASCS office if they want to vote. They cannot be mailed to the producer from the ASCS office.

Ballots have been available since July 15 and must be mailed between August 1 and August 20 to the Agricultural Marketing Service of USDA. Only one vote per farm unit is allowed. A toll-free hotline is available for anyone who has questions. The number is 1-800-423-7206.

Not the First Time

This won't be the first time for a referendum on milk promotion in Pennsylvania and everytime in the past it has been defeated. The reasons for defeat varied between groups and individuals. In the past some objected because it was voluntary and some because it was mandatory.

Some felt they couldn't afford it while others insisted it should include brand advertising. Some thought the dealers should pay for it while others felt it would never get done without the producers. Some called it a milk tax while others felt it was a contribution toward salvation.

This time however it isn't just Pennsylvania producers who are voting but Pennsylvania, and every other state, will lose a lot of promotional funds if it is defeated. Nationally farmers are paying $198 million toward promotion and advertising but only $82 million of that goes through the National Dairy Promotion and Research Board to be spent by the 36 farmer-members who hve been chosen by their organization to sit on the Board of Directors.

Every milk producer contributes 15 cents a hundred to the total advertising and promotion program but up to 10 cents of that can be diverted to local programs. That's why the national board gets only about 40 per cent of all the 15-cent contributions.

Here in Pennsylvania and New York we send even less than 40 percent to the national because Federal Orders 2, 4 and 36 all get 10 cents from most of the producers in addition to $100,000 going to the Pennsylvania Dairy Promotion Servics.

New York has a single statewide program that is funded now from the national collections. My point is that most of the money from your 15-cent contribution is now going into local promotions that would be curtailed or eliminated if producers fail to approve the national program.

Is It Worth It?

The National board was organized a year ago in May and their promotional programs were started only eight months ago. In that short time it's hard to make accurate evaluations of the effectiveness of the promotion.

Surveys of consumer attitudes toward the use of milk and dairy products indicate real progress toward increased consumption. For instance, adults who said they drink milk everyday increased nine percent. Those who reported using butter every day increased 30 percent. There are a lot more examples like this indicating that the program works in changing consumer attitudes toward dairy products.

However, it will take more time and effort to get the hard, economic impact of the promotions but his has already been started. It will be a first on a national scale for a producer program but is necessary to know how your funds can be spent most effectively. This evaluation program, already started, will be one of the great losses if the promotion program is not continued for at least another year to really get the answer to the question "does dairy advertising pay?"

Something Needed

Whether it's a promotion program or a price support program dairy farmers need something to keep prices up in face of runaway produciton. It's not just increases in production over last year but record high numbers never seen before.

In May you produced more milk nationally than ever before in a single month. It was a five percent increase over last May but Pennsylvania went one better with six percent and New York had four.

The increased production was reflected in a Minnesota-Wisconsin price of $11.20 in June that was 26 cents under May; a dollar less than February; $1.50 below last November and the lowest since August 1979.

Worse than that it was even 11 cents under the support price. The blend price for June in Order 2 dropped 31 cents below May to $11.47 including another five cent loss to the Producer Settlement Fund for lack of a NEDCO payment. The $11.47 blend price is 82 cents less than last year so how come everyone is producing so much more milk?

Dairy Marketing

One of the reasons is that 50-cent assessment you were paying a year ago but not now. That cuts the difference in the farm price down to only 32 cents less than last year.

With feed prices falling almost as fast as farm milk prices it's apparent that most farmers feel it's profitable to produce more milk. This is likely to continue until milk prices drop faster or further than feed prices; feed prices increase for any reason; dairy product consumption increases dramatically; producers finance a supply control program; Congress provides a safety net for milk producers in the next farm bill or a combination of any or all of the above.

'84 Commodity programs cost $6.6 billion

WASHINGTON – The federal government paid nearly $6.6 billion in commodity program payments in 1984 with 61 percent of that amount going to the 95 percent of the program participants who received less than $25,000 each, according to U.S. Department of Agriculture figures.

Assistant Agriculture Secretary Robert L. Thompson said only 5 percent of the payees under all 1984 Agricultural Stabilization and Conservation Service programs received more than $25,000, but they accounted for 39 percent of the total amount paid under the programs.

He said the figures also show that nearly 90 percent of all program payments went to wheat, feed grains, cotton, rice and dairy producers; yet these commodities accounted for only 31 percent of the total cash receipts from farming in 1984.

Thompson said the program payments were distributed as follows:

Cotton–Eighty-eight percent of the total cotton program payees received less than $25,000 each and accounted for 44 percent of the total cotton deficiency payments, while 12 percent of the payees received more than $25,000 each and received 56 percent of the payments.

Rice–Similarly, 78 percent of the rice program payees received less than $25,000 and accounted for 35 percent of total rice deficiency payments, while 22 percent received over $25,000 each and accounted for 65 percent of the payments.

Wheat–Nearly 99 percent of the wheat program payees received less than $25,000, amounting to 85.5 percent of the total wheat deficiency payments, while a little over 1 percent of the payees received more than $25,000, totaling 14.5 percent of the payments.

Corn–And, similar to the wheat figures, 98 percent of all corn program payees received less than $25,000 and accounted for 84 percent of the total corn deficiency payments, while only 2 percent of the payees received more than $25,000 and accounted for 16 percent of the total payments.

Dairy–Seventy-five percent of all milk program payees received less than $25,000, totaling 38 percent of total payments; 25 percent of all payees received more than $25,000 while accounting for 62 percent of total payments.

Wool–Over 99 percent of all wool program payees received less than $25,000 each and accounted for two-thirds of the total wool payments, while less than 1 percent of the payees received more than $25,000 each, amounting to one-third of all the payments.

Thompson also said that 1983 USDA figures–the most recent data available–show 72 percent of all farms had annual sales of less than $40,000 and received 22 percent of total government payments, while the 12 percent with sales of over $100,000 received 45 percent of total government payments.