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Block hits Congress on Farm Bill progress

BY JAMES H. EVERHART

WASHINGTON — Agriculture Secretary John Block has thrown down the gauntlet to Congress, and promised not to accept interim measures if the legislators fail to pass a farm program by the time current legislation expires Oct. 1.

"Why keep something that is losing markets for farmers, driving up food costs without really addressing the problem?" Block said in a telephone news conference with agriculture editors this week

Block listed a number of provisions in the "working versions" of the House and Senate bills that were not acceptable to the Administration. Right at the top of the list was the dairy title passed by the House Agriculture Committee:

"The House dairy diversion program is unacceptable It would impose a cruel compulsory assessment, a tax on dairymen that would take $1 billion to $2 billion out of dairy farmers' pockets.

"It would incur surpluses through higher price supports, going up to around $13, it appears, by the year 1990. And it would distort relationships between areas of the country.

"It would cost the taxpayers $1 billion a year, and, within five years, it would raise consumer milk prices 18 cents a gallon, cheese prices by 36 cents a pound, and butter by 31 cents a pound.

Block said he found the Senate version, on the other hand, much easier to live with.

"The Administration likes the form, direction and design of the Senate plan," said Block "However, in the Senate plan, to really get the job done, there should be a cut in price support in 1986.

"To waste the whole year of 1986 and do nothing, when we're spending $2 billion a year taking on product, is really unacceptable So we need a cut in '86, but the way they're doing it makes sense "

The complete farm package under consideration in the House and Senate, Block said, would cost more than $50 billion over the next three years.

"Those are budget-busting figures, exceeding the $35 billion in the budget resolution substantially."

Block did credit the work of Senators Robert Dole and Jesse Helms, and Congressman Kika de la Garza in attempting to resolve the impasse over farm policy

The USDA secretary also said the adminstration would not accept mandatory controls on production, or the fashionable marketing loan concept that has caught the fancy of many on Capitol Hill.

"The budget exposure would be tremendous with a program that would allow farmers to take out loans at one price and pay off the loan at the market price," Block said "Marketing loan programs effectively tend to funnel all the grain through the loan program That's not a good idea either, if we're trying to move government away "

Block also said the Administration would not accept price supports based on a cost of production formula.

"Everyone says, 'well that makes sense, why not?' Everyone's cost of production is different Costs between regions, for instance. And in this type of program, supports are based on the higher range of costs, which would encourage surpluses.

"We need to price our products to sell. Price them with the market, not with some economist's plan figuring out cost of produc-

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Western Holstein Championship

Ed Doeberiener's Leadfield Telstar Linda-ET captured the grand championship of the Western Pennsylvania Championship Holstein Show. For the story and results turn to page A20.

Experts paint gloomy picture at dairy outlook meeting

BY JAMES H. EVERHART

LANCASTER — Lower prices. Increased competition for the consumer's food dollar. Surpluses for the foreseeable future. New production-boosting technology.

The laundry list of potential problems for the dairy industry seems long indeed.

And the likelihood of immediate improvement in any of those areas seems remote, a panel of experts told about 200 dairymen this week at the second of two "dairy outlook" meetings in Lancaster

The meeting was sponsored by Penn State Extension Service; Dairymen, Inc.; Eastern Milk Producers; Inter-State Milk Producers; Kreider Dairy Farms; and Lehigh Valley Farmers. Unfortunately it provided little good news . . and a lot of bad.

Summarized Penn State professor Jack Kirkland, "some people are going to go out of business."

The reasons for the gloomy outlook are virtually the same as they've been for about six months. But the increasing likelihood of a tough new dairy policy and the growing gap between production and "commercial disappearance" means the situation is rapidly reaching the critical stage

Inter-State economist James Fraher lead off the discussion by citing the statistics. Production, he said, has jumped back quickly from the slightly lowered levels of the dairy diversion program.

Milk output in May, for instance, was higher than any May on record, and June production was the greatest since 1947.

In the current year, he noted, it is estimated that the federal government will purchase 11 billion pounds of milk equivalent, fully seven percent of U S production

The large purchases, and the large amount of uncommitted inventory the federal government now holds, will have "quite a negative impact on prices," he said

Politically, added Eastern economist Joseph Mathis, the huge jump in production has hurt the cause of dairymen as the U.S. Congress debates the dairy policy sections of the 1985 Farm Bill.

Currently, Mathis noted, the House and Senate versions of the Farm Bill take separate approaches in their dairy titles. The House version, he said, keeps prices at a constant level, while creating incentives to curtail production.

The Senate Bill, on the other hand, would employ a drop in prices to reduce production.

Neither is really good news for the dairy industry Though the House Bill would maintain prices, it would fund a stand-by diversion plan and excessive government purchases with a producer assessment.

So farmers looking for more money in their milk checks will have a long wait indeed.

Neither proposal will pass as is, Mathis noted, and both will undergo substantial compromise before have a chance to be enacted. A compromise proposal drafted by Rep. Jim Jeffords, senior Republican on the House Agriculture Committee, has some potential, he said.

The Jeffords bill, he explained, would freeze the current price for two years, then allow some price adjustment in 1988. It would also create a whole-herd buyout program and provide discretionary diversion authority.

The only positive factor the dairy industry has on its side at the time, Mathis said, is Congress' reluctance to take more stringent measures at the height of the overall crisis in farming.

Pat Wolff, a legislative aide for the Pennsylvania Farmers Association, added that the failure of both House and Senate to meet budget guidelines for the agriculture package means "everything's going to be up for discussion again."

Ms. Wolff, who admitted that the American Farm Bureau feels more closely aligned to the Senate's version, commented that the proposed diversion package in the House bill "shifts the cost of the program to producers."

The Farm Bureau (of which PFA is a member) has estimated that the various provisions of the bill could result in an assessment of more that $1 — and closer to $1.50.

Earl Fink, executive vice president of the Pennsylvania Association of Milk Dealers, said

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Ag output in 1984 sets Lancaster record

LANCASTER — Lancaster County had a record year of agricultural production in 1984, despite problems with avian influenza, pseudorabies and low prices.

The value of ag products produced in the county rose to $709,644,680, or about $126,000 more than the previous record, set in 1981, and $18 million more than the output in drought-stricken 1983.

All of the increase in 1984 resulted from an outstanding yield in crops, especially corn, which averaged a phenomenal 130 bushels per acre throughout the county, according to county Extention Director Jay W Irwin.

"The record crop year is what made it," Irwin said. "I'm not sure we can surpass it this year."

Production in the county's No. 1 farm industry, dairying, was off slightly in 1984, an apparent reflection of the political and economic forces at work to curb the large dairy surpluses nationwide.

Value of dairy products in 1984 was $211,347,000, down about $488,000 from 1983 and $432,000 from 1982. Cow numbers and production per cow remained almost identical to previous years, said Irwin, adding that the drop in sales was caused mostly by the 50-cent assessment to finance the national dairy diversion program.

Even the county's poultry industry, hard hit by avian influenza, remained the largest in the state. Though the production of broilers, for instance, was down 4.3 million to 39.6 million, the value of the product increased more than $3 million to $53.6 million, apparently reflecting a more favorable price caused by the spread of the virus

Layers and eggs also were up more than $4 million in value, to $102.4 million, even though units were down more than a million to 6.4 million.

Cattle and hog production continued to remain the best in the

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