

## Why the buyout program will work

**INTERCOURSE** — Will the herd buyout program work?

Theoretically, an Eastern Milk Producers economist told a group of producers at the co-op's annual informational meeting.

Joseph Mathis, Eastern's Manager of Economics and Government Relations, stated that the buyout's goal of removing 12 billions pounds of milk from the market can be achieved because it requires participants to stay out of dairying for five years.

During the five years of non-production which are required, the dairy situation will continue to change drastically. New technology will be available which will have to be incorporated and learned. These advances are ones which would normally be incorporated as they became available on the market.

New items such as growth hormones, isoacids, embryo technology, and on-farm ultrafiltration and blanching will be more common. Cropping changes will continue and market conditions may not be attractive due to lower prices and adequate supplies.

To return to the business, a participant would have to reinvest in dairy animals and equipment. Present equipment would need rehabilitation or modernization after disuse for five years. These total costs of restarting after a buyout contract expires are expected to be high enough to discourage reentry in dairying.

In addition, bidders can supposedly expect to be as well off financially outside of dairying, with the addition of a nonfarm income, as in dairying, said Mathis. That's why the dairy herd buyout program will work, Mathis explained.

The dairy herd buyout or milk termination plan is only one segment of the dairy title of a larger bill known as the Food Security Act of 1985. Mathis went

on to highlight the other topics included in the dairy portion of this bill.

One provision provides for a study to determine if casein imports interfere with the support price program.

It also allows casein producers to purchase dried milk powder that the government purchased as surplus with the provision that casein will be the only product made from the powder.

Mathis pointed out an additional subject covered is the creation of a National Dairy Research Endowment.

This provision gives the secretary of agriculture authority to place up to \$100 million from the Commodity Credit Corporation in an endowment. The interest from the endowment will develop new dairy products and processing techniques.

This Act also looks to the future with the creation of the National Commission on Dairy Policy. This Commission will be composed of 18 dairy farm organization leaders who will determine the type of program necessary when the current bill expires in 1990.

Mathis also informed the group that the bill provides for the extension of the government donation program. The act also creates a dairy export incentive program, which allows the government to sell surplus dairy products to exporters on bid basis in an attempt to stimulate a commercial export market.

After providing details on the dairy herd buyout program, Mathis went on to discuss the

segment of the bill which attempts to minimize the effect of the buyout on the other livestock producers.

Mathis noted that one buffer is the requirement that the USDA purchase 400 million pounds of beef above the normal amount. Half of these purchases will be used for domestic programs and the other

half will be used by the military and in export programs.

"The entire picture is complicated, and will require a good deal of searching before any decisions are finalized," Mathis concluded. He suggested that those interested in the program contact their extension agent or the ASCS office in their area.

## York extension meeting planned

**YORK** — The 69th annual meeting of the York County Agricultural and Home Economics Extension Service will be held Friday evening, March 14, 1986 at Wisheaven Hall.

The highlight for the evening will be Marcia Bowers, Storyteller She

performs with a Dulcimer & Autoharp. Marcia has taken her storytelling skills to schools, libraries, museums, festivals, and concerts. Her background includes Broadway, Off-Off Broadway productions and has danced and performed at the Latin Quarter and Carnegie Recital Hall



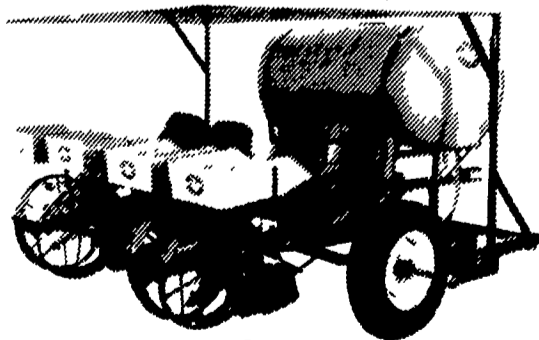
Joseph Mathis, Manager of Economics and Government Relations for Eastern Milk Producers Cooperative.

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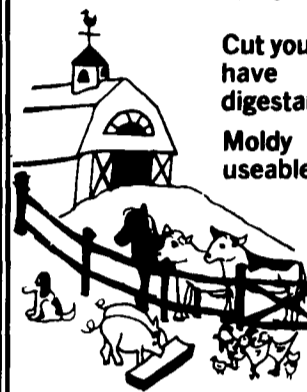
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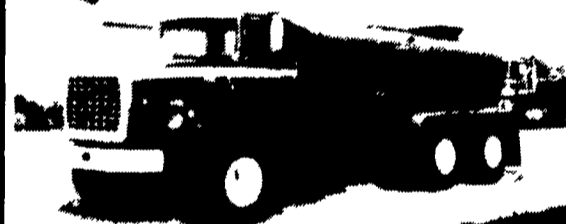
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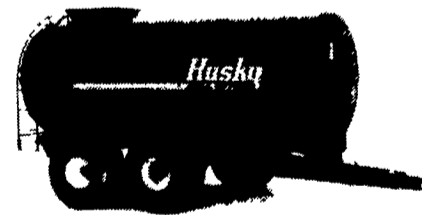
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