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Senate okays Lyng, backs 10-cent dairy assessment

BY JAMES H. EVERHART
WASHINGTON — The U.S. Senate, which must have thought it was finished with agricultural issues last December after passage of the 1985 Farm Bill and the emergency Farm Credit legislation, once again spent much of the week absorbed in agriculture.

In a major move, the upper chamber confirmed the presidential confidante Richard Lyng as the new Secretary of Agriculture Thursday, ending three weeks of uncertainty in the high command at USDA.

The Senate also approved a package of Farm Bill revisions, including a controversial dairy provision to substitute a 10-cent assessment for the 4.3-percent cut required by the Gramm-Rudman budget-cutting legislation.

Lyng, who was California's Director of Agriculture while Reagan was governor of that state in the 1960s, was also Deputy USDA Secretary during the first five years of the Reagan Administration.

A long-time Reagan advisor on farm issues, Lyng was approved by a voice vote of the Senate Agriculture Committee, and confirmed by an overwhelming 98-2 margin later in the day. Only dairy state Senators William Proxmire of Michigan and Donald Riegel of Michigan opposed the appointment.

Lyng replaces John Block, who stepped down Feb. 14 after five years as USDA chief.

Meanwhile the Senate also adopted a package of Farm Bill revisions containing the dairy

industry's antidote to the Gramm-Rudman-Hollings budget-cutting measure passed by the Congress late last year.

The key dairy provision would substitute a 10-cent-per-hundredweight production assessment for the 4.3-percent reduction in support price required by the budget-cutting legislation.

In effect, the Gramm-Rudman cut would have required a 50-cent drop in the support price, a move that would have dropped prices for all dairy products, not just those sold in surplus.

By spreading the assessment across all milk sold in the U.S. and not just the 10 percent of production purchased by the Commodity Credit Corporation, the measure would maintain dairy prices at current levels. The assessment is designed to raise enough money to equal the 4.3-

percent cut required by Gramm-Rudman.

Adopted by a voice vote in the Senate Thursday, the measure was stalled in political maneuvering in the House of Representatives. The assessment proposal had been raised several times in the House over the past week, according to Doni Dondero, a legislative aide for the National Milk Producers Federation.

Reportedly some urban congressman were opposing the measure, citing it as a special exception that would thwart the intent of the Farm Bill and the Gramm-Rudman legislation. A coalition of dairy industry groups has lobbied strongly for the proposal.

The Administration has not taken a stand publicly on the issue, though, there are indications it has opposed the measure privately.

Officials report success in eradicating flu

BY JACK HUBLEY

LANCASTER — After three quiet weeks on the front lines, Pennsylvania poultry experts are ready to declare a victory in the latest skirmish with avian influenza.

"I think it's over," the Pennsylvania Poultry Federation's executive director, John Hoffman, told a group of industry men at Poultry Progress Day held at the Lancaster Farm and Home Center on Thursday. The last confirmed case of the deadly H5N2 virus involved a flock of 6,200 turkeys in the Pitman area that was depopulated on Feb. 19.

Although officials are taking a

hard look at a Lebanon County gamebird flock where virus antibodies have been turned up, no live virus had been uncovered as of Thursday. "We feel we have broken the original source of contamination and the secondary spread by our own industry," Hoffman said.

The source that Hoffman was referring to was the New York live bird market, where surveillance had uncovered live virus at at least six market locations in New York City since the current outbreak began after Christmas.

Responding to the problem that

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Johanna Farms buys Atlantic Processing

BY MARTHA J. GEHRINGER
FLEMINGTON, NJ — There will be almost no impact on farmers from Johanna Farms, Inc.'s acquisition of an Allentown processing facility, officials said here this week.

"The farmers will notice no differences, and will be better financially," Ken Rosenthal, vice president of Johanna Farms Inc., noted while commenting on its recent acquisition of Atlantic Processing, Inc., Allentown.

The purchase includes Atlantic's processing facilities for fluid milk, juice, ice cream and cultured products, as well as the rights to its trademarks.

Johanna Farms and Atlantic Processing will continue to supply milk to the markets under the names Lehigh Valley Farms, Johanna Farms, Harbisons, Abbotts, Sealtest and Montco. Basically, Atlantic is now out of the processing business, but will continue to market milk to Johanna and Beatrice Foods. The processing facilities pur-

chased by Johanna are located in Allentown, Lansdale, Schuylkill Haven and State College, Pennsylvania and in Baltimore and Salisbury, MD.

Alpheus Ruth, president of Lehigh Valley Farmers, said that Johanna approached the organization originally.

Johanna's interest began with an informal agreement to bottle milk for Atlantic, after a fire last May prevented milk from being processed at the Lansdale plant.

Johanna was interested in expanding its market west further into Pennsylvania and south deeper into Maryland and Virginia, Rosenthal pointed out. And the experience with Atlantic indicated a closer tie would be beneficial.

The acquisition would also move the company closer to its markets and permit it to operate all phases of its operation more efficiently.

A prime interest in this acquisition was Atlantic's ice cream and cultured products plants. Kurt Goldman, president of

Johanna, said "The acquisition of this business will provide us with new capacity for our fluid milk and juice operations, as well as an entry into the ice cream and cottage cheese business."

The ice cream plant will also provide a ready outlet for the cream from their fluid milk plant in Flemington, NJ.

Johanna previously marketed fluid milk in New Jersey, eastern Pennsylvania, Maryland, Delaware, northern Virginia and Washington. Its juice and yogurt products were sold from Maine to Florida and as far west as Colorado.

Milk will continue to be supplied by the remaining section of Atlantic and its member cooperatives: Lehigh Valley Farmers, Dairylea, Mount Joy, Cumberland Valley Milk Producers and Capitol Milk Producers.

The business will be operated by a new subsidiary of Johanna,

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The fate of Pennsylvania's Extension Service hangs in the balance as Congress considers future budget cuts.

Budget cuts cloud Extension's future

BY SUZANNE KEENE

LANCASTER — Federal funding for Pennsylvania Extension Service has already been reduced because of Gramm-Rudman, and more cuts will surely follow next year.

But how big those cuts will be and what effect they will have on the Extension program is still uncertain.

Federal funds for Extension were cut 4.9 percent for fiscal 1986, part of an overall \$11.7 billion budget reduction package designed to cut the federal deficit. To adjust for the cut, which amounts to about a half a million dollars, the Extension Service is holding open 20 county agent and 10 state staff positions, reports Richard Phillips, assistant director of the Pennsylvania Extension Service.

The financial outlook for fiscal 1987 is even gloomier. In his proposed budget for next year, President Reagan has called for a

60 percent decrease in Extension allocations. In 1986, the Extension Service received \$10,400,000 in federal funds; that amount would be slashed to \$3,990,000 in 1987 should Reagan's budget be approved intact.

A 60 percent cut in federal funds would represent about a 30 percent drop in the total operating budget of the Extension Service, which gets approximately half its funding from the federal government and half from the state, Phillips said.

What programs would be cut or altered to accommodate a smaller budget has not yet been decided, he said. However, Phillips noted, in the documentation accompanying Reagan's budget proposal, the president indicated: "that Extension agents may provide other services only after the needs of farm operators have been met."

That statement, Phillips said, has been interpreted as limiting federal monies to agricultural

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David Smith holds Lebanon Valley Star Elsie, one of the outstanding animals Guernsey breeders will see next week when they tour Lebanon Valley Star Farms, one of the tour sites on the agenda at the Pennsylvania Guernsey Breeders convention. For more on this interesting operation, turn to page A26.