Block Blasts Supply Management Concept

WICHITA, Kan. – John R. Block, president of the National-American Wholesale Grocers' Association and former secretary of agriculture, hit the concept of supply management and mandatory production controls as "devastating for U.S. agriculture."

"If there is a worse policy idea, I can't thnk of it," he said. "It would abandon U.S. exports, severely weaken our agricultural base, and build a tariff wall around this country."

Block spoke to attendees of the Kansas Agri-Business Expo in Wichita. Sponsored jointly by the Kansas Grain and Feed Dealers Association and the Kansas Fertilizer and Chemical Association, the event is the state's largest agricultural show.

Now that the Democrats control the U.S. Senate, there has been increasing speculation that mandatory controls will be advanced as the Democrats' farm policy agenda. "I hope the new leadership will keep to the political center," Block declared. "The idea was repudiated repeatedly during discussion of the 1985 Farm Bill and I am sorry to see it back."

During the last session of Congress, Senator Tom Harkin of Iowa proposed mandatory acreage controls and is likely to resubmit what was S.2869, the Family Farm Act, in the new Congress. According to USDA analysis, the bill would double crop price support levels and U.S. exports would disappear as surplus stocks shrank. If there is a massive export subsidy, CCC outlays would increase $3 to 4 billion more than under current legislation. In any event, the U.S. livestock industry would be faced with a doubling of feed grain costs.

The most telling effect of supply management is economic. USDA's Economic Research Service studied the effect of a production cutback of 55 percent such as that called for in the Harkin plan. The plan would:

• Eliminate 553,000 farm production jobs – nearly 21 percent of farm employment; 370,000 ag input jobs; 1.2 million processing, marketing, and purchasing jobs for a total of 2.2 million U.S. jobs.

• Slash $43 billion from the GNP from lost economic activity of processors, marketers, and consumers; $12 billion from the input industry; and $16.2 billion lost from the farm sector – a total of $71 billion cut from the gross national product.

Block cited this USDA research as "conclusive evidence" that the supply scheme would be harmful for U.S. agriculture."

He said that there are several dangers to supply management. "For one thing, central planning in agricultural has been tried in the Soviet Union and other East Bloc states and simply hasn't worked. The issue is freedom of choice for a farmer as to what and how much he or she chooses to grow."

Another harmful effect lies in the export arena. "The U.S. would be isolated in world agriculture. For every cutback in production here, our competitors will increase theirs and sell it below U.S. government-supported prices. Our market position would be further eroded with devastating effects for the U.S. farmer," Block said. U.S. farmers now export production from one third of their acres.

Block said that the preferred approach is to give the 1985 Farm Bill a chance to work. "Let's give it time to work so that U.S. agriculture can return to a market orientation and become competitive in the world."

The former agriculture secretary said that the aim of mandatory production advocates is to create a U.S. food cartel. "Their goal is to create a food cartel – an OPEC – to build a wall of artificially high prices behind which U.S. agriculture would hide," Block said. "OPEC didn't work because of alternative suppliers and this wouldn't be any better. Other countries will simply move in to take up the slack from our cutbacks and we will be frozen out of the world's markets."

Block urged the leadership of both parties to decisively defeat the proposal if it comes up for consideration.

MMI Sets Delegate Meeting

STRONGSVILLE, Ohio – The 1986 annual delegate meeting of Milk Marketing Inc. is Dec. 10, at The Fawcett Center for Tomorrow, The Ohio State University, Columbus, Ohio.

Keynote speaker for the event will be James C. Barr, chief executive officer for the National Milk Producers Federation, Washington, D.C. MMI President Herman M. Brubaker will update delegates on MMI activities in marketing, legislation and MMI programs. MMI General Manager Gordon Riehl will present the management report.

Registration begins at 9:30 a.m. in The Fawcett Center for Tomorrow. The meeting begins at 10:30 a.m. The facility is located just north of The Ohio State University Stadium, at 2400 Olentangy River Road.

Humane Way Of Reducing Surplus

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Knutson said, any time the government makes farming profitable, that profit becomes capitalized, in the form of cows, land, etc.

Contrary to Stanton's contention, Knutson said the ability to buy and sell bases should not be confined to regions and the sale of quotas would be a more stabilized form of capitalization than what the country has now.

Consumers are already paying a higher price than that marked on the carton of milk or cheese. They are also paying for the government subsidies, he pointed out.

Rice and cotton are two good examples of mandatory supply-control programs which have been dropped, Knutson said, calling Stanton's contention that mandatory supply programs once adopted will always be with us, "hogwash".

Stanton said it will not be as easy to get national agreement to a mandatory supply-control system as Knutson indicated and that regionalization is a very strong force which will keep bases in place, once established, and add to the cost of the industry.

Asked what might be a middle ground between mandatory supply management and the current price driven supply control program, both Knutson and Stanton agreed target prices such as are in place for corn, wheat and certain other crops would deal with many of the problems, including competition from non-dairy products.

Both also agreed that consumers are always the big winners with any technology advancement such as bovine growth hormone.