

Experts Split On Feasibility Of Supply Management

BY MARTHA SHELDON
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SYRACUSE — "In my humble opinion, the chances of getting a new farm bill through Congress before 1990 are zero," says Rep. James M. Jeffords, R-Vt., who serves on the House Agriculture Committee and the Dairy Subcommittee.

Jeffords delivered his prediction to more than 150 farmers, milk handlers, economists and reporters attending Cornell University's recent conference on Supply Management Programs for the Dairy Industry.

Giving the historical perspective on U.S. dairy policy — "how we got to where we're at and where do we go from here," were: Judd Mason, former director of economics, National Milk Producers Federation; Hollis Hatfield, director of dairy department, American Farm Bureau; and Robert Jacobson, professor, department of agricultural economics and rural sociology, Ohio State University.

The three traced the history of dairy programs, indicating that in

times past, as in the present, when milk surpluses abound and prices drop, farmers press for some sort of supply management program. To date, only voluntary programs have been instituted in this country, and they have worked with varying degrees of success. At other times, price has been used as the sole supply-management tool.

Edward Jesse, professor and chairman, department of agricultural economics, University of Wisconsin-Madison, discussed the design and implications of the major dairy supply management programs — present and proposed.

He compared the Canadian industrial milk program, which is a national program, with the European Economic Community program, still in its infancy, the California milk quota system which uses quotas to assign marketing rights to the higher-priced fluid market, and the Harkin "Save the Family Farm Bill" program, which was introduced in the 99th Congress and is expected to be re-introduced into

the 100th Congress next year.

Jesse noted that most developed countries are now using a quota program. "There is no reason a quota system can't be used in the U.S., but it can't be very simply applied. It needs a lot of research and a lot of planning."

Stephen Kerr, legislative aide to Jeffords, described the winners and losers he envisions under the Harkin supply-management program, with respect to farmers, the ag industry, consumers, overall economy, and government.

Amongst farmers, the winners will be those with bases, those who don't want to grow, and regions without a surplus. In the ag industry, Kerr said it's hard to see any winners and the losers "may be many more than we care to admit."

Consumers may be the losers under the Harkin Bill, said Kerr, except those who are taxpayers, and they may be winners.

As far as the economy is concerned, Kerr was uncertain who would be the winners and losers. For sure there would be a loss of exports due to higher, non-competitive prices.

And when it comes to government, the bureaucracy and politicians will be the winners and the losers will be "anyone not very adept at manipulating those two groups of people," Kerr said.

Jeffords is not sure the country needs an alternative to the present dairy program. He said the milk promotion program is working, the diversion program worked, and the present farm bill is saving taxpayers \$6 billion in surplus purchases. The new tax bill may add other benefits to farmers, he said.

While Jeffords urged dairymen to join RCMA to get over-order prices for their milk, he acknowledged that there are some things he doesn't like about the present farm bill, specifically the price support cuts set for 1988 and 1989.

The reality of the political climate is that the present administration is death on the Harkin bill and quotas, Jeffords said.

Dairy policy in the last five years

has been dictated by the deficit and deficit reduction more so than by agriculture concerns, said Jeffords. And as far as the deficit goes, next year will be worse, he predicted.

The recent shift in the Senate from a Republican to a Democratic majority may "lead to game playing," said Jeffords. With the '88 presidential election in sight, the Congress may pass the Harkin bill, counting on President Reagan's veto, which it will not override.

Whatever the games played, Jeffords said, "I will bet you the Harkin bill will never be enacted into law."

He cautioned farmers against borrowing money to establish a high base. They may end up with more debt and less income when the Harkin bill fails to become law and the current farm bill reduces support prices.

Jeffords advocates fixing the present bill by eliminating assessments, removing the price support reduction, and making mandatory another diversion program or another whole herd buyout.

He would like to institute target prices and deficit payments, and ease the government out of the support program.



Edward Jesse, University of Wisconsin agricultural economics professor, said, "There is no reason a quota system can't be used in the U.S., but it can't be simply applied." He made these comments at the recent supply management conference hosted by Cornell University.

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