

Vermont Senator Proposes Regional Dairy Policy

WASHINGTON, D.C. — Senator Patrick Leahy (D-VT), Chairman of the Senate Agriculture Committee today introduced one of the most sweeping reform proposals since the dairy program was created in the 1930's.

"I am introducing this bill" Leahy stated, "because I am concerned about trends that I see in milk production that are distorting the intention of the 1985 Farm Bill, which was to hold down milk production and thus the cost of the dairy program."

"A program designed to save the family dairy farm by reducing excessive supply, may inadvertently hurt family farmers, while rewarding excessive production on huge farms."

"We must have a regional dairy program, because in most regions, the goals of the Farm Bill have been met. Production is either down or level. But there are some

notable exceptions to this pattern. In a few areas, milk production is skyrocketing. In California for instance, September USDA figures show a 12 percent expansion."

In introducing the Dairy Farm Protection Act, Leahy laid out the three goals of the legislation.

* We have to hold down the cost of the dairy program.

* We must protect dairy farming across this country.

* We must have a fair program.

"Here is the problem facing the dairy industry now. If the government buys more than five billion pounds of milk product, the Secretary of Agriculture must lower the price support level by 50 cents a year as a penalty for excessive production.

(The government supports dairy prices by purchasing excess production. In addition to its price support role, this purchase is a type

of "national milk security reserve" to meet the needs of our school lunch and other nutrition programs.)

"Many dairy farmers see this price cut coming but they rightly feel that they do not deserve it.

In his remarks Leahy described why these farmers believe that these cuts are unfair:

"For most of the country, including Vermont, production is down. These farmers have not increased their production. So why are they facing this cut? Because of a decision that a dairyman, in some other state, is making to expand his production.

"That is not fair," Leahy emphasized, "and I want to do something about it. We will be seeing a change in the whole structure of the dairy industry in the years to come in a way that the Congress never intended."

In his remarks, Leahy outlined

his proposal as follows:

"The basic structure and trigger under the Farm Bill will remain intact. The Government could continue to buy up to five billion pounds of product with no impact on the price support level. But instead of using continuing price cuts to keep government costs in line, I want to move in a new direction."

"We need more local control over dairy policy, so I am proposing that we divide the country, into basic dairy regions. Each region would have a board of local producers and each region would have a CCC base. That is, each region would be assigned an amount of allowable CCC sales, based on the average of what that region sold to the government over the past two years."

"If the region does not increase its sales to the government, the price support would not be cut.

However, if the region sold more to the government next year, then the producers would have to pay an assessment on the increase.

"Under this plan, we would no longer use across-the-board price cuts to achieve control over production. We would give more control to the local producers, and we would hold down the cost to the American taxpayer.

"My bill would allow some experimentation within regions if the producers wanted to hold down government sales, and thus avoid paying an assessment. The Producer Board could poll local dairymen on various program alternatives, from product promotion to production control proposals.

"Each region would be responsible for itself. No longer would dairy farmers in one region be penalized by overproduction in some other area of the country..

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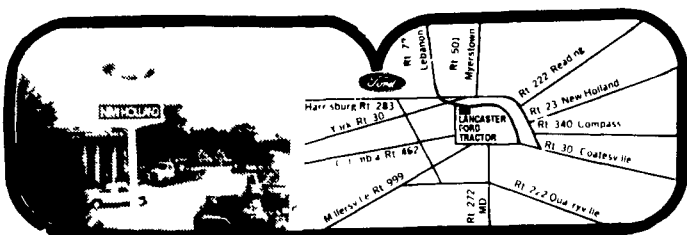
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