# New Dairy Legislation Takes Shape In Congress

(Continued from Page A1) Agriculture Edward Madigan already has announced the Bush administration's opposition to each one of these provisions.

However, the bill also contains various provisions that National Milk opposes, such as an assessment that dairy farmers would pay to recompense cattlemen if beef prices drop in the wake of implementation, Keller said. It also contains an administrationsponsored proposal for assessing dairymen to pay for cost increases in the government's various food assistance programs, the spokesmen added.

Even a provision to raise the minimum standards for the amount of nonfat milk solids for fluid milk is not without opposition. Administration officials have argued that congressional legislation is an inappropriate vehicle for such a move and that the matter should be settled through the federal order hearing process.

The controversy has been reflected in a series of close votes in the House. For instance, the federation's initial proposal called for a support price increase of \$1.50, to \$11.60 per hundredweight. In the House Agriculture Subcommittee on Livestock, Dairy and Poultry,

this was changed to a \$2.50 increase in an amendment passed by one vote. In the full House Agriculture Committee, an amendment that would have deleted the major price support and supply control aspects of the bill -- the main substance of the bill -- was defeated by just two votes. With a number of favorable votes and a presidential signature still necessary for the bill to become law, many farm lobbyists remain skeptical of its chances.

The debate reflects the conflicting agendas of interests both within the industry and within the government, according to lobbyists familiar with the legislative process.

On the one hand, this year's congressional debate is a logical outgrowth of a provision in the 1990 farm bill that called for the U.S. Department of Agriculture to study and Congress, subsequently, to consider various inventory management alternatives. That process was accelerated by the dramatic plunge in farm milk prices this winter. USDA produced an analysis of four types of supply control programs in May and followed that up with a recommendation to stay with current policy (which leaves the support price at \$10.10 and relies on producer assessments to

contain costs if surplus production exceeds certain levels).

Yet, at the same time, the debate is seen as the latest in a disturbing sequence of special fixes needed by the dairy industry, according to Leroy Watson, a lobbyist for the National Grange. Both the 1981 and 1985 farm bills were followed by legislation that established new dairy programs, he noted, a trend that has not endeared dairy policy to many legislators.

"A lot of people I talk to are getting a little tired of supporting something that farmers turn around and tell them doesn't work." Watson said.

The twisting course of national dairy policy also reflects divisions within the industry itself, according to Steve Kerr, who lobbies for a group of Northeast dairy cooperatives. Since 1985, when the industry more or less came together on

the whole herd buyout program as a compromise, positions have hardened into two antagonistic groups. Today, Kerr said, there is little common ground between those who support the use of quotas to control production and those who favor unfettered prices. With the prospect of another whole herd buyout program ruled out by the adamant opposition of the cattle industry, the industry has groped for other solutions.

The federation proposal was approved unanimously by its executive committee in early June. no mean feat, according to Lisa Keller, a federation spokesman.

"I think it's the first time we've had unity on this big an issue since the 1985 farm bill," Keller said.

However, the fragile unity depends on the controversial

exemption from two-tier pricing that would be granted to the Southeast under the proposed legislation, according to several observers. And that provision, which was approved by just one vote in the House subcommittee, already has been assailed by several key legislators.

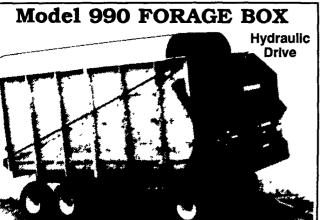
Finally, there are agendas in Washington, including, most notably, the desire to minimize government expenditures. Less obvious, but perhaps of equal importance in shaping dairy policy, is the administration's position in the ongoing GATT (General Agreement on Tariffs and Trade) negotiations on international trade in farm goods, which calls for gradual elimination of domestic policies that subsidize production.



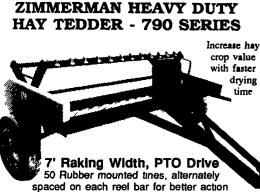


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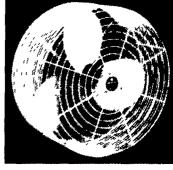
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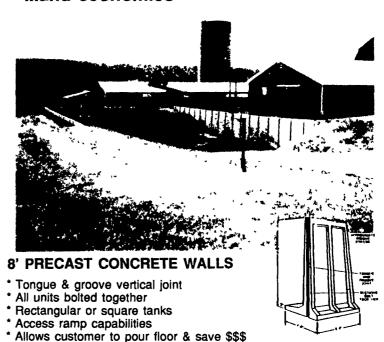
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