

# Milk Programs Debated

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farmers and efficient processing and distribution systems have developed over the past 60 years since the start of administered pricing. Consumers have received an adequate supply of milk and dairy products at reasonable prices," Hand said.

But Vaughn took exception to the notion that these programs have been good for dairy farmers.

"The system is complex and is influenced by political policies," Vaughn said. "While the price support programs and the federal milk

marketing orders are separate programs, they interrelate, and a cause and effect relationship exists.

The support program is set up for the government to purchase dry milk, butter and cheese excess when there is an excess. A price is established for all these products.

The products that are stored by the government can be purchased at 110 percent of the support price. But because of the USDA stocks, the market prices are restrained to the 110 percent support price. While the producer benefits for this program clearing the market, the

consumer benefits from available stocks capped in price.

In addition, the manufacturer is not required to pay support price for raw milk while selling products to the government. The manufacturer will react to the amount of available milk. This has an adverse effect on the price of fluid milk.

"Producers in the Middle Atlantic are affected by the weather, support prices and demand for manufacturing milk in the Upper Midwest, while most if not all of the economic factors of the region are ignored," Vaughn said.

Dr. Wayne Rasmussen, retired USDA economist and historian, gave a historical view of agricultural subsidies. "Sixty years ago the government said to farmers,

"Restrict production and we will pay you a fair price," Rasmussen said. "At the time they called it a temporary method for pricing. But 50 years later this method of dealing with a temporary emergency is still in effect."

Dr. Robert Yonkers, Ag Economics Dept., Penn State University, was the moderator. In opening remarks, Yonkers said the dairy industry in Pennsylvania is a \$1.5 billion industry, making us the fourth largest dairy state in the nation. He said these figures did not include the \$250 million from sale of beef, cull dairy cows and veal calves. And it did not include figures for processing and the value added there.

"There is no such thing as a free

market without any government involvement," Yonkers said. "Marketing requires government to set the rules for property rights and allows people with resources to use them in markets. Government facilitates the exchange of commodities and services in markets, by providing legal tender and by arranging for basic rules which allows markets to operate."

In a special recognition luncheon, three members of the society were honored for their service to agriculture. They are Beverly Murphy, Dr. Stuart Younkin, and Richard Waybright. The society was founded in 1785 and has been a major support for agriculture over the years.

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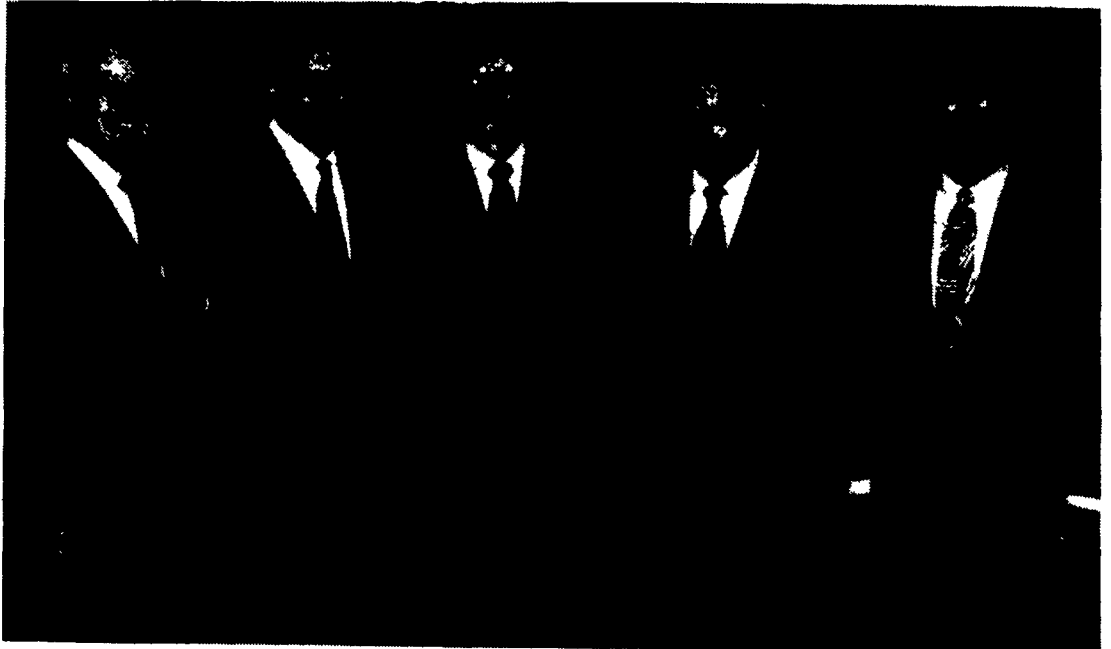
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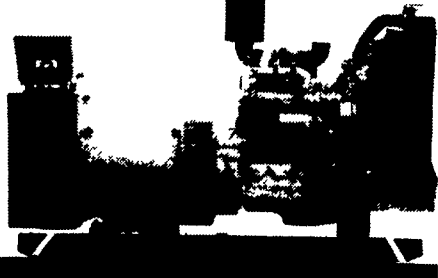
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At the Philadelphia Society for Promoting Agriculture monthly meeting are from left, Dr. Thomas Ginley, MC; Beverly Murphy, Dr. Stuart Younkin, and Richard Waybright, all recipients of the service to agriculture award, and Dr. Eldrow Reeve, president.

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