

Ag, Rural Affairs Committee Sets Hearing

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undercut in competition by a flow of milk from other states where milk is produced at a lesser cost.

Because of the originally intended short lifespan of the Compact, farm organizations and legislators were reluctant until recently to attempt to support joining in the Compact.

Many had expressed that by the time Compact-enabling legislation could be authorized by the states, and expansion granted by the U.S. Congress, if ever, there would be little time remaining for producers to enjoy any price benefits.

The Compact is tied to a termination date of Oct. 1, 1999, having been extended from the original termination date of April 1, 1999.

New York's Legislature and governor recently approved legislation enabling it to join the Compact.

New York's action fulfilled a necessary precursor for Pennsylvania to consider similar action.

The New Jersey Legislature had previously approved such enabling legislation, when it appeared that New York and Pennsylvania would not because of the time restraints.

Pennsylvania has its own internal dairy pricing structure to protect and ensure the in-state production, processing and sale of Class I drinking milk.

The Compact also deals with Class I milk, though the Compact is a multi-state agreement authorized under federal law.

Compact legislation was introduced in the Pennsylvania Legislature during the previous Legislative session, but was not acted upon by the time session ended last fall. When a state Legislative session ends, all proposed legislation not signed into law is voided.

Earlier this year, in the current session of the state Legislature, state Sen. Roger Madigan re-introduced proposed legislation that would enable Pennsylvania to join, should the national Congress approve expansion of the Compact to the adjoining states.

More recently, state Rep. Sandra Major (R-Sullivan, Susquehanna and Wyoming counties) has introduced a similar legislative proposal in the state House of Representatives.

Another piece of proposed legislation was introduced into the House by Rep. Thomas Scrimanti.

While United States senators, such as Pennsylvania's Sen. Rick Santorum, have repeatedly stated that any proposal to expand the Compact would be denied, Sen. Arlen Specter of Philadelphia this week announced that he would work to support its expansion and reauthorization.

The Compact is governed by an internal commission. Late last year, because of abuses and the possibility of more, the governing body of the Compact changed some of the Compact rules to tighten restrictions on some of the milk being shipped into the Compact region.

Producers in upstate New York and some producers in northeastern Pennsylvania have been bene-

fitting from shipping milk into the Compact area.

Milk production in the New England states has also increased, officials reported last year, although no authority directly blamed the impact of the Compact for increasing dairy production there.

The formation of the Compact was an anomaly, and thus controversial.

It went against the general thrust of the U.S. Congress in its effort to reform the way the nation supports agriculture. The thrust of the U.S. Congress and state legislatures in recent years has been to create totally free markets where values of commodities are based upon supply and demand.

Eliminating government control over price-setting has been pursued not only because it has been an obstacle in global trade negotiations, but because price support and price-setting programs can artificially stimulate production of unneeded commodities.

In the dairy industry, dairy farmers produce and deliver the product first, and are given a price later.

It has been demonstrated repeatedly in the dairy industry and among the various commodities influenced by independent producers that, when the commodity price received has been at profitable levels, production has

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