

Reagan wins key test on dairy hike issue

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President Reagan's budget proposals received their first favorable signal when both the Senate and House rejected the efforts of special interest groups in refusing to pass dairy subsidy increases.

Reagan signed the legislation into law from his hospital bed at Washington Tuesday where he is convalescing from a would-be assassin's bullet.

Tom Dayley, farm legislation assistant to George V. Hansen, R-Idaho, explained both chambers approved the action. Hansen is a member of the House Agriculture Committee.

Dayley said subsidy payments will remain at their September level.

Georgianna Rathburn, Common Cause vice president, said the dairy subsidy increase is the first test of the Reagan budget-cutting program.

She said unless Congress had passed the administration-requested legislation blocking the increase, dairy farmers would have received an automatic increase in the price the government pays them for surplus milk.

The legislation is the first effort this year to place limits on the blank check the government hands out to dairy farmers, she said. A major farm bill, expected this summer, will pose a tougher test of Congress' and the administration's will to control government spending on dairy products, said Ms. Rathbun.

Milk supports are the only major farm program not geared to the cost of production and pays farmers for producing all the milk they can, regardless of consumer demand, she said.

"The program has been one of the healthiest sacred cows in Congress, thanks to generous campaign contributions given to nearly three-quarters of the members of congress," she said.

Dairy farmers would have received a \$147 million increase in the guaranteed price of milk products if Congress had not rescinded the statutory semi-annual adjustment in prices. The increase would have cost consumers 8 cents more

per gallon of milk, 10 cents more for a pound of butter and almost 9 cents more per pound of cheese.

The five biggest milk-producing states are Wisconsin, California, New York, Minnesota and Pennsylvania, but the dairy lobby spreads its largess widely, contributing to three out of every four senators and three-fifths of the members of the House, noted Ms. Rathbun.

The vote showed that Reagan's influence on budget cutting is extremely high at present.

Common Cause notes last year the government paid dairy farmers \$1.28 billion to acquire 8.2 billion pounds of surplus milk in the form of butter, cheese and non-fat dry milk. The original estimates for last year's blank check was only \$186 million, but over-production and a drop in consumption produced a record surplus.

The agriculture department estimates that in the next fiscal year it will have to buy more than \$1.8 billion worth of dairy products, the equivalent of 11.3 billion pounds of milk. Reagan's budget calls for a billion dollar cut in that figure.

Three major dairy political actions committees, Associated Milk Producers, Inc., of San Antonio; Mid-American Dairymen, Inc., of Springfield, Mo.; and Dairymen, Inc., of Louisville, Ky., gave \$1.2 million to candidates for Congress. That was a 44 percent increase over their 1978 campaign contributions. Associated contributed \$729,289, 66 percent higher than in 1978; Mid-American \$260,650; and Dairymen, Inc. \$217,908.

In all, the three dairymen groups gave to 325 House candidates and 55 Senate candidates last year, a Common Cause analysis shows. None of the Idaho congressional members were given contributions.

The dairy subsidy is the first of three possible congressional struggles over dairy issues in 1981, said Common Cause. The other two include a "reconciliation" bill which would order legislative committees to reduce entitlement programs under their jurisdiction and another would extend numerous support programs, including dairy, that are scheduled to expire Oct. 1.