

U.S. agriculture secretary backs dairy relief proposal

(Clovis News Journal, NM)

By Argen Duncan

The U.S. Secretary of Agriculture has committed to temporarily raise the price the federal Department of Agriculture will pay for dairy products, providing the director of the U.S. Office of Management and the Budget approves the move.

In a meeting with U.S. Sen. Tom Udall, D-N.M., and other senators Wednesday, Secretary of Agriculture Tom Vilsack agreed to raise the floor for dairy prices through an increase in the Dairy Price Support Program, according to a news release from Udall's office. Vilsack also said he would encourage federal and private banks to be lenient with dairy farmers with outstanding loans, according to the release.

Udall's spokesman Sam Simon said Vilsack didn't specify how he would encourage the banks to be lenient or what price level he would set.

"Helping our local and national dairy farmers is essential to long-term economic health," Udall said in a press release.

However, not everyone is happy with the move.

"It effectively dilutes the market and keeps the market low," said Roosevelt County dairy farmer Alan Anderson. "I'm more of a free market person."

The government price support keeps dairies in business that would have otherwise folded, meaning the milk supply remains too high, he said. Therefore, the program ensures a diluted price for many instead of a better price for dairies that could survive independently, Anderson continued.

Anderson said participation in the program isn't voluntary. The money from what the government buys is distributed in checks for milk and can't be separated from the rest of the payment.

In the Dairy Price Support Program, Simon said, the government sets a price level, and if prices for dairy products in the private sector drop below that point, the Department of Agriculture buys the products at the set price. Until now, the price floor has been so low that dairies would still go out of business with the government buying the milk products, he said.

Also, Simon said Office of Management and the Budget Director Peter Orszag must approve the change.

"Once (Orszag's) decision is made, it's almost immediate," Simon said of when the raise would take effect.

The length of time until the approval depends heavily on Orszag, he said.

Simon said the USDA has no cutoff for the amount of dairy products it will buy under the price support program and has never had a problem with running out of money for it.

“This is an investment for them because they buy it when the price is quite low, and store it and resell it when the price is high,” he said.

The USDA may also give the food to people struggling with hunger. Simon said the department buys mainly dehydrated milk, but also butter and cheese.