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Farm Management Team Q & A's

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(B) Author's Note: These fact sheets are a result of questions posed to me and answered in a national publication over the years.

To Deregulate or Not Deregulate Milk Orders That is the Question

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There's talk of deregulating the milk industry by getting rid of National Milk Orders. Would this be good for dairying? Or is there a better solution?

The national milk marketing scene is vastly different from the 1930's when the original mechanisms were put into place. Over time these mechanisms of support prices, pooling points, differentials, and classes were modified as the overall market and regional conditions changed. The changes made over time seemed to address those market and regional differences right up to the early 1990's. Unfortunately, during the past 15—18 years we have seen considerable fluctuation in milk prices and its increased greatly over the past few years. We also need to recognize that international as well as national forces are at play now. The entire national focus, and the genetic and fractionalization technology that is available now exceeds the original realms of the milk marketing order system. We never thought that we would be bringing organic milk from California to the east coast for profit. When the original milk order program was set up, \$4.00/gallon gas, 10,000 cow dairy operations, a vast shift in production sites, milk futures and options, did not exist.

Thus there is a certain amount of deregulation and yet organization that we must look at now to accommodate the changes we are currently seeing and exist on the horizon. We constantly need to modify milk marketing order systems as our technology and production schemes change. However, to do away with the milk marketing order entirely would be difficult for all and I'm not sure it would benefit the entire U. S. We still need to have many mechanisms to maintain stability within the industry. The Milk Marketing Order system if modified when appropriate can help us to change as the needs of the population change but we must continually make modifications to the programs in place and not rest on the system that was instituted 20 or 80 years ago.