



AMERICANS FOR TAX REFORM

# LEGISLATIVE ALERT

---

1920 L STREET, N.W. - SUITE 200 - WASHINGTON, D.C. 20036 - 202-785-0266 - [HTTP://WWW.ATR.ORG](http://www.ATR.org)

---

## Smoke, Mirrors, and Milk

In order to lessen the immense impact the pending farm bills will have on the U.S. Treasury (contemplating the likely price tag makes taxpayers' knees buckle), there is a strong possibility that the \$2 billion in direct federal payments to dairy farmers contained in the Senate version will be exchanged for the reauthorization and quite probable expansion of regional dairy compacts. A fair switch, one might conclude...

However, there's no substantive difference between \$2 billion in handouts and dairy compacts. Either way, taxpaying consumers get the shaft. They'll pay more in taxes and more at the grocery store register. Swapping the direct payments for dairy cartels (these compacts make OPEC resemble a free-trade think tank) is no bargain. It might have the purely cosmetic effect of making our federal budget's bottom line look a little bit nicer, but it will kick all of us where it really hurts: in our wallets and pocketbooks.

The late and unlamented Northeast Dairy Compact increased the average price of a gallon of milk by between 10 to 15 cents without conferring its ultimate promised benefit to the dairy community as a whole. Dairy farms closed down at a faster rate after the cartel scheme was introduced, and couldn't keep dairy farmers flush with revenue as intended.

It was a failure on all counts, and now we're expected to want to bring it back?

**Dairy cartels are not the answer – they're never the answer – and ATR will take any effort to sneak cartels onto any farm bill under consideration when we calculate our congressional ratings for 2002.**

Don't let this poison pill get dropped into the farm bill! It would only make a bad situation unforgivably worse.