



# TEA PARTY COMMAND

**Fiscal Responsibility - Free Markets - Limited Gov't**

FOR IMMEDIATE RELEASE

December 9, 2011

The Honorable Frank Lucas  
Chairman  
House Committee on Agriculture  
1301 Longworth House Office Building  
Washington, DC 20515

The Honorable Debbie Stebenow  
Chairwoman  
U.S. Senate Committee on Agriculture, Nutrition, and Forestry  
328A Russell Senate Office Building  
Washington, D.C. 20510

## **RE: TEA PARTY OPPOSITION TO THE DAIRY SECURITY ACT OF 2011 (HR 3062; S. 1658)**

Honorable Representatives and Senators,

Our organization strongly supports the elimination of the Federal Milk Marketing Order system whereby the Federal Government fixes the price of milk for the industry. In addition, we strongly oppose the Dairy Security Act of 2011 (the "Act") on several grounds consistent with our core values of fiscal responsibility, free markets, and limited government. The framework and the basic concept of the Federal Government's control over the amount (supply) of milk being produced in the United States has never even been debated in the House or Senate, or the respective Agriculture Committees thereof, and not so much as a single hearing has been held on the impact such legislation would have on our nation's milk producers and handlers. Neither the producers nor the handlers of our nation's milk supply have reached a consensus on this issue. As you are aware, changes to our national farm and agriculture policies are revisited and considered every five years in the Farm Bill, the most recent of which is set to expire in 2012. Sweeping agriculture legislation must not be passed by circumventing full consideration by interested members of House and Senate, industry groups, and constituents in districts and states across the nation. Very few Americans have any idea of Federal Government's excessive involvement in the milk markets and the staggering amount of taxpayer dollars expended in the continuation of failed and outdated policies enacted during the New Deal era regarding milk products.

The Federal Government's over-regulation of milk and interference in the free markets with respect to milk as a commodity is unparalleled and will cost taxpayers billions of dollars over the next decade through taxation, increases in consumer milk product prices, and losses for agricultural businesses directly caused by these failed policies. Not only is the Federal Government now considering direct regulation of the amount of milk being produced (supply), the industry has long been suffocated by the Federal Milk Marketing Order system enabled by Agricultural Marketing Agreement Act of 1937, as amended, which fixes the price of milk. The federal government fixes the price of milk that handlers must pay using formulas so complex most few in the industry fully understand. In addition, the Federal Government, through the United States Department of Agriculture, is also seeking to provide margin (profit) insurance to essentially protect the profits of milk producers through the use of taxpayer dollars. Price fixing, supply controls, and even profit insurance is now being offered through the use of taxpayer dollars. There is no free market when it comes to milk in the United States and our exports abroad.

Our organization opposes the Dairy Security Act of 2011 and calls for the elimination of the Federal Milk Marketing Order (FMMO) system (and the USDA bureaucracy that oversees and implements these regulations). Over the next decade, the FMMO system will cost taxpayers billions of dollars and the losses to businesses involved in the handling of milk since its passage is immeasurable.

The FMMO system in place today actually requires handlers of milk to sell certain Class II, III, and IV products in a given month without even knowing the price the government will require them to pay for the milk (the cost) until the following month! Milk prices can be volatile and can change dramatically from month to month. This would be the same as a car dealership selling cars in the month of November at \$20,000.00 per car only to be informed by government the following month (December) that the cost of the cars they sold was \$30,000.00 per car. This is what occurs everyday under the Federal Milk Marketing Order system. The losses created by such interference hardly need a sophisticated explanation.

Our nation's milk cooperatives and handlers have operated for many years under a dysfunctional set of legal and regulatory requirements. The Federal Government should never spend taxpayer dollars to interfere in the free market and certainly not when the direct result is financial harm to the industry and to consumers.

The elimination of the Federal Milk Marketing Order system would restore free market principles in the milk industry, eliminate uncertainty in the market, create an economic climate that promotes growth in the U.S. and in international export markets, promote innovation and investment, and lead to employment growth in this sector in addition to saving taxpayers billions of dollars by eliminating this harmful bureaucracy.

We hope that those members and citizens truly interested in fiscal responsibility, free markets, and limited government think independently and review these policies. We are confident that Congress and American taxpayers through education on this issue will come to the same conclusion.

Sincerely,

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Vice Chair, Executive Director  
Tea Party Command and South Florida Tea Party  
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Tea Party Command Inc. is one of the nation's largest national tea party organizations. Tea Party Command is the umbrella organization for tea party organizations such as the largest state tea party organization, South Florida Tea Party, Florida Tea Party Inc., and the Tea Party Chamber of Commerce. Tea Party Command currently has over 100,000 active members and is affiliated with or coordinates activities with over 3,000 tea party organization nationwide.