

On Restoring Hog Prices

Marvin Garner made the following comments in the November issue of National Pork Producers Council News:

"We don't seem to be able to help the retailer price pork in his counters, but we can have something to say about the tonnage of total pork we have to sell. In anticipation of the break in the hog market that occurred the last of October we started encouraging topping out of your market hogs at 215 lbs. over two months before. Not enough listened.

"On Tuesday, October 13, a 215 lb. butcher would bring \$18.25 or \$39.24 on the Sioux City Market. Two weeks later, October 27, the same butcher now weighing 240 lbs. would bring \$16.75 for a gross of \$39.20. Eating six pounds of feed per day at 5 cents per pound would be \$4.20 worth of feed that went into that butcher in that two-weeks period and yet the gross to the producer was the same. However, the crux of it all was that 25 lbs. of additional pork was marketed into an already loaded pipeline and we netted only \$35.00 instead of \$39.00 from each hog.

"Knowing that we were heading into a stress market, in the first nine months of 1970, the average weight of our market hogs was up 1.9 lbs. per head over the same period in 1969. This meant that there was over 115 million lbs. of pork marketed in 1970 than off the same number of hogs in 1969. This is fine as long as price structure will support it, but let's study our lesson and adjust marketing weights during this high slaughter period. It is the most economic self-help program available today."

Garner's advice and his supporting figures are indisputable.

Farmers had ample warning of the impending hog market bust. Reports were widespread about the increased hog production and probable market bust.

Even when market busts in particular farm products, such as swine, become inevitable because of over production, farmers still have considerable leeway in determining how serious the situation will be. By their actions, even after the bust starts, farmers can determine how severe the bust will be and how long it will last.

Reduce The Supply

When prices turn down in response to an over-supply situation, the need is obviously for a reduced supply. But if farmers hold their hogs longer in hopes that the market will somehow turn up, they have added more pounds of pork to the already glutted market. The heavier hogs make a bad situation much worse.

It takes a brave and wise farmer to unload his animals at lighter weights when prices are low. It's difficult to avoid the temptation to hang on just a little longer for the market upturn.

But everyone hanging on can be just enough to insure the market doesn't turn up.

It's generally better to take the small losses than to keep throwing more feed into bigger animals, which can only make the market worse.

Farmers have much of the say in this process. Just minor cutbacks by each farmer in the number of hogs he markets and in the weights of those marketed hogs, along with the efforts already underway to increase pork consumption, will rapidly restore a healthy hog market.

Avoid Boom and Bust Farming

What's with pork prices?

A year ago about this time cattlemen were asking why retail beef prices failed to reflect a drop in cattle prices over the previous six months.

Now, the same thing's happening with pork.

Larger hog supplies have driven down prices received by farmers to about two-thirds of what they were at the start of 1970.

The wholesale value of pork in February - September dropped by around a dime per pound. The retail price, however, declined only 5 cents a pound. In other words, the wholesale-retail spread widened by a nickel.

How come? Here's one possible explanation each time retailers' operating costs, such as wages, go up storeowners may absorb the higher costs in the short run. They don't want to run the risk of discouraging consumer buying, particularly in times of rising prices at the retail level. But when wholesale prices subside, that's also when meat retailers could choose to take up the slack in their margins, explains the USDA.

Trends in beef and pork spreads over the past 20 years show retail margins tend to widen when wholesale prices weaken, and decrease when the reverse is true, according to the USDA.

Pork has generally fit the pattern. But the increase in the wholesale-retail spread

in February-September of the current year has been somewhat greater than would be expected from the price relationships during the past two decades, the USDA adds.

The situation, we believe, once again proves that farmers are the big losers in a widely fluctuating market, or boom and bust cycles. At the peak of the boom, which occurs during a market shortage, the farmer gets bad press and draws consumer ire for "making a killing" and forcing retail prices up.

But during the bust, the market over-supply, the farmer gets clobbered. During these busts, which can run for many months, the farmer either loses money or works for practically nothing — something which no one else seems willing to do these days.

While the farmer is suffering in the bust, however, it's business as usual for the consumer, because the price the consumer pays is about the same or only slightly lower.

So the farmer gets a bad image with the consumer during the boom, and he doesn't get any sympathy during the bust. It's a "heads I win and tails you lose" situation, with the farmer the sure loser.

The secret would seem to be for farmers to accept a modest but stable profit margin by keeping supply closely aligned with demand. But in farming, this obvious solution has almost never worked.

When there's a profit, operations have always expanded until the profits dried up, forcing the expansion to stop or reverse.

Maybe it will always be that way. Understanding it, however, may help farmers to keep from getting overly confident when the market is good, and overly depressed when it's not good.

Understanding it also may help the individual farmer to keep his cool and maintain a sound and stable operation over a long period of time. While some farmers can successfully anticipate the market, many who try to move in and out find themselves over stocked when prices are low and under stocked when prices are high.

Farmers who have been around a long time know that things average out. Success is a matter of running an efficient operation all the time.



NOW IS THE TIME . . .

By Max Smith
Lancaster County Agent

To Inspect Tobacco Barn Chimneys

The tobacco stripping season is at hand and many stoves will be burning in tobacco cellars in the months ahead. A close inspection of the stove pipes and the entire chimney is very much in order each fall. Tight connections are necessary to keep sparks from getting out into the building. Mortar may need to be replaced between bricks or blocks. A few hours spent on this inspection and repairs now may save a serious fire and big losses.

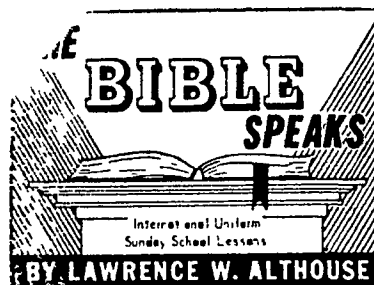
To Enforce Farm Pond Safety

Farm ponds are just as popular when ice covered as for swimming during hot weather; also, they may be just as dangerous if skaters are not careful and if proper rescue equipment is not at hand. Thickness of the ice is not an accurate

measure of its strength. Slush ice is only about half as strong as clear, blue ice; new ice is stronger than old ice. Pond owners are urged to keep a wooden ladder, boards, and a coil of rope handy for rescue purposes. Urge safety from all skaters.

To Protect Baby Pigs

For best results new-born pigs should be kept warm, dry, and in draft-free quarters. The first few days are very important and the pigs should not get chilled because of the danger of scouring. To prevent drafts the farrowing pen should have solid sides at least a foot high. The hog market is not too encouraging at this time, but producers should still try to save every pig. Exhaust fans may be needed to remove the extra moisture in the house and help keep it dry.



GUARANTEED!

Lesson for December 13, 1970

Background scriptures: Matthew 19:16-22, Luke 9:57-62, John 15:12-20, 1 Peter 3:13-17
Devotional Reading: Hebrews 12:1-6.

Many people have the idea that Christianity is supposed to be a kind of guarantee against most forms of suffering and opposition.

That is hardly the idea that one gets from the New Testament. According to John, for example, Jesus warns his disciples: "If the world hates you, know that it has hated me before you . . . If they persecuted me, they will persecute you" (John 15:18-20a).

Nor did the passage of time change this alarming prediction, for Peter, years later, was to write "Beloved, do not be surprised at the fiery ordeal which comes upon you to prove you, as though something strange were happening to you" (1 Peter 4:12). Righteous living, rather than a guarantee of popularity, actually increases the risk of opposition. . . . keep your conscience clear, so that, when you are abused, those who revile your good behavior in Christ may be put to shame. For it is better to suffer for doing right . . . than for doing wrong" (1 Peter 3:16, 17).

What kind of "suffering"?

For most of us, these predictions may be hard to understand. Few of us, as far as we can see have ever had to suffer anything for our faith. Few of us know of anyone in our acquaintance who have had to suffer because of their discipleship. Nor can most of us foresee any reason in the future why we should need to anticipate suffering for our faith.

Perhaps the rub here is the word "suffering." As soon as you read this word you are likely to see in your mind's eye some of the following:

Jesus suffering on the cross . . . Paul suffering persecution for his mission work . . .

Roman Christians suffering and dying in the arenas of Rome . . . Reformers suffering torture at the hands of the Inquisition.

Missionaries suffering at the hands of uncomprehending savages . . .

All these, however, are pretty remote for most of us—long ago and far away. Or are they?

Paying a price

"Suffering," so my dictionary tells me, means "to be subjected to pain, distress, injury, loss or anything unpleasant." Thus it can mean physical hardship, but it doesn't have to. Suffering can mean emotional distress or any unpleasantness. Christ's suffering on the cross was far more than physical, terrible as that was.

Therefore, although most of us may not be called upon to bear physical pain for our faith here in America today, isn't it true that if we truly try to follow Christ we will encounter periodic distress, opposition, ridicule, and rejection by others? Isn't it true that Christian discipleship always has some kind of a price?

Christian discipleship carries with it a guarantee, but it is not an escape clause. What is guaranteed is the sustaining power of God in the midst of these: "Therefore, let those who suffer according to God's will do right and entrust their souls to a faithful creator" (1 Peter 4:18).

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