

Price Freeze--Farmers Exempt?

Since the President's price freeze about a month ago, there has been much speculation about what it means for farmers. Farmers were given special status in the new economic policy by having raw farm products exempted.

One of the first issues to emerge was the question of what constitutes a raw farm product. The general rule has been that any basic farm commodity which has not been further processed for retailing is a raw farm product. This includes both animals on the hoof and grain directly out of the fields.

But the price of the retailer's product, including fresh, frozen or processed meat at the store or feed from the manufacturing plant, come under the rules and in effect have a price ceiling based on prevailing prices before the August 15 announcement.

It is now generally conceded that the actual effect of this policy is in fact to impose a price ceiling on animals on the hoof and on grains. This is true because retailers and feed manufacturers must continue to maintain reasonable returns; if the price of raw farm products rises to the point where these price returns are endangered, the buyers of these farm products simply quit bidding on them. This in fact imposes a ceiling on the price of raw products, although it is somewhat more flexible than on those items which actually come under the president's price freeze.

As H. Lewis Moore, Penn State marketing specialist explains in a recent livestock information marketing bulletin, "When livestock prices move higher, the packer cannot pass the increase on to the retailer (and then on to the consumer) if his wholesale price is now at the high point reached during the 30 days prior to the August 15 freeze.

A Good Livestock Market?

Forecasts continue for an unusually large grain harvest, particularly a record corn harvest at 12 per cent over the previous record in 1967. It will mean a drastically changed situation for livestock producers over the next year in relation to the past year.

During the past year when corn prices were unusually high, often in the \$1.75 per bushel range or higher, it was often questionable whether a farmer could make more money by feeding his grain through livestock or by selling it direct.

This was particularly true in relation to hogs, which were also very low priced because of an oversupply. Using the old recognized ratio of 10 bushels of corn equaling a hundred pounds of pork, there were times recently when pork producers could have made more money by selling their corn direct and avoiding all the cost and labor of feeding it.

But with the price of corn suddenly declining and with a record harvest forecast, the profitability of feeding corn may rise sharply over the next several months. All farmers should remain aware of this changing situation and how it effects their operations.

One situation in particular which farmers should anticipate is that if the grain surplus regions in the west and midwest come up with a bumper grain harvest as

expected, farmers in these areas likely will begin acquiring more livestock for feeding. This is likely to occur particularly in areas, such as Illinois and Indiana, which were hard-hit by blight last year. Areas and farmers with unusually low supplies of corn and grain last year tended to hold down numbers of livestock on feed; with a low-priced bumper crop, they can be expected to begin feeding at previous high levels.

Moore goes on to point out that exempted raw farm products are also continuing to be governed by the law of supply and demand, and that the supply is expected to be up in the next several months. Wheat production is estimated at 16 per cent greater than in 1970, barley up 13 per cent, sorghum grain up 20 per cent, and corn up 30 per cent over last year. If these projections continue to hold true, it would indicate falling grain prices in relation to last year when prices were artificially up because of the corn blight scare.

Also, our reports indicate that the grain harvest in some other nations is up from last year, indicating a reduced potential for exporting grain surpluses abroad.

Initially, bountiful grain harvests should spell much lower feed costs for livestock and poultry producers, but in the longer run, in six to 12 months, it should result in bidding up the price of feeder stock and eventually result in more animals at higher weights, as farmers feed out their low-priced grain supplies.

Thus, it would appear at present that there is in fact a price ceiling on raw farm products and that first grain, and eventually livestock, will be priced below the ceiling because of increasing supplies.

This changing situation will affect each farmer differently, depending on the type of operation he has. The farmer should continue to watch the situation closely, because his response could play a large role in the profitability of his operation in the next several months.

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If this occurs, it will almost inevitably bid up the price of feeder stock in the coming months. Local farmers should watch this situation and if it begins to occur, they should try to plan their own operations so as to get ahead of the rush.

Also, if there is a move toward increasing the feeder operations, it could temporarily reduce the number of livestock actually available for slaughter. This would tend to keep prices up until the larger number of animals begin reaching the market. If this trend occurs, livestock markets may be unusually strong in the next several months.

As farmers know from experience, projecting these trends and trying to profit from them is an extremely tricky and risky art. But we think that if ever there was a time when the future market condition of the livestock industry could be predicted, now is it.

During the past year, grain supplies dropped sharply, feed costs rose sharply, demand for feeder stock dropped sharply. Bolstered by high feed costs and restrained livestock supplies, livestock prices remained good in the face of sluggish consumer demand.

During the coming year, grain supplies will rise sharply, feed costs will drop as Eastern Shore corn is already arriving and as midwest corn reaches this area in late October, demand for feeder stock will rise sharply. As the national economy picks up, unemployment declines and consumer demand rises, livestock producers temporarily face the pleasant prospect of rising demand and lower costs, a situation which farmers will quickly try to overcome with increased production.

NOW IS THE TIME . . .

By N. Alan Bair
Assistant Ag. Agent



To Prepare For Corn Picking
Corn picking time will be here before we know it and now is the time to get the corn picker in good working order, as well as preparing the available storage. The harvesting equipment should be gone over thoroughly to be sure it is in top working order. Severely worn or broken parts should be replaced or repaired. It would save a lot of valuable time during the picking season to purchase "questionable" parts now so a lot of time is not lost during a breakdown. A good way to systematically inspect the machine is to thoroughly lubricate it.

Storage facilities for the new crop should also be prepared at this time. Crib and bins should be cleaned and repaired. Provisions should be made so old dry corn is not "buried" where it will not be available for use first before the new grain. Possible sources of rodent damage should be checked out and corrected. Good housekeeping is one of the best defenses against rodent damage.

To Have Soil Tested
Farmers who have their soils tested in the fall will be ahead of those who wait until spring. By testing now you will have the winter months to plan next season's fertilizer program. Having sufficient time to plan often

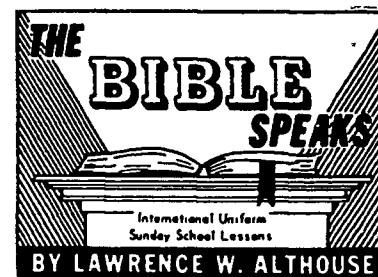
means the difference between a successful fertilizer program and a poor one.

Another important advantage of testing now is that if the soil test indicates a need for lime, autumn is the ideal time to apply it. Lime added in the fall has plenty of time to begin its reactions on the soil before spring planting season. Where soils need phosphate and potash for better crop yield, fall applications of fertilizer are a good idea.

To Install SMV Emblems
Farmers and other persons operating slow moving vehicles are reminded that it is now a law that such vehicles must display the approved slow moving vehicle (SMV) emblem.

The emblem is transferrable from one vehicle to another. It is relatively inexpensive and may be purchased at most implement dealers and farm supply firms.

Be sure to keep all SMV emblems in good condition. A dirty, faded and perhaps damaged emblem is little better than no emblem at all when it comes to warning following drivers. A damaged emblem should be replaced or resurfaced with new material if metal backing is sound. Replacement emblems or new center or border materials are readily available from many farm supply stores and farm equipment dealers.



TO SEE THE UNSEEABLE
Lesson for September 19, 1971

Background Scripture: John 1:1-18.
Devotional Reading: Isaiah 40:12-31.

A little boy was being reminded for the umpteenth time not to put his fingers in his mouth because his hands were dirty and there might be germs on them. "Oh for Pete's sake," the little boy burst forth, "God and germs! God and germs! That's all I ever hear: God and germs — and I've never seen either of them!"



We can sympathize with the little fellow for we can appreciate how puzzling it must be for children to be asked to believe in someone whom they cannot see. Still, on the other hand, we also ask them to believe in germs, too, and they can't see those either.

The Word

From his earliest days man has believed in things and persons who were unseen and unseeable. The reason for this belief has been God's tireless efforts to reveal himself to man. "In the beginning was the Word" (John 1:1)—from the very beginning God has tried to make himself known to his creatures. He has "spoken" to men in nature, in dreams, in mighty deeds, in laws and literature, and in human

thought. All of these channels of revelation have revealed glimpses of the truth to men. They have convinced men of the existence of unseen realities.

Yet men are not satisfied usually unless they can see with their eyes and hear with their ears. They may be thrilled with lofty ideas and stories, but still they want something more concrete, more specific. It was to meet this need of men that God spoke through that most revealing of all his creations—a man! "And the Word became flesh and dwelt among us, full of grace and truth" (1:14).

To make Him known

Men had gained some understanding of the nature of God through the wonders of the natural world. They had been led closer to him by philosophies and laws and man's imaginative creations. Yet God was still unseen and unseeable. It was thus the purpose of the Incarnation—the Word became flesh—to help men to see the unseeable. "No one has ever seen God; the only Son, who is in the bosom of the Father, he has made him known" (1:18).

This doesn't mean that Jesus was the only revelation of God, but that he is the fullest, revealing to us all that we need to know and can know of God. Thus: "In many and various ways God spoke of old to our fathers by the prophets; but in these last days he has spoken to us by a Son . . . He reflects the glory of God and bears the stamp of his nature" (Hebrews 1:1-3).

In Jesus Christ man is enabled to see the unseeable.

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