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Farmers Face Shortages, Higher Prices

The shortages of many basic production supplies which farmers experienced in 1973 will continue through 1974, and many products will carry higher price tags, according to Ronald N. Goddard, executive vice president and chief executive officer of Agway Inc.

roofing and polyethylene film," said the chief executive of the Syracuse-based cooperative. The time lapse between order and delivery of many of these products has grown longer, and price increases are anticipated he said.

"Farmers are particularly affected by shortages because they use a broader range of products than the average consumer does," he pointed out.

Greater demand for such products and limitations in raw materials and energy for manufacturing have contributed to the situation.

"They must buy feed, seed, fertilizer, machinery, building materials, and large quantities of petroleum to carry out their basic work in addition to most of the products that other consumers buy," he said.

"Petroleum is another critical area for farmers," Goddard said. "Supplies of vital fuels—gasoline, propane, and diesel and heating oil—are low at the very time farmers need extra fuel to plant and harvest expanded acreage."

Goddard noted that shortages in varying degrees are showing up in almost all farm supply commodity lines.

All these factors tend to put upward pressure on farm production costs, Goddard said.

Agway, with headquarters in DeWitt, is a farm supply and food marketing business owned by 111,000 farmers in 12 northeastern states.

"Farmers will have to receive more for their products in order to cover their higher costs. The increases will have to be passed on to the consumer in the same way industry passes on its added costs. This will mean higher prices for many food items," the Agway executive predicted.

"The brightest note in the outlook is in livestock feeds. Supplies are expected to be adequate," Goddard said, "but spot shortages may develop, and prices are likely to average somewhat higher than last year."

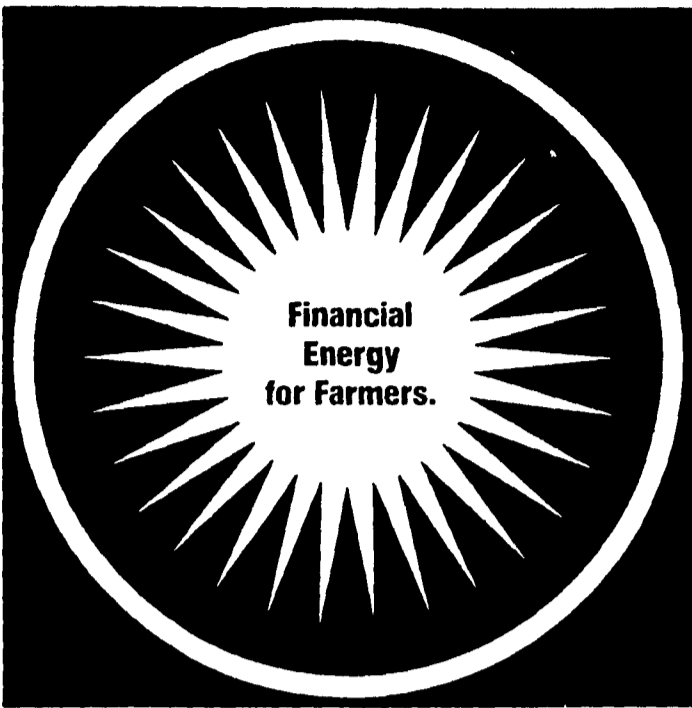
"Our standard of living has been geared to seemingly endless supplies of energy, surpluses of low-cost food and a vast selection of goods and services," Goddard said. "Now things have changed."

He added that fertilizer shortages have already been forecast for both nitrogen and phosphate. Nitrogen supplies are expected to fall considerably short of demand, and he termed estimated phosphate shortages "substantial." The shortages result from a combination of fertilizer exports and increased demand from additional cropland being put into production.

"If there is one thing to be learned from recent events, it is that we must become a nation of conservers, not just a nation of users," Goddard commented.

"Farmers will also face shortages of aluminum, steel, baler twine, and petroleum-based products such as asphalt

He concluded, "There is a limit to all natural resources, including productive farmland, although I believe that if this country had utilized all its resources as prudently as farmers have managed the land, we would not be in the position we find ourselves today."



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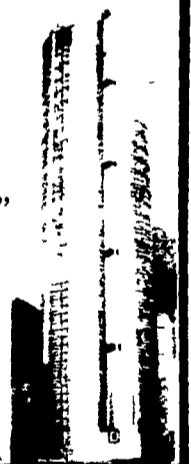
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