Runoff Control

(Continued from Page 44)

area is characterized by farmer-feeders—operators with a one-time capacity of less than 1,000 head—who usually have other faming enterprises such as feed grains and other field crops.

The western way. In contrast, output in the western beef feeding States (Southern Plains, Colorado, California, and Arizona) is dominated by commercial feeders with large, highly specialized feeding operations. Unlike farmer-feeders who produce most of their fed beef during the noncropping season, commercial beef feeders usually operate the year-round.

Close to 49,000 fed beef operations in the 18 States have surface water runoff problems. Some 95 percent are located in the eastern States where small lots predominate. And about 600 of the 1,800 lots with more than 1,000-head capacities were estimated to have problems controlling runoff.

Highs and lows. If the EPA guidelines were binding upon all cattle feeders, the highest per head investments would be borne by small fed beef operations with open lot systems located in the humid eastern beef feeding States. At the other end of the spectrum are large commercial feedlots located in the arid western States.

In the eastern States, investments in runoff control facilities to meet EPA guidelines would average $145 per head for operations with less than 100-head capacities. As lot capacity increases, investment per head tapers off. For a 100-199 head capacity, investments per head would drop sharply to an average of $21. And the average investment required for a 1,000-plus capacity lot is $3.

Nonetheless, there would be considerable variation among individual States in the eastern region. For example, a farmer-feeder with 100-199 head housed on an open lot would have to invest $47 per head in Ohio versus $19 in Nebraska.

In the western beef feeding States, investments for feedlots with less than 1,000-head capacity would vary from around $12 per head in Colorado to $30 per head in California. Investments in facilities for controlling runoff from the region's largest feedlots—capacities of 16,000 head and over—would range from less than $1 to $4 per head.

All things considered. Though compliance with proposed EPA guidelines would require the entire fed beef industry to invest some $133 million, this is not a large sum when compared with existing investments in production facilities and annual gross receipts of more than $10 billion.

Since larger operations would incur lower investments per head for runoff control facilities, most big capacity feedlots with surface water problems would be expected to adopt control measures.

Nonetheless, many small eastern producers could be forced to call it quits. Almost 70 percent of the total investment would fall upon small farmer-feeders in the eastern States whose lot capacities are less than 100 head.

Annual costs on these low-volume operations would be upped by about $21 per head. This translates into a rise in production costs of about $4 per 100 pounds of gain.

Minimal impact. Even though a number of small producers could be forced out of business, experts see little effect on beef prices or total beef supplies. Feeder animals previously headed for these low-capacity lots would go to bigger operations where capacity already exists or could be added wtih nominal effects on production costs.

As in the dairy industry, however, compliance with EPA guidelines would probably hasten the regional and structural trends already present in the fed beef industry. We could expect to see larger-capacity beef feedlots growing in relative importance as a source of beef supplies.

HOGS

Nearly 1 of every 5 hog farmers in our leading pork producing States is estimated to require surface water control facilities to meet EPA guidelines.

The top hog States number 15, are situated in the North Central and Southeast regions of the U.S., and Southeast regions of the U. S., and produce about 90 percent of the country's pork. The farms with runoff problems number about 112,000.

Meeting EPA guidelines for controlling surface water runoff could require initial investments of up to $254 million and increase annual costs as much as $36 million for the hog industry.

In analyzing the impact of pollution abatement measures on the Nation's hog industry, economists noted that most hogs, unlike fed beef cattle and poultry, are produced primarily on small enterprises on crop-livestock farms.

According to the 1969 Census of Agriculture, roughly three-fourths of all hog producers in the 15 States marketed fewer than 200 hogs, though they accounted for a third of all hogs sold. Another third of all hog marketings came from farms selling 200-499 head per year.

Few large producers. Only 1 percent of producers sold 1,000 head or more but accounted for 12 percent of output. Nevertheless, average annual sales from all farms amounted to only 155 head.

Only a fifth of the producers in the two smallest categories (1-99 head and 100-199 head) were estimated to have uncontrolled runoff. Even so, these producers numbered 66,000 and accounted for 60 percent of the farms with problems.

Producers with annual sales of 200-499 head were singled out for special attention. They numbered 95,000 and a third were estimated to have uncontrolled runoff from their production sites. These farmers produce more than a third of all hogs.

Total investment. Economists found that meeting EPA guidelines would require an estimated investment of $254 million. About $197 million, or 80 percent of the total investment, would be in the Corn Belt and Lake States.

The Southeast States would have to spend $31 million, and the Plains States, $25 million. Even though the Plains States market more hogs, higher costs would fall on the Southeast because of its humid climate.

As for individual producers, investments would fall heaviest on low-volume operators. Investments would range from $61 per hog on the smallest operations—those selling fewer than 100 head annually—to $4 per hog for farmers selling more than 1,000 hogs per year.

Annual costs per 100 pounds of pork sold would run $4.24 for the smallest producers—vs. 26 cents for the large-volume operators. While these costs vary somewhat among regions, the differences fail to give any region an economic edge.

Hastening trends. Current trends in the hog industry are toward larger operations in confined feeding quarters. When properly managed, these systems appear to be the most efficient and the easiest in which to control runoff. Adoption of pollution control guidelines would doubtless hasten current trends.

Roughly three-fifths of the farms with runoff problems in the 15 States are small-volume producers with high unit costs. The added investments for pollution abatement measures could force many of these small operators out of the hog business. More than four-fifths of the total added investment would be borne by producers selling fewer than 500 head per year.

In the short run, consumer prices for pork would rise, since pork supplies would tighten if large numbers of small farmers decide to call it quits.

Pork prices would continue high until the remaining producers could up their output.

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