

Economic future riddled by uncertainties

By SALLY BAIR
Staff correspondent

UNIVERSITY PARK — H. Louis Moore, professor of agricultural economics Extension at Penn State University, put together a look into the economic future for the 250 persons attending the dairy herd management conference held last week at Penn State, and cited uncertainties in agriculture and in the general economy which make it difficult to get an accurate picture of what will happen.

Net farm income is dropping, Moore said, and the dropping income, coupled with an inflation rate which will grow to more than 10 per cent during the upcoming year could spell difficulties for some farmers.

It is too early to assess the impact of the proposed farm bill because it appears that many farmers will pay no attention to the reduced acreage suggestions and set-aside program proposed in the bill, Moore declared.

"Planting intentions," Moore noted, "don't coincide with Washington's ideas." In the Fall, he said farmers planted 14 per cent less wheat, and will plant two per cent less corn and eight per cent more soybeans.

Studies by the Congress which are suggesting some rather large changes in our diets will have some influence on farmers, as yet

undetermined. The studies would like a switch to a more plant-protein oriented diet. Along with these proposed changes, Moore said processing-type meat and hamburger beef will be scarce this year.

The proposed dismemberment of the United States Department of Agriculture is a factor which will influence agriculture to some degree, and weather is always an uncertain factor in the future, Moore said.

The general economy affects the lives of each of us, and one changing picture is the trade deficit, which has grown from \$6 billion to \$27 billion last year. Formerly, Moore pointed out, agricultural exports have helped solve the trade deficit problem, but the importing of large quantities of oil has changed that.

Inflation will get worse, Moore said. In January inflation had risen on an annual basis of 8.4 per cent. This will rise to 10 per cent in the coming year.

"The energy non-program" is causing uncertainties in the general economy, and protectionist sentiments of barring imports are also influencing the economy.

Counting the effect of inflation, Moore said that the stock market has gone down every year since 1961. The dollar is falling, and the increase in the social

security problem has caused a lower standard of living, both of which influence the economy.

The record grain production is causing problems. Moore pointed out that since 1950-1954, the corn acreage has remained relatively stable. However, increase in yields per acre have grown from 38.5 bushels in 1954 to 91.5 last year, the second highest on record.

Our exports have been growing, but not fast enough to keep up. The carryover from the previous year's harvest is also increasing, despite the problem of a few years ago when surpluses were reduced drastically by selling grain to the Russians. Now, according to the provisions of the five year plan, the Russians are obligated to purchase between six to eight million tons of wheat annually. This year they have contracted for 10.3 million bushels to be delivered by September 30. The Russians are paying for their wheat purchases in cash, Moore noted.

There is more competition for products in today's society, Moore said because "more and more people in the world want to eat like we do in the United States. They are moving from a plant protein diet to an animal protein diet." He cited Russia as an example, saying they are purchasing



Louis Moore

our grain to feed cattle to feed their people.

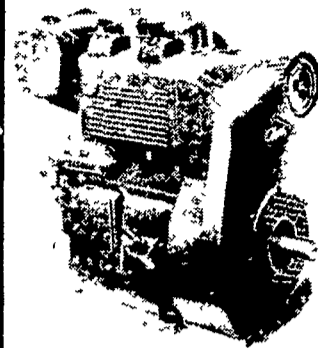
Moore said the current grain situation shows an abundant supply, relatively cheap prices and an excellent demand through this year.

As for the futures market, Moore said his records show that in September the hedgers and speculators said wheat would be worth \$2.19/bushel in May. In December they said \$2.25; In

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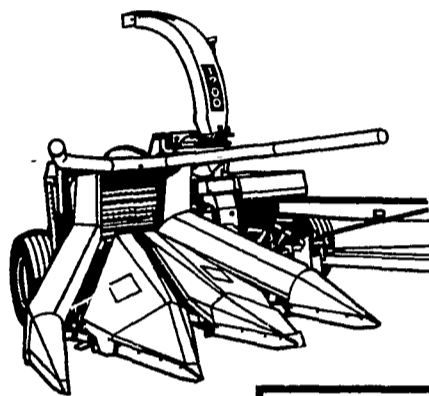
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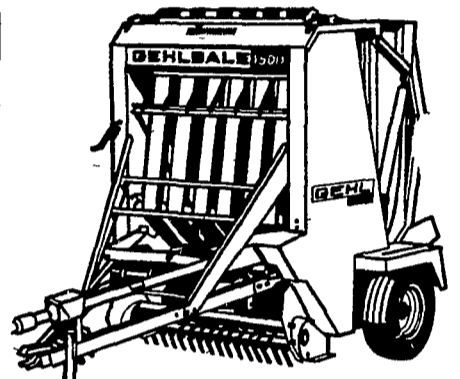
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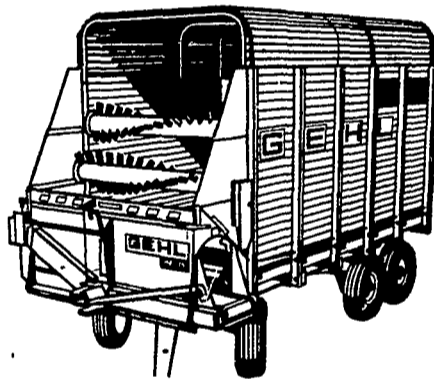


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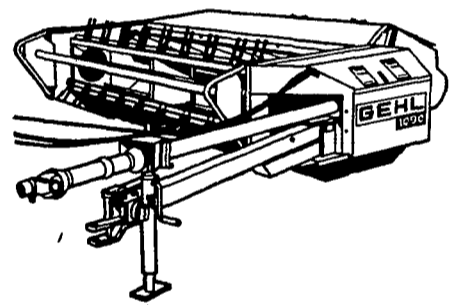


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