

Decline of family farm hurts small business

COLUMBIA, Mo. — If the family farm declines, it will bring down with it "the basic business structure of rural America," an agricultural banker said at a recent agricultural policy seminar at the University of Missouri, here.

"I cannot visualize the United States remaining a viable nation of relatively small and independent — individually owned — business entities, unless we devise a method of preserving the family operated farm," said

V.E. Rossiter, President of the Bank of Harrington, Neb.

If the family farm doesn't survive, then "a vast majority of the some nine million small stores, small banks, most of the professional people and many of the small communities that these people serve will disappear from the rural scene also."

Rossiter said the agricultural sector has been greatly underpaid, "compared with the income levels of other equally important segments of the economy."

An underpaid agriculture in times of general inflation puts "unfair economic pressure on the family farm."

To "start from scratch" on a rented farm today would require about \$25,000. For an operation of the same scale in the 1930s, farmers could get started with \$2,000; and in the 1940s, a start would take \$4,000.

"Today, it is unrealistic to begin farming from scratch, and it has been since 1973," Rossiter said.

Unless farm costs and incomes can be brought into balance with the rest of economy, the traditional family farm cannot be ex-

pected to survive another decade, he said.

"Without an equal number of a new family entries into agriculture to counter-

balance the loss of aging family farm operators, there will be no one to fill the ranks of the family farm. A vacuum will be created."

Debt service payments second to feed costs

DENVER, Colo. — The typical American family is spending a larger share of its disposable income for payments on debts than it spends on food, National Farmers Union President Tony T. Dechant told delegates to the 70th annual convention of the Rocky Mountain Farmers Union meeting Dec. 1 in Denver. While the average consumer now spends about 16 per cent of disposable personal income for food, debt service payments now take about 20 per cent of disposable personal income, Dechant reported.

Citing a Treasury Department study, Dechant said, "The situation appears bound to get worse with interest rates heading for new record levels while outstanding debt of consumers and farmers grows alarmingly." Farmers' debts will total \$136 billion on Jan. 1 and \$153



Tony Dechant

billion a year from now, he said. "Debt financing now accounts for 10 per cent of farm outlays and is the second largest single item, exceeded only by feed purchases."

Pointing to the present high interest rates and the expectation that they will soon set a new record high, Dechant warned, "Tight money and high interest rates have never been successful in curbing inflation without precipitating a recession or depression. We appear headed on that course again."

Instead of persisting in a high interest rate policy, Dechant said that President Carter should use his authority under the Emergency Credit Control Act of 1969 to limit interest rates and credit use. Under that law, he said, "the President can set maximum interest rates, set maximum loan sizes, set repayment terms, and if needed, allocate credit to productive uses. Conditions are desperate enough to warrant use of these emergency powers."

Ag transportation conference set

WASHINGTON, D.C. — The American Farm Bureau Federation is sponsoring a national conference on agricultural transportation, February 28 through March 2 in the Washington, D.C. area.

The three-day conference will concentrate on the rail situation, but will also in-

clude a full-fledged debate on truck deregulation, a review of highway and bridge problems, and a look at transportation research.

C.H. Fields, assistant director, national affairs, in the AFBF Washington office, is coordinating plans for the conference. He said 250 Farm Bureau leaders

and representatives of other groups and agencies from all parts of the country are expected to participate.

In a letter to State Farm Bureau leaders, AFBF President Allan Grant said that railcar shortages and a range of other transportation problems "have developed to the point that we in Farm Bureau must give serious consideration to this vital area of service to agriculture."

The program will include industry spokesmen and top officials from Department of Transportation, Department of Agriculture, Interstate Commerce Commission, and members of Congress.



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