

# Pennfield chief is bullish on hogs and chickens

## UNIVERSITY PARK

Robert Graybill, president of Pennfield Corporation, Lancaster, is convinced that conditions are ripe for Pennsylvania's poultry and hog producers to expand their operations. And the chief executive of one of the state's major agribusiness is also proud of what Pennsylvania farmers are doing and can do. Speaking here at an agricultural conference for bankers on Thursday, Graybill said Pennsylvania is prime farm territory not only because of its productive land and its hard-working people, but also because it is located within an overnight drive of more than a quarter of this nation's people, and present agricultural production in the area is far short of consumer needs. With the economics of transportation becoming a more critical factor in the availability of food, Graybill sees a good opportunity for farmers. He concluded:

Pennsylvania's geographic location, combined with growing economic and consumer pressures, put it in an ideal position to provide more foods for neighboring areas, particularly in the current high-growth hog and poultry fields.

The Northeast Region (comprising Ohio, the Virginias, Maryland, Delaware, New Jersey, Pennsylvania, New York and the New England states) is undersupplied by its own farmers in several key foodstuffs and represents a big potential market for Pennsylvania-raised products.

State production of hogs is currently some 2 million head behind its slaughtering capacity; this represents significant potential growth.

Poultry and swine agriculture, abetted by recent advances in agricultural science, offer greater efficiency of production and space utilization than other types of livestock, particularly beef cattle.

Due to prevailing "up" market trends and the fruits of research, there has never been a better time for agricultural lenders to invest in livestock farming operations.

Recent developments in livestock management have enabled farmers to raise their animals more efficiently; thus, greater profits are generated, and the individual farmer is better able to meet long-term debts.



Robert Graybill

The past performance of Pennsylvania farmers, and the predominance of family farming in the state, can be interpreted as evidence that lending to these individuals is a sound business risk.

Current trends indicate future Pennsylvania farms will be fewer in number, generally larger in size and more specialized than today's farm operator.

Pennsylvania is traditionally a leader in livestock agriculture, a field which accounted for nearly three fourths of the state's agricultural cash receipts in 1976.

Following are excerpts from Graybill's presentation:

"This opportunity for growth and specialization isn't restricted to our area, of course. Current national forecasts by agribusiness economists predict that for the next 8 to 12 years, conditions will be very favorable for establishing and maintaining highly profitable livestock operations. These favorable conditions come at an ideal time, because they give American farmers a chance to fully develop the efficient growing procedures needed to stem the influx of fabricated foods, like those based on vegetable protein, which have gained some degree of acceptance due to their slight price advantage over the foods they replace."

"Within this bright picture of opportunity for livestock farming ... Pennsylvania stands out as one of the leading potential growth areas. This is especially true when considering the field of poultry production, already well established, and the rapidly growing field of hog production.

"What's in the future for our poultry farmers? A ready market, according to all indications. Right now we could use a higher volume of locally produced poultry products. Consider eggs, for example. To meet the demands of the more than 38 million people living in New York, New Jersey and Pennsylvania - not counting

the rest of the Northeast - a total of 100 million egg-producing chickens are needed. Yet in these three states, poultry farmers currently house only 24.9 million egg-producing chickens. In other words, as a region, we're roughly 10 million birds short of meeting our demand of eggs. All the eggs we eat over and above those produced by our 24.9 million egg-producing chickens are transported in from outside - and represent a huge potential gain for farmers to produce fresher, more appealing, local eggs. And this gain can mean not only increased profits for farmers, but also for area processors.

"Another advantage of poultry production in this area is the swing of the production-cost pendulum in our favor. At one time, it was cheaper to produce poultry in the Midwest, where the feed grain was plentiful, and ship the product east than it was to ship the grain east and grow the birds locally. Due to skyrocketing energy costs, this is no longer the case. We can now produce poultry products in the Northeast that are competitive with those grown elsewhere - and may, in fact, enjoy a price advantage.

"And let's look at pork production. You'll find that Pennsylvania represents an amazing potential for growth in this field. Recent figures show that over 2.8 million hogs were slaughtered in Pennsylvania, ranking the state eleventh nationally in this area. Of those 2.8 million hogs, only a little over 750,000 were grown here. Nearly two million hogs slaughtered in Pennsylvania in 1977 came from out-of-state. So the opportunity for significant growth in hog production is here right now. "Poultry and hogs have a considerable advantage over other grain-fed livestock in efficiency of production. The yardstick for comparison here is that American favorite, grain-fed beef. Beef can be finished at a conversion rate of nine pounds of feed for one pound of beef,

and poultry farmers are growing broilers at a conversion rate of two pounds of grain for one pound of meat. The economics are clear here - you get more than four and a half times greater efficiency with poultry than you can with beef. This superior efficiency is the result of on-going research into poultry nutrition by agribusiness companies, and the willingness of area poultry growers to adopt new techniques of nourishing and managing their flocks. At the same time, these efficiencies allow farmers to reduce production costs relative to market prices.

"In addition to the greater efficiency, consider the effect that a reduction in available feed would have. If such a reduction became a reality, area farmers raising chickens, turkeys or pigs would be affected to a much smaller degree than those growing grain-fed beef cattle locally.

"Another benefit is quick turnover. Broilers can be raised from chicks to market weight in just seven to nine weeks, allowing the farmer to produce up to seven complete flocks in a year and generate a more consistent, steady income. Hogs can be raised from farrow to finish in just 23 weeks using modern techniques.

"A problem which faces this country today, and which will continue, is dwindling farmland and the need for proper utilization of existing space. Here's where poultry production provides another advantage. Up-to-date layer houses, for example, can hold over 60,000 birds at a time without crowding on a four deck system, while occupying a space of less than 21,000 square feet. This enables farmers who can secure the investment capital to utilize acreage that might otherwise be unused and transform it into a highly profitable poultry growing operation.

"Turning to hog production, one of my associates, Dr John Fidler, correlates the state of the swine growing art to that of the technology

and methodology of poultry growing - 10 to 15 million year ago. Recent research has made great strides toward improving the feeding efficiency of hogs. Preliminary results have shown that it takes less than three pounds of feed to produce one pound of pork. This figure can be improved upon through further research and the widespread adoption of confinement raising, which offers excellent space efficiency and enables farmers to generate

increased profits from fixed acreage.

"So, all factors considered, it's a great time for Pennsylvania farmers to invest in livestock agriculture. Market conditions, forecasts and scientific progress couldn't be more encouraging. But entering either of these fields today - and doing so competitively - requires a large investment that can only be generated through the support of the lending institutions.

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