

Grain markets - catastrophe that didn't happen

BY DICK WANNER
Staff Correspondent

PARADISE — The grain catastrophe that didn't happen has left grain producers and dealers alike stunned and happy.

President Carter's January 4 embargo on shipments of feed grains to Russia stopped the sale of 13 million tons of corn and 4 million tons of wheat.

The Embargo stirred up a near panic in the grain trade. The slap on the collective Soviet wrist, many felt, would have no effect on their Afghanistan conquest or the Russian diet, but it would hurt U.S. farmers and

could even put some country elevators out of business.

John J. Hess, II, president of a feed mill here that bears his name, said on Monday morning, Jan. 7, he figured he would lose some \$20,000 on the grain he had in his inventories.

On the afternoon of Thursday the 17th, he was confident he hadn't yet lost anything as a result of the embargo.

"Carter was right," Hess said. "Nobody, me included, believed that the government could keep the price from sliding to the bottom. But they did it."

Feelings in the business

community ran strongly against the embargo.

A report in **BUSINESS WEEK** crucified the administration for the move, pointing out that even if prices recovered quickly, it would take years to regain the trust of the Russian grain buyers.

On the other hand, the **WALL STREET JOURNAL** this week quoted a Chicago grain trader as saying, "Prices broke too badly on too much baloney about all the fears."

He was referring to the price break on the first two trading days after the embargo, and the fact that the market was making up this week for what it lost last week.

Joel Coleman, a Chester County farmer who harvested 260 acres of corn and 60 acres of wheat in the fall, said he was upset when he heard of the embargo. Much of his grain is still in storage, waiting to be sold.

"But it was probably the best thing we could have done," Coleman said.

"Another possibility would have been to sell them the grain, but at double the price, and use the extra money to start up alcohol plants.

"I do think that it's going to be a couple of years before everything is straightened out in the grain market. But right now, it hasn't hurt me."

In Milford, Del., Burt Westman, manager of the Milford Grain Co., said the

embargo had so far had no impact on their business. The firm is a for-profit storage facility owned and controlled by a number of grain farmers in the Milford area.

"We've made some sales since the embargo was announced," Westman said, "but they were soybeans and the prices were actually a little better than they were before the embargo. Our farmers are sitting tight, waiting to see what the

market will do. They're certainly in no panic to sell."

It all seemed too good to believe, except for Joe McDavid, a public relations spokesman for USDA in Washington.

Prices didn't drop because of the programs and the actions by the administration," McDavid said.

"When the sale to Russia was stopped, the government said they would not allow any of the corn back

into the domestic market at less than \$2.40 a bushel, which is what the price was on the Friday of the announcement. And we've set up storage and loan programs to protect farmers against losses," he said.

"It just took the trade a few days to realize exactly what we'd done, but I think the markets are now getting back to where they should be," the USDA man concluded.

Franklin extension to elect new directors

CHAMBERSBURG — The Annual Meeting of the Franklin County Agricultural Extension Association has been set for Friday, February 1, at the Kauffman's Community Center, near Kauffman's Station, according to James L. Wilson, President of the Association.

All citizens of Franklin County are automatically members and are invited to participate at the meeting in the election of new directors from five townships....Letterkenny, Lurgan, Metal, Montgomery, and Peters.

Tickets for the event are available thru January 25 from all Association directors and at the Franklin County Extension Office, 191 Franklin Farms Lane, Chambersburg.

The event will get underway with a Social Hour at 6:15 p.m. with dinner being served at 7. Marion Deppen, Assistant Director of Extension, at Penn State, will address the topic, "Land and Energy: Issues and Prospects".

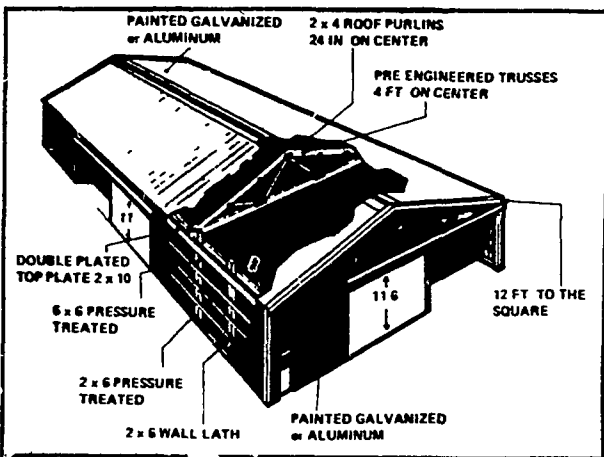
County Extension Director, John Z. Shearer, will present a slide-illustrated talk on his recent award trip to Holland and Switzerland. Various awards and presentations will also be made.

Present directors of the Association include: Richard W. Harshman, Chambersburg; Mrs. Edith Doyle, Dry Run; Stanley J. Burkholder, Chambersburg; Mrs. Joyce Armstrong, Chambersburg; Robert Stouffer, Chambersburg; Gerald Hammond, Chambersburg.

Also P. Joe Musser, Newburg; Robert A. Woods, Fannettsburg; Marvin E. Hissong, Lemasters; John R. Stoner, Mercersburg; Harold C. Gayman, Waynesboro; Mrs. Betty Wingert, St. Thomas; Harold L. Wenger, Shippensburg; Donald Keefer, Mercersburg; Andrew S. Fitz, Waynesboro; Mrs. Jane Goshorn, Dry Run; Mrs. Doris Meyers, Chambersburg.

And, John R. Rotz, St. Thomas; Stanley J. Helman, Chambersburg; Mrs. Lillian Gayman, Orrstown; Mrs. Wilma Mickey, Chambersburg; Harold Hoffeditz, Mercersburg; James Wilson, Lemasters; Kenneth Myers, St. Thomas; Mrs. Janet Deardorff, Fayetteville; Mrs. Jean Wengert, Chambersburg; and Mrs. Ethel Barnes, Mercersburg.

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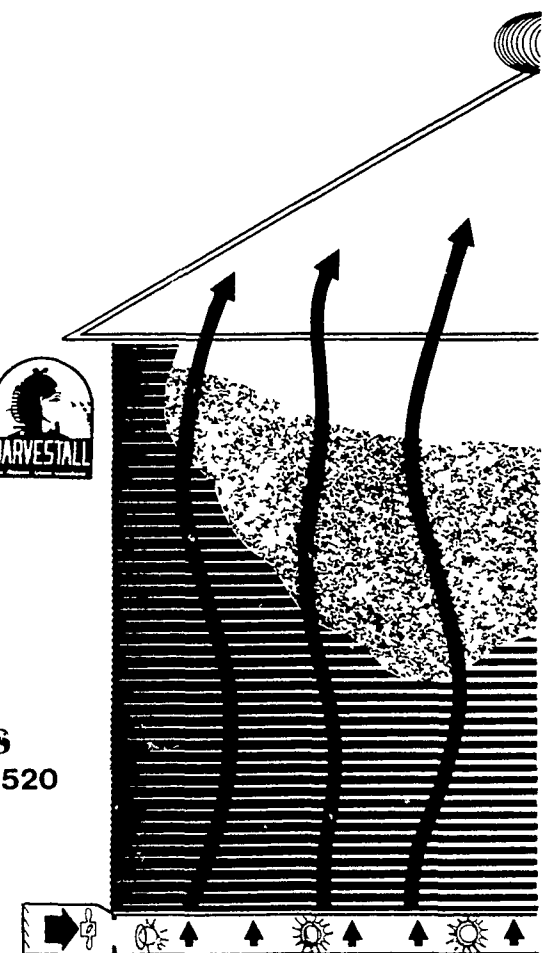
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