

Farm income slumps in 1980

LITITZ — Even without this summer's drought, it would have been a frustrating year for U.S. agriculture, says USDA, economist George Hoffman.

The reason: farmers are keeping less of every sales dollar than they did last year.

Although the figures are far from final, forecasters expect 1980 net farm income to skid to a three-year low of \$23 to \$25 billion. That's down about a fourth from 1979's estimated \$31 billion.

This summer's pickup in farm prices in response to the hot, dry weather helped ease the situation some, but not enough to substantially alter this year's picture, Hoffman says.

The problem is that record sales and higher average prices do farmers little good when the extra dollars fail to cover even greater increases in production expenses.

This year, farmers total production expenses may rise 10 to 12 percent from last year, Hoffman estimates. That's a stiff increase, and all the worse because it follows right on top of an 18 percent jump in farmers' 1979 expenditures.

Sharply higher costs have taxed most farmers beyond their ability to economize by cutting back or postponing purchases. Fuel expenditures and short-term interest costs may increase 30 percent or more for the year, though only modest

gains are found in costs for farm-origin inputs (mostly feed and feeder livestock).

On the other side of the equation is gross farm income. Overall cash receipts to livestock and poultry producers are not expected to increase much this year. However, crop receipts may rise by a tenth, and total 1980 receipts for the farm sector will hit a new record. Government payments to producers may also rise.

However, the bottom line is that cash receipts from crop and livestock marketings will not keep pace with production expenses.

The rise in cash receipts for the entire farm sector may only total 4 to 6 percent, with receipts reaching an estimated \$137 to \$140 billion for 1980, Hoffman says. Adding in government payments and other income items will mean gross farm income of around \$155 billion, leaving net income in the \$23 to \$25 billion range.

Although national net farm income is an important measure of financial returns throughout agriculture, the figure lumps all farmers together, ignoring differences in the well-being of individual farmers, Hoffman says.

Some farmers, for example, lost an entire crop—perhaps representing a whole year's income—to the summer drought, others who escaped the drought

benefited from the substantial pickup in market prices. Many will continue to benefit the deterioration in overall crop prospects should add lasting price strength to several 1980 crops.

Besides weather, such factors as commodities produced, tenure and debt status, reliance on purchased inputs, and dependence on off-farm income also help determine who's hurting and who's not. Producers of wheat, corn, tobacco, and cotton will probably show the biggest gains in receipts from last year. Modest increases are expected for soybeans, fruits, vegetables, and other crops.

Likewise, the effects of higher input prices vary among crops. Energy-intensive crops have the greatest increases in cash costs. For example, cotton, sorghum, and other crops in

the southwest use considerable energy for pumping irrigation water.

Similar differences apply among livestock and poultry producers, although—in general—they'll probably not do as well as crop producers in 1980. Production costs are up, and total receipts will show little to no increase this year, Hoffman says.

As noted, farm income is not the only measure of a farmer's financial situation. For instance, farm families who count on off-farm jobs for a large part of total family earnings may be less vulnerable to fluctuations in farm income.

A third of all U.S. farms rely on off-farm jobs, for more than 90 percent of family income. These farms earn less than \$2,500 in annual gross farm product sales, and, altogether, they receive less than one percent of all cash receipts going to

agriculture. Over half of the farm sector's total income comes from off-farm sources.

Off-farm jobs may be of

help in dealing with downturns in the farm economy. But this year's economic slump isn't confined to the

(Turn to Page C33)



-If you have fat cattle or need feeders ...

THINK NEW HOLLAND

BEEF SALES

MONDAY - 1:30 P.M.
THURSDAY - 11:00 A.M.

Sale Order - Fat Bulls, Steers, Stockers and Beef Cows
Veal Calves - 4:30 Thurs.

NEW HOLLAND SALES STABLES, INC.

Phone: 717-354-4341

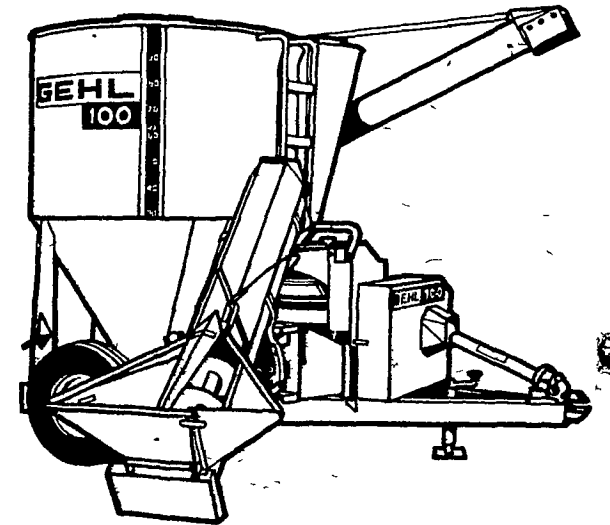
Daily Market Report - Phone: 717-354-7288

Abe Diffenbach, Manager

Field Representatives - Alan Diffenbach 717-656-9806

Luke Eberly 215-267-6808

New Hydraulic Mix-Alls®



Now Mix-Alls® are even better! New hydraulic design means less maintenance, easier operation. The 100-bushel Mix-All unloads in just 3½ minutes. Power-bale feeding on the 135-bushel model handles 4½ bales a minute! And the hydraulic discharge conveyor with extensions reaches tanks up to 18' high. See these hydraulic Mix-Alls now!

GEHL®

FARM EQUIPMENT

PEOPLE'S SALES & SERVICE

Oakland Mills, PA
717-463-2735

N.G. HERSHEY & SON

Manheim, PA
717-665-2271

A. L. HERR & BRO.

Quarryville, PA
717-786-3521

S. JOHNSON HURFF

Pole Tavern
Monroeville, NJ
609-358-2565 or
609-769-2565

STOFFER BROS. INC.

Chambersburg, PA
717-263-8424

ARNETT'S GARAGE

Rt 9 Box 125
Hagerstown, MD
301-733-0515

UMBERGER'S MILL

Rt 4 Lebanon, PA
(Fontana)
717-867-5161

ZOOK'S FARM STORE

Honey Brook, PA

AGWAY, INC.

Chapman Equip. Center
Chapman, PA
215-398-2553

CHAS. J. MCCOMSEY & SONS

Hickory Hill, PA
215-932-2615

WERTZ GARAGE

Lineboro, MD
301-374-2672

LEBANON VALLEY IMPLEMENT CO., INC.

Richland, PA
717-866-7518

CLAIR J. MYERS

Lake Road R1
Thomasville, PA
717-259-0453

PETERMAN FARM EQUIPMENT, INC.

225 York Rd.
Carlisle, PA
717-249-5338

BINKLEY & HURST BROS.

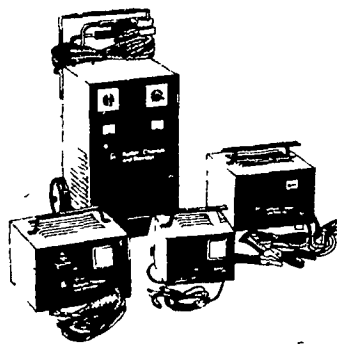
133 Rothsville Station Road
Litz, PA
717-626-4705



John Deere "Little-Big" Tractors

Small-size tractors with big tractor features. All three have 3-cylinder diesel engines (22 PTO hp on the 850, 27 PTO hp on the 950, and 33 PTO hp on the 1050*). Other standard features include: 8-speed transmission...3-point hitch (Category 1)...540-rpm PTO...adjustable drawbar...differential lock...adjustable wheel tread. 950 and 1050 are available with mechanical front-wheel drive.

* Maximum PTO hp at 2600 engine rpm for the 850 2400 engine rpm for the 950 and 1050 by official test



Battery Chargers

Keep batteries at full power, boost-start engines with dead batteries with a John Deere Charger. Models have 10- to 100-amp charging power, up to 300-amp boost.

Oil and Lubricants

Protect your investment with top-quality John Deere oil, lubricants, conditioners. They're formulated to keep your machines running right



WENGER IMPLEMENT, INC.

The Buck
Quarryville PA
Phone (717) 284-4141

A.B.C. GROFF INC.

New Holland PA
Phone (717) 354-4191



LANDIS BROS. INC.

Lancaster, PA
Phone (717) 291-1046

ADAMSTOWN EQUIPMENT INC.

Mohnton RD2, PA 19540
(near Adamstown)
Phone (215) 484-4391

POWER KING one tough tractor!

Big work-power for every job on your place

All-gear drive delivers more usable horsepower, saves gas. Mow lawn, plow, till, bulldoze, clear snow, split logs and more

12, 14, 16, 18 hp
Free catalog American-built, your top dollar value
Come in, see for yourself

OBERHOLTZER'S

RD #4, Box 260, Fairview Road
Litz, PA 17543 Phone: 717-733-8506

HOURS:

Mon., Thurs., Fri. 9:00 to 2:00 and 4:00 to 9:00
Tues., Sat. 9:00 to 12:00

WHITE WASHING with DAIRY WHITE

- DRIES WHITE
- DOES NOT RUB OFF EASILY
- NO WET FLOORS
- IS COMPATIBLE WITH DISINFECTANT AND FLY SPRAYS
- WASHES OFF WINDOWS & PIPELINES EASILY

ALSO BARN CLEANING SERVICE AVAILABLE WITH COMPRESSED AIR

To have your barn cleaned with air it will clean off dust, cob webs & lots of the old lime. This will keep your barn looking cleaner & whiter longer.

MAYNARD L. BEITZEL

Witmer, PA 17585 717-392-7227
Barn spraying our business, not a side-line.
Spraying Since 1961

HIGH PRESSURE WASHING AND
DISINFECTING POULTRY HOUSES
AND VEAL PENS.