Interest rates

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years and is reviewed every two years thereafter.

Under the emergency farm loan program, interest rates rose by two and three percent. Under one category, interests rates rose from 15 to 17 percent and, in another, from 5 to 8 percent.

And farm ownership loans increased from five to seven percent plus two percent annually where prime or unique farmland is involved.

According to Calhoun, "Prime farmland is described as having the best combination of physical and chemical characteristics for producing food, feed, forage, fiber and oilseed crops. It also must be available for those uses.

"Unique land is other than prime land having special combinations of soil quality, location, growing season and moisture to economically produce high quality or yields," Calhoun said.

Even though these interests rates are lower than the current 19 percent charges on commercial loans, any increase could possibly threaten bankruptcy. This is especially true for young farmers with many debts, little machinery and small cash reserves. In a report of the Research Institute of America, a New York economic forecaster, the financial crisis facing farmers is blamed on their ability to find affordable cash — or rather their inability.

"Sky-high interest rates combined with relatively low prices for farm products this season to push the vulnerable to the wall," RIA said.

According to the Washington Newsletter, a weekly publication by the National Farmers Union, "Since the basic cost of money has more than tripled since 1977, it can be seen that (these) interest costs are sharply eroding the value of farm commodities."

'These' interest rates in the statement above are referring to a "tabulation of typical interest outlays by farmers per bushel of grain or units of other commodities," as revealed by a USDA witness at an informal hearing on credit conducted by Montana Senator John Melcher.

The Newsletter says, "The interest costs range from 6 to 10 percent of the market value of several commodities. For typical farms, the data indicates:

— On an average Illinois farm with 360 acres of corn, interest payments are $5,777 annually or 17 cents a bushel for corn;

— On an Arkansas farm with 600 acres of soybeans, interest payments are $5,937 or 62 cents a bushel for soybeans;

— On a Montana farm with 960 acres of wheat, interest outlays are $10,005 a year or 46 cents a bushel of wheat;

— On a Nebraska farm with 520 acres of grain sorghum, interest payments are $5,404 a year or 17 cents per bushel of grain sorghum;

— On a Texas farm with 680 acres of cotton, interest outlays are $8,111 per year or 4 cents for cotton.

However, these figures have not yet been officially published by USDA.

One group of farmers who especially have felt the economic crunch in their operations have been poultry producers.

Are layers a lot worse off in loans than cows, hogs, etc?

Yes, says Carl Brown, general manager of Farm Credit in Lancaster County. "I don't know which hit bottom first; it was a race between the hogs and the layers, but we haven't had any real disasters in the hog industry except for diseases."

Brown was speaking at a meeting of the Pennsylvania Poultry Servicemen, Monday evening, concerning the outlook of the poultry industry.

"In my opinion, if you're looking overall, the interest cost is the one thing that is really killing the industry. We just can't control some things, especially interest rates."

Despite the grim picture, Brown did assure the poultry producers of Farm Credit's willingness to help them with loans.

"We're going to try to stay as long as possible and we're certainly interested in working with you," he said.

To back up his promise of support, Brown pointed out the statistics of a recent survey conducted in this county.

"From this survey, we found we hold about 50 percent of the mortages — so if you don't think we have a stake in agriculture, you're mistaken."

Brown named good management practices as being the only immediate relief to the economic situation; in particular, not spending $23,000 in cash for a new tractor when an old one will do.

"When you get considerable amount of dollars coming in, you have a tendency to live a little higher — it's hard then, when the money is short, to cut back and let that new tractor sit," he explained.

Farmers in all types of operations may. find tightening their belts to be the only solution to this economic crunch. Unfortunately this situation will effect agri-businesses and implement dealers along with farmers creating a domino effect in which consumers and virtually all businesses down the line could suffer.

Tobacco crop

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to 15 percent as farmers sought more of that cash crop to get them through the tough economic times.

When all of the acreage totals are in for the county, Lancaster may end up with nearly 14,000 acres of tobacco – one of the highest totals in a number of years.

Thus as the buying season (probably again not opening until after the holidays) nears, Lancaster tobacco growers may be faced with non too enthusiastic buyers representing companies with a lot of crop in storage and a sizable new crop in the sheds.

All in all, county tobacco growers may not end up as well as they did last year. They planted more acreage, but the lighter crop due to dry weather will cut down the weight. And, of course, more acreage means more production costs.

The extent of the shed burn noted at the fairs will not be really known until stripping begins. But it too could cut into income.

The current high interest rates likely will also keep the buyers out of the market until after the holidays. The longer they can postpone borrowing money at the high rates the better it is for the companies.

Lancaster County and Wisconsin are closely tied together in the tobacco market since about 95 percent of the blend in chewing tobacco comes out of these two areas.

Wisconsin supplies about 60 percent of the blend and Lancaster County about 30 to 35 percent. The rest includes some tobacco out of places like Ohio or Connecticut and also some burley.

Thus, since another big crop is expected out of Wisconsin, it will have an effect on the buying market here.

In summary, while Lancaster County tobacco acreage may approach 14,000 acres this year, the overall yield will likely be about the same as last year.

And when stripping begins, individual growers will get a better idea of the extent of shed rot.

And finally, don't be too hopeful about a big increase in price.

USDA extends soybean loans

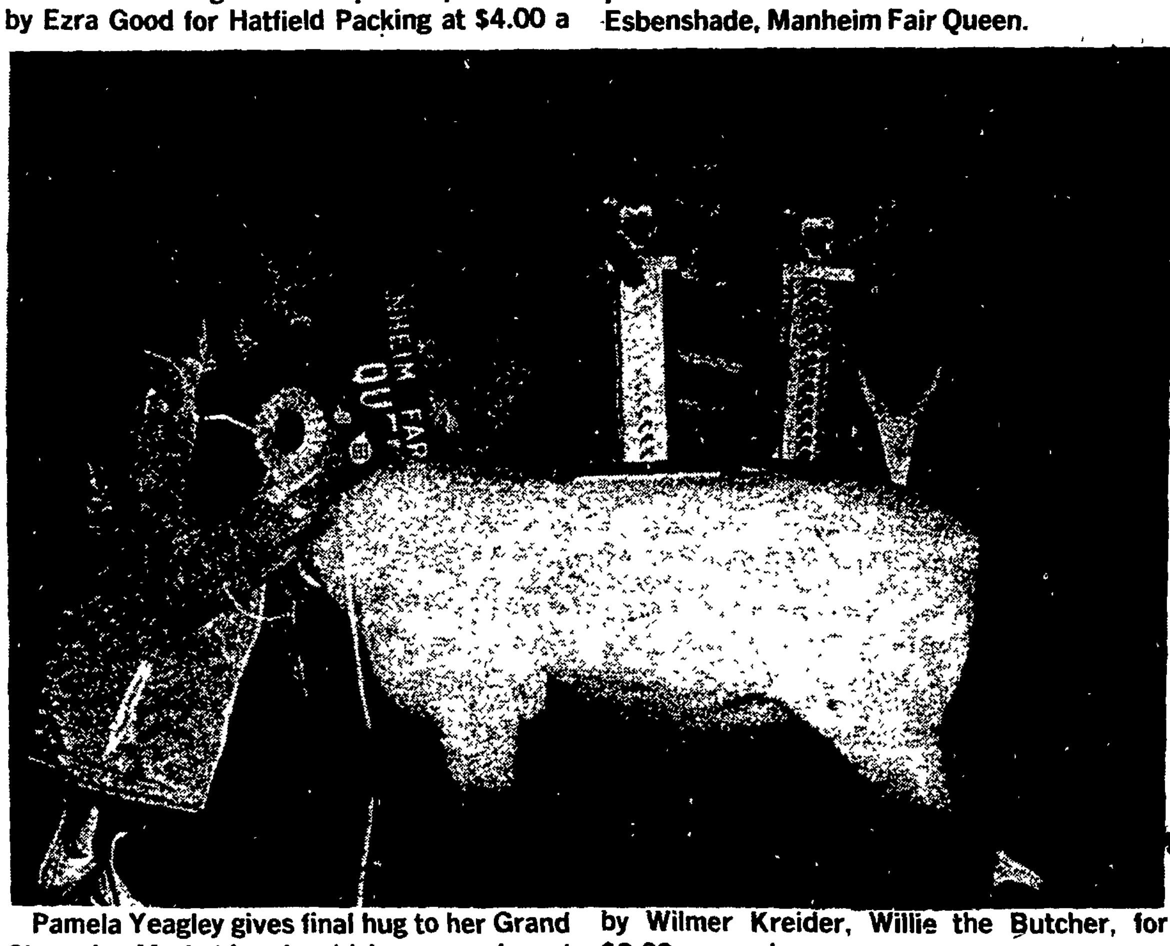
HARRISBURG — Soybean farmers whose 1980-crop government soybean loans matured in September and subsequent months may—at their discretion—extend their loans for up to four months, according to the Agricultural Stabilization and Conservation Service.

According to Secretary of Agriculture John R. Block, this action will provide producers additional time to market their soybeans and will relieve some pressure on currently depressed markets.

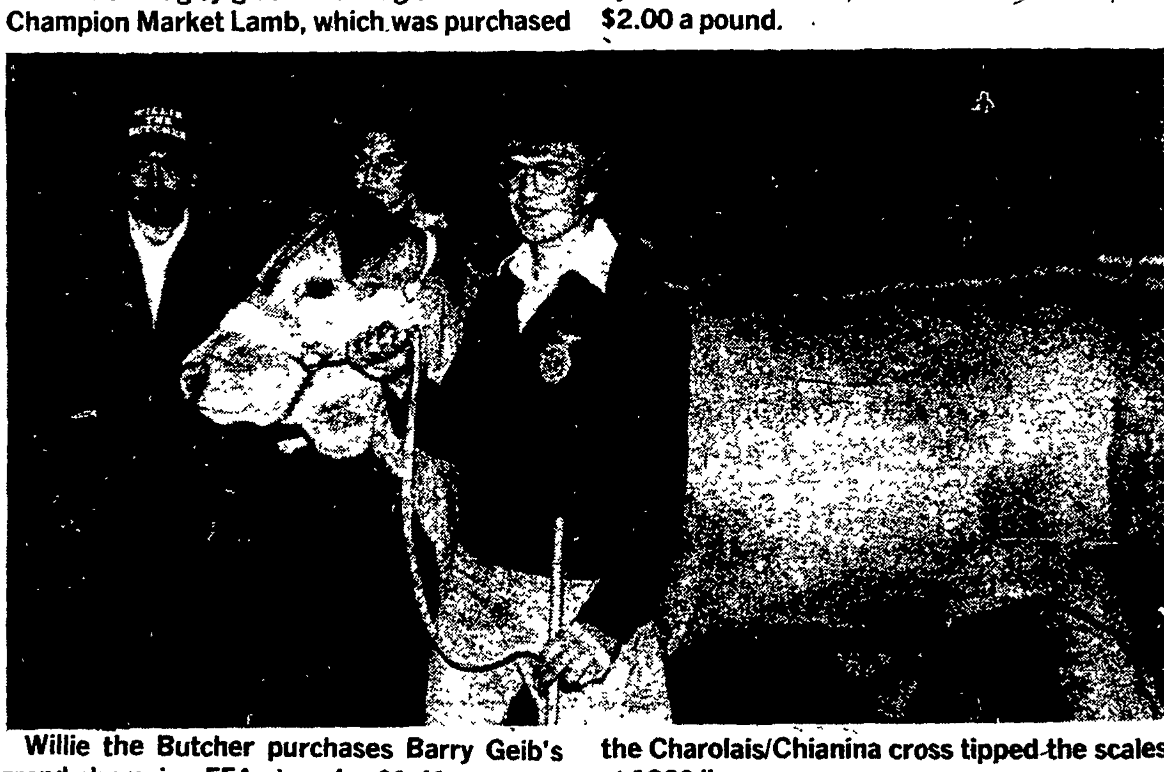
Farmers who wish to extend their loans should contact the county office of USDA's Agricultural Stabilization and Conservation Service where the original loan was made.

Top Manheim Fair livestock sells

Steve Strauss grand champion is purchased by Ezra Good for Hatfield Packing at $4.00 a pound. Between Steve and Ezra is Trena Esbenshade, Manheim Fair Queen.



Pamela Yeagley gives final hug to her Grand Champion Market Lamb, which was purchased by Wilmer Kreider, Willie the Butcher, for $2.00 a pound.



Willie the Butcher purchases Barry Geib's grand champion FFA steer for $1.41 a pound. the Charolais/Chianina cross tipped the scales at 1320 lbs.