

Northeast ASCS director pledges USDA's support

BY BETH HEMMINGER
Staff Correspondent

CHAMBERSBURG — "Today agriculture is on the downside, but it is not the only industry on the lower side of the fence," said James McMullen in his opening statement at last week's annual Franklin County Agricultural Stabilization and Conservation Service banquet.

James McMullen is the director of the Northeast Area ASCS which covers an area of 19 states from Maine to Minnesota and Maryland to Missouri.

McMullen told the group of 200 that "we in Washington in the Department of Agriculture are working with you. Many of the Agriculture employees have been farmers and have gone through the same mud and the same types of experience."

"And with that experience, we at Washington can see that the picture doesn't look good; farmer product prices went down one percent last month and at the same time the cost of producing the goods went up one percent."

However, said McMullen, there is a feeling of optimism in Washington. "It is going to get better," he predicted. But he added that it will only get better if everyone works together, which includes the help of the consumer.

He said, "We must reeducate the consumer because many of them think that food is for people, not for profit." The answer to that is very simple, he noted — "if there is no profit, there will be no food. Then the consumers won't have prices to worry about if they don't have anything to buy."

"Most consumers don't believe it, but the price of food has been going down steadily over the last 20 years," he stated.

In 1940 the average family was spending 20 percent of their disposable income on food. That in 1970 income spent on food dropped to 17.3 percent; and in 1960 dropped

even lower to 16.6 percent. And during that same 20 year period, the farmer has received a profit of 38 cents out of every dollar, with a 1 cent dropped to 37 cents in 1960, McMullen noted.

With this kind of data before the Department of Agriculture and the Secretary of Agriculture, John Block realizes that one thing must be improved — the farmer's income, said the ASCS director.

"And to increase income, we the farmers have to reduce production," said McMullen. Statistics show that supply of food was up 4½ percent world wide last year which is record-breaking production. However, consumption was only up 1 percent because of the poor world economic conditions, he reported.

To help in this fight for production reduction, Secretary Block has implemented the 1961 Acreage Reduction Program stated McMullen.

"Block didn't like this alternative, but it had to be done," he said. "The Secretary is asking for a 20-40 percent participation in the program and so far has gotten it."

McMullen added that all farmers who participate in the acreage reduction can still use this land for conservation uses and can get professional help through the county ASCS offices. There is also an added incentive to volunteer for the program, noted McMullen. These farmers who participate will be eligible for commodity loans; will be paid a national average for their crops, and will be guaranteed a target price.

McMullen briefly discussed the dairy industry's problem. He told the dairymen that the "cheese program" is barely chipping away at the surplus stock and it is costing the tax payers tremendous money.

"We don't have the answer to the problem, but we are working on methods to solve it," he said. McMullen added that one way to

help the situation is to encourage everyone to return to drinking that glass of "wholesome" milk at mealtimes.

McMullen closed on a positive note saying, "only in agriculture do we have options — loan levels, volunteer programs and price supports. We are more fortunate than most, like the auto workers who have no options — just the loss of a job."

The banquet was highlighted with the presentation of awards. J. Robert Myers and Robert L. Rotz received the annual service awards for 10 years of hard work and participation in the Franklin County ASCS programs.

D. Merle Baughman, Franklin County executive director received a service award for 40 years of service and dedication to the

organization. Baughman began his ASCS career as a county committeeman and has served under nine U.S. presidents since that time.

The Franklin County ASCS received a second-place trophy from the Farm City Week State Council for its outstanding Farm City activities in 1961.

Russia buying more U.S. grain on credit, says Moore

UNIVERSITY PARK — In the past U.S. grain exporters scrambled to sell to Russia for two basic reasons, says H. Louis Moore, Penn State Extension agricultural economist. First, potentially a market which would buy huge quantities of grain. And second, they paid cash.

Their cash came from selling gold on the various European gold markets. However, it has become more difficult to obtain enough cash by selling gold, Moore explains. "Russia's grain needs have increased sharply in recent years. Helping to bolster the sagging economics in Poland and Rumania has increased the need for grain," he observes.

During 1959 the Soviets sold 30 metric tons of gold worth about \$1.5 billion. In 1961 they sold over 200 tons but only doubled the cash received to a little over \$3 billion, because of lower gold prices.

In January 1962 they dumped an estimated 40 tons of gold on the market. They have sold heavily in a market of sharply declining gold prices, a decline partially caused by their flooding of the gold market, says Moore.

Since February the Soviets have been purchasing more of their

grain needs on credit. Three successive poor grain harvests have strained Russian gold reserves. Poor harvests have become commonplace in Russia. While they blame poor weather conditions, a major part of the blame must be placed on their economic system, he explains.

"The peasants have little incentive to do a good job on the communes and state farms," remarks Moore. "The only place they have free enterprise is on the small family plots."

"These plots were designed to enable people to feed themselves. The people do such a good job on these private plots which comprise about 3 percent of the land mass that they now grow here about 21

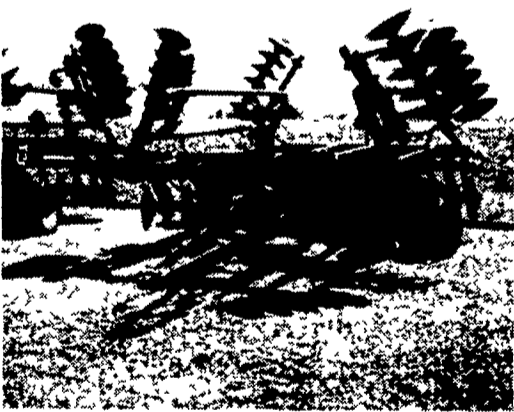
percent of the food grown in Russia."

Unless the economic system is changed in Russia, Moore expects credit purchases of grain will increase. Crop failures will probably continue and good crops will be more unusual than bad crops.

Bankers are wary of extending credit to the Russians but find it difficult to turn a loan proposal down when it will enable one of their customers to sell \$8 to \$10 million of surplus corn to the Soviets, says Moore. The western banks have been charging the Russians about one-quarter percent above prevailing interest rates on short term loans in local currencies.



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