

## Are grain growers destroying own market?

MORNING, Iowa — Grain growers are helping to destroy their markets when they turn their production over to a buyer for movement with a price to be determined later, warns a grain expert with National Farmers Organization.

The practice not only allows a continuous flow of grain that softens the market, but leaves the grower without security in case of elevator failure because no warehouse receipt is issued.

Frank Kraft, director of the NFO grain department, said the practice goes by a variety of names, including No Price Established, Price Later Agreement and Consignment Movement or Deferred Pricing.

Kraft said the price later agreements are being pushed by the large grain companies and the situation is aggravated because storage is in short supply this year.

Thus, when a farmer wants to have his grain stored to await higher prices, he is told that the storage is full and the grain will be accepted only on a cash basis or on deferred buying agreement.

Figuring the price will have to be better at some later date, the grower signs the agreement. At this point, he loses control over his own production.

"It all boils down to the same thing: Grain farmers are giving up title to their grain in return for someone taking it off their hands," Kraft said.

"Here's how it works. The farmer delivers grain unsold to an elevator or terminal, signs a document releasing title, and agrees to sell that elevator or terminal the grain at a later date.

"There may or may not be a service charge connected. No warehouse receipt is issued. And,

the buyer or receiver can do anything he chooses with the grain.

"He can move it downstream, fill his own contracts, load ships or bake bread. In short, the buyer can use the grain just as if he had purchased it. This gives him the advantage of supply without investing a single dollar.

"He is thus out of the market and never even has to bid for a supply, which would provide support to grain prices. Fewer buyers are left to compete for grain, and operate on the grain grower's money without borrowed capital, and interest-free."

The farmer who ships grain under NPE agreement has lost all options. He cannot enter the grain into CCC loan or three-year reserve, because the grain is gone.

The grower loses the right to sell grain to another buyer. The NPE agreement usually has a selling deadline, giving the grower only a choice of what day within a limited time span to sell the grain. In the meantime, the steady flow of 'price later' grain depresses the market.

If the price moves against the buyer, and he is forced to pay higher prices than he sold for, the grower is exposed should bankruptcy result. The problem could be resolved by the grower retaining control of his grain until it is priced and sold. This would not only provide better protection to the grower, it would also force buyers to actively bid for the supply.

If machinery were delivered to a farmer under the same concept, the dealer couldn't take it back or sell elsewhere — he would have to take the price the farmer offers. No business could operate under those conditions. Neither can farmers.

## Union Co. Sale sets record

(Continued from Page B36)

Bank and Trust Company of Mifflinburg for \$172.86.

Besides the champion steers, five other steers were auctioned off at the sale by members of the Mifflinburg FFA Chapter and the Union County 4-H Clubs. The owners and the buyers were as follows: The Reserve Champion 4-H market steer was owned by Fatti Snook of R3 Mifflinburg and was sold to the Mifflinburg Farmers Exchange of Mifflinburg.

The Reserve Champion FFA steer was the highest priced steer of the sale. The 1165-pound steer, raised by Crystal Knechel, was purchased by Ezra Yoder for the

Rock Oak Country Kitchen.

The lightest steer of the sale was owned by Andy Wagner. Andy's steer was purchased by Wayne Shively, the new owner of Shively's Meat Processing in Mifflinburg.

Rodney Walter's 1030-pound steer was purchased by Dean

Metzger for Metzger's Custom Butchering of Winfield, Pa.

The final steer of the sale was owned by Mike Zechman of Mifflinburg. The 1315-pound Angus crossbred steer was the largest steer and was purchased by Don Keister for Keister's Middleburg Auction.

A total of twenty market hogs were sold at the sale.



At the Union County West End Fair, Jeff Styers, right, earned the title of Reserve Champion Steer. Ray Gessner for Gessner Meats in Lewisburg purchased the steer for \$773.55.



Rodney Walter, right, earned Grand Champion Market Hog honors at the Union County Fair. The hog brought \$1,190 from Hatfield Packing Buying Center in Danville.



Barb Davis emerged from the ring with the honors of both Champion and Reserve Champion Market Lamb. Barb's 91-pound champion sold to Cliff Valentine, manager of the Lewisburg office of Farm Credit Service for \$204.75.

## York farmers plan plow-off

DOVER — Pennsylvania's most accomplished plow operators will converge on York County August 18 for their annual plow-off competition.

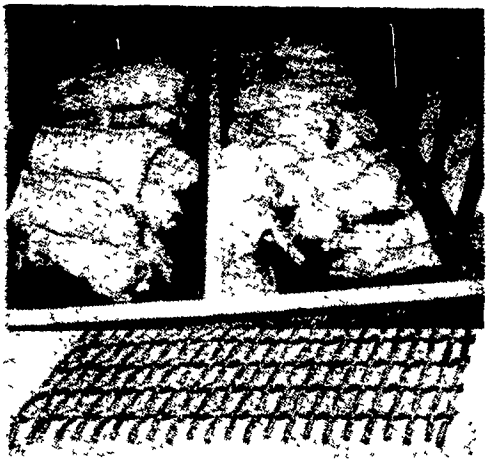
The state plowing competition is set to begin at 1 p.m. at the Sam Meisenhelder farm on South Salem Church Road. Entrants from York County will compete, beginning at 9 a.m., to represent the host county in the afternoon state runoffs.

Operators will vie for the titles in both small and large plow on level land, and in a separate contour plowing contest.

Several demonstrations of a variety of pieces of tillage equipment is on schedule, as well as day-long exhibit displays by participating agri-business firms.

Those attending the plowing competition can reach the Meisenhelder farm by following Route 74 north from Interstate 83, or Route 30. Turn left at Weiglestown on the Davidsburg Road, then left at South Salem Church Road. The host farm is approximately one mile beyond that turn, on the left.

Farmer Boy Comes Through Again...



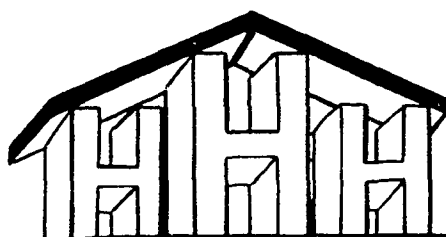
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