

Agribusiness stresses PIK impact

WASHINGTON, D.C. — The government's payment-in-kind program (PIK) of acreage reduction has been labelled as good for the nation's farmers before a Senate's small business subcommittee hearing, but one farm supply spokesman said: "The corresponding devastation and sacrifices of the agricultural services and supply industry will be a high price to pay for the program's success."

In testimony before the family farm subcommittee of the Senate Small Business Committee, Alvin E. McQuinn, chief executive officer, AgChem Equipment Co., Minneapolis, echoed statements by two other members of The Fertilizer Institute, the industry association invited to the hearing. McQuinn, Charles F. Crawford, president, Green Prairie Co., Brookston, Ind., and Barney A. Tucker, chairman and chief executive officer, Top Yield Industries, Lexington, Ky. emphasized the depth of economic impact dealt by the heavy removal of crop acres under the PIK program.

Crawford said Fall 1982 fertilizer sales were down 40 percent from Fall 1981 in his area, and Spring 1983 sales may end up as much as 35 percent below 1982. The three individuals emphasized that such decreases in business to farm support industries — seed, farm equipment, fuel, ag chemicals — as well as fertilizers had pushed many of these small businesses to the brink of bankruptcy. According to McQuinn: "It was reported by ABC network . . . that there have been more farm foreclosures and related agribusiness bankruptcies this year than in any time since the Great Depression."

The final blow to many farm supply-related businesses this spring was the misleadingly low figures on acreage reduction earlier indicated under the PIK program by USDA and the late acceptance of "whole base bids" which removed up to 45 percent of crop acres in some counties, the industry representatives said. "By the time the final word from USDA on acreage committed was released by USDA March 22, 65 percent of our fertilizer year was over," said Crawford. "It was too late for farm suppliers to make changes in overhead and inventories."

Tucker, whose business supplies

retailers, noted that at least nine months lead time is needed for inventory planning. "By the time the magnitude of PIK was known, support pipelines were full down to and including farm storage of seeds, fertilizers and crop chemicals." The effect on pricing and supplier cost of the large, unsold inventories is overwhelming, he indicated for the local farm suppliers.

Although critical of PIK planning and announcements, all three of the Fertilizer Institute representatives affirmed their belief that the accelerated acreage reduction program was helpful to

farmers. In fact, McQuinn said, "The PIK Program by chance, not design, may be doing more good than it will get credit for." A cold, wet spring in many prime agricultural areas, with flooding and farming delays, will prevent some cropping altogether. Had 1983 been a full production year, he suggested — and the PIK program had not been in force — "there might have been widespread disaster. . . for both farmer and supplier." He added, however, "This does not justify repeating the plan."

The fertilizer industry representatives urged at least three actions should a PIK-style

plan be continued, or resumed in the future:

1. Announce the plan early, before fall planting — early June for wheat; early August for feed grain programs.

2. Eliminate taking of "whole base bids", where government compensates farmers who bid to take out of production all of their acres of given crops.

3. Make available low-cost, government loans through the Small Business Administration to those farm supply industries heavily hit by the effects of the PIK program, or similar government farm programs.

ABS gets Mr. Angus

DeFOREST, Wisc. — American Breeders Service has recently acquired the breed's leading bull, Ken Caryl Mr. Angus, from Premier Angus, Howell, Mich.

Over the last few years, Mr. Angus has sired a combination of more show winners and test station leaders than any other bull in the breed. His offspring include the following:

—The 1983 Grand Champion Angus bull at the National Western Stock Show in Denver.

—The 1982 All American Futurity and National Western Futurity Grand Champion bull.

—The 1982 and 1983 Grand Champion bull at the Western National Angus Futurity Show in Reno, Nevada.

—Three Reserve Grand Champions at Denver in 1981 and 1982.

—Twenty Grand Champion Bull

and Female awards at major shows in 1981 and 1982.

—Thirteen first place Get-of-Sire awards at nine major shows in 1981 and 1982.

—The No. 1 bull at the 1983 Midland Bull test.

—The top-indexing bull at the 1983 Treasure State Test, Great Falls, Montana.

—The top-indexing bull at the 1983 Nebraska test station, Ogallala, Nebraska.

Mr. Angus and his sons also sired six champions, twelve class winners, eight second prize winners and five of the best six head at this year's Western National.

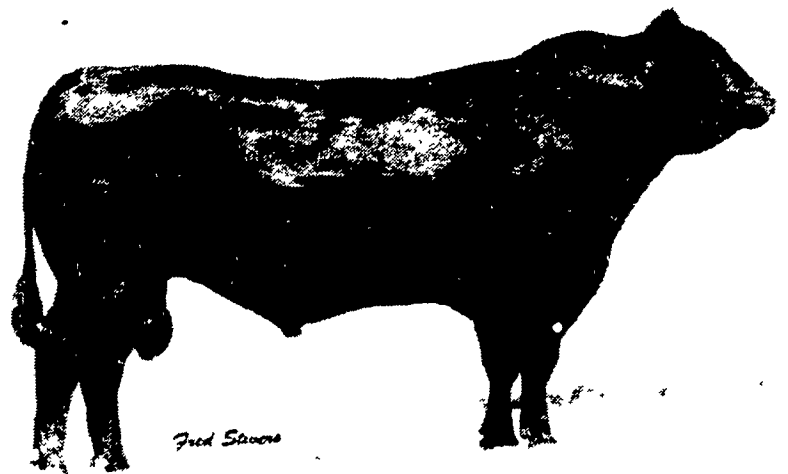
A three time Denver Champion himself, Mr. Angus is 62 inches at the hip and weighs more than 2,700 pounds.

He excels in almost every trait on the Angus Sire Summary — Yearling Weight EPD is +76.8,

Weaning Weight is +43.0, Birth Weight is +7.1 and Maternal Breeding Value is 100.

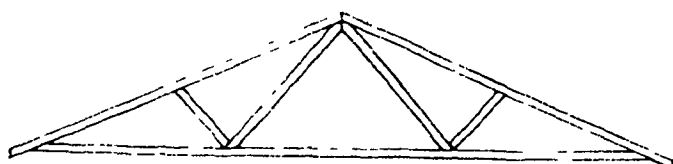
Cattlemen interested in using 29 AN1357 Mr. Angus can order semen from ABS at \$25.00 per straw. You can also obtain Mr.

Angus certificates from ABS at \$35.00 each. For more information on Mr. Angus, contact your local ABS representative or American Breeders Service, P.O. Box 459, DeForest, WI 53532, (608) 846-3721.



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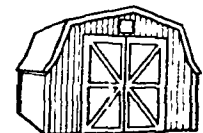
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