

# You hold the key to ag's future

BY KIMBERLY HERR

LANCASTER — Point your index finger, raising it upward to the ceiling. Where is your thumb pointing? If you followed directions, your thumb is pointing to you, and that was the point made by John R. Moulton, director of operation for PFA's Farm Management Services.

Moulton spoke on "What It Will Take to be Successful in Ag in the 1980s" during the Hamilton Bank Agri-Education Seminar, held Feb. 23 at the Lancaster Farm and Home Center. "Analyzing Your Operation for Profits" was this year's theme.

"We in agriculture have a habit of pointing our finger at someone

else," Moulton said "Always remember where that thumb is pointing. It all comes back to you."

Moulton used several charts to illustrate the current and past farming trends. One such chart illustrated how at one time a farmer could sell his livestock and equipment assets to pay his debts and remain in business but "in 1982, a farmer could sell all of his equipment and livestock assets and still have \$60,000 worth of debt."

Moulton explained that farmers are in a situation they have not been in before, meaning farmers today may have to sell their farms to get out of debt.

Why? Moulton put much emphasis on planning and management.

"Part of the reason why farmers are in trouble today is because they haven't considered their total costs," Moulton said.

He encouraged the farmers present to consider everything before making decisions and especially before expanding.

"You may be decreasing profitability by trying to be the biggest and the best," Moulton said.

Moulton explained how he

thought agriculture got to be where it is today. During the good years when profits were comfortable, Moulton explained, management may have become lax.

"As the profit margin narrowed, management practices did not change to adjust," he explained. "Our present profits cannot service the debt that we have come up with."

"I see that pressure has been building up for the past 17 years like a time bomb slowly ticking away," Moulton said. "For some, the bomb has already gone off and they are picking up the pieces right now."

Moulton urged the some 300 people in attendance not to give up, that there was still time to do something about the current state of agriculture.

"If you plan ahead, you can use all of your resources," he said. "Whether you like it or not, farming is big business. Farming will not be a way of life, you will have to look at it as a business."

Moulton urged the women in attendance to get the whole family around the kitchen table, to get everyone to discuss and consider their resources and options.

"I rest my whole case on management," he said. "There was a time when brawn and hard work was all you had to do to be successful, but times have changed."

Hand in hand with good

management practices, according to Moulton, are good records and the appropriate amount of credit.

"You need to work with lenders who can say no," he said. "Go with those who understand agriculture."

As a final note of advice, Moulton told his audience to make sure their bankers come out and meet with them on their farm, their "own turf."

"And if he doesn't," Moulton said, "find another creditor."

Following Moulton's presentation was H. Louis Moore, agricultural economist at Penn State, who spoke on "Hedging for Extra Profits."

Moore spoke on the advantages and disadvantages of dealing in the commodities market.

According to Moore, the advantages of hedging, which is contracting a commodity you now or will have, are letting someone else carry the risk of price changes and letting you price your goods up to two years prior to delivery.

The disadvantages, according to Moore, are foregoing profit and running the risk of becoming a speculator, which is someone who deals in commodities he does not have.


Those in attendance also heard from Moore on the "Economic Outlook and Other Witchcraft," and from Jay M. Siegrist, CPA, Kuntz LaManna Associates, on

(Turn to Page D9)



Speakers for the Hamilton Bank ag seminar are, seated at left, H. Louis Moore and John R. Moulton. Standing at left are Darvin Boyd, agri-finance director at Hamilton Bank; Laurence M. Strassner, Hamilton Bank president; and Henry K. Long, Jr., executive vice president of Hamilton Bank.

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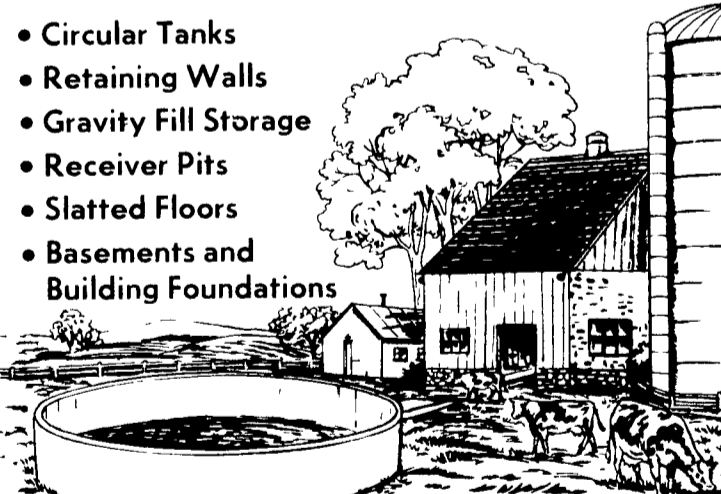
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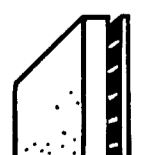


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