



Farm Talk

by
Jerry Webb

from the midwest and adding on anywhere from 30 to 60 cents a bushel to the price—just for transportation. Year in and year out southern row crop farmers cannot compete with Indiana, Illinois and Iowa. Yields are lower, half or less on the average and production expenses are higher in the south, - more fertilizer, more weed control, more irrigation.

After several years of trying to work with the situation, the egg factories are relocating back to the source of grain and closer to the population centers. The supposed advantages of the sunny south have disappeared.

There is a warning in this relocation that has implications in a lot of places. It doesn't take a genius to figure out the natural advantage the midwest has when it comes to producing corn and soybeans. You need only to drive through Illinois in August to understand that Georgia, the Carolinas, Virginia, even the Delmarva peninsula will never compete when it comes to producing corn and soybeans. And if that's an important part of the business then the midwest has an advantage.

On the other hand there is no magic involved in shipping corn and soybeans from Evansville, Indiana to Baltimore, Maryland or Atlanta, Georgia. There is a set price you must pay if you want the grain. Otherwise an egg factory or hog palace or other concentrated

livestock enterprise is at the mercy of local production. If that supply is inadequate or uneven, then perhaps the location is wrong - that's what a lot of these operations are finding out. They left the midwest 20 years ago for a better climate and some other hoped for advantages and now they are going back.

Location economics is a funny thing. It takes time to work it all out. While it may be heart breaking to the investors in Coffee County, Georgia to see only 2 of 60 egg producers left in the county, it is a statement on our free enterprise system. We are free to get into and out of business as we see fit and to make as much money or lose as much as the situation dictates. A county full of empty chicken houses attests to this. No doubt hundreds of thousands of dollars have been wasted on idle buildings, equipment and land. And at the same time somewhere in Illinois or Indiana an enterprising soul is investing thousands of dollars in a brand new egg producing complex. It's all part of what makes our agricultural system so productive. Farmers are not locked in by government mandate or birth right. They can chose the enterprise that seems the most

profitable and they can close it up when the deal goes sour.

So what happens to those Georgia farmers who were producing corn and soybeans for the egg producers? Obviously, their local market is gone. They can ship grain to Chicago but at a substantial cost. Or they can shift to some other crop. No doubt the land will go on producing something even though the chicken houses are empty.

A parallel could be drawn for the Delmarva peninsula. As long as the local broiler industry prospers there will be a good demand for corn and soybeans. But should that industry move for whatever reason and corn and soybean farmers will fall on difficult times. They flourish now because of the broiler industry. Without it, they simply would be competing with midwest farmers and carrying the added burden of large transportation costs.

This is all part of location economics, a slowly evolving process that allows the factors of production—land, labor, capital and management—to gravitate to the place where production is the most profitable. For egg producers in the 70s that seemed to be the south. Now it looks like the midwest. In another decade it may be somewhere else.

A story in a recent issue of Farm Journal magazine provides an excellent lesson in location economics. The story details how the south is losing its hen houses and hog barns to midwestern competition. The story raises some points that should be pondered by Delmarva farmers.

Back in the 70's there was a great rush to the south by egg producers. Drawn by the warmer climate, cheap labor and other seeming advantages there was a tremendous boom in hen house construction. Those were prosperous times and almost any kind of an operation could show a profit. The warm weather was nice and the cost of feed was still manageable and so those big egg

factories grew and prospered.

But then came a much sterner economic period starting in the late 70's and continuing right up to the present time. That's when egg producers found that the south just couldn't compete. That a balmy day can't make up for an extra 50 cents a bushel in feed costs. That's really what southern livestock producers are starting to find according to the Farm Journal information. Those highly concentrated livestock enterprises that require tremendous amounts of corn and soybeans really aren't doing that well in the deep south.

In really good years, Georgia, for instance, could produce enough grain for the egg factories. But most of the time it meant shipping

Oct. 13 forestry session planned

EASTON, Md. — The 6th Annual Delmarva Forestry Seminar is scheduled for Oct. 13 at Easton's Tidewater Inn, sponsored by the University of Maryland Cooperative Extension Service (UMCES).

In addition to a general session, headed by representatives of a number of state regulatory agencies and conservationists, participants can choose from several workshops offered:

—How to sell your timber and stay at peace with your government — Some state regulations govern timber harvesting operations. As a forest landowner, you are still responsible for loggers on your property meeting these regulations.

—Real estate taxes and forest land — If you own forest land in either Maryland or Delaware, preferential real estate tax assessments can save you tax dollars.

—Wildlife, waterfowl and forest management -- Wildlife and waterfowl can add immeasurably to the value of your forest land, and they take little in return. Learn how forest management practices can encourage their adopting your forest as their home.

Planners of the seminar say they also will focus on the interaction of forest land and the Chesapeake Bay ecosystem. And they have planned an optional tour of forest land on the Bay for Oct. 14 from 8:30 to noon.

The seminar runs from 8 a.m. to 4 p.m. Registration is a must and the \$20 registration fee includes lunch. After Oct. 8, registration fees increase to \$25. If you plan to attend the optional forestry tour on Oct. 14, include an additional \$5.

For more information about the seminar, or to register, call: K. Marc Teffeu, Extension Agent, Talbot County, at (301) 822-1244.

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