

Better ag bottom line in Md

COLLEGE PARK, Md. — Do Maryland farmers do as well financially as their counterparts across the nation?

The answer is yes, according to Robert J. Beiter, agricultural economist at the University of Maryland. Farmers across the state have a debt-to-asset ratio of less than half of the nation's largest operators, he says.

Debt-to-asset ratio is a comparison between the value of the total operation and the amount of money owed on that operation. Debt management is the key to Maryland farmers' fight to keep ahead of bankruptcy and liquidation, Beiter adds.

"Steady-as-she-goes" is his advice on farm credit expansion. Beiter says farmers in Maryland and across the country must carefully scrutinize potential additions to their total debt since bankruptcy and cash flow continue to be major agricultural problems.

"You never get anywhere without any debt," he says. "But the key is not to go overboard."

Maryland farmers are apparently taking his advice. Beiter says the debt situation statewide is

slightly better than that across the country.

Maryland's net farm cash income was up to \$266 million in 1982, Beiter says. But last year's drought conditions hurt many in the industry.

Participation in the PIK program and fluctuating markets also affected the distribution and total of farm income, he says. PIK

participants and livestock producers had less financial problems than grain farmers who were hit hard by the drought.

Maryland farm assets in 1982 valued approximately \$6.7 billion, with total farm debt in the state marked at \$1.03 billion. Last year's total equity-to-asset ratio gave Maryland farmers a net worth of 85 percent, according to USDA

statistics. This shows that, as a group, they are assuming less debt than they have assets.

Real estate values are an important part of Maryland agricultural financing, Beiter says.

"Our land inflation is as good or better than any other place," he says. "That gives us an edge here. But at the same time, higher land

values offer a greater opportunity to get into debt."

In 1983, land made up 78.8 percent of Maryland's total farm assets, with a value of \$5.28 billion. Real estate along has a debt-to-asset ratio of 12.1 here. Although above the state ratio of 10.4 in 1982, Maryland's figures are still well below the national average.

Red meat production drops

HARRISBURG — Pennsylvania's commercial red meat production (dressed weight basis) during October 1984 totaled 84.1 million pounds, down 15 percent from October 1983, according to the Pennsylvania Crop and Livestock Reporting Service.

Beef slaughter, at 103.1 million pounds liveweight, was up five percent from October 1983. Total head slaughtered was 92,800, up seven percent, but liveweight averaged 1,111 pounds, a decrease of 14 pounds. Veal slaughter was 4.5 million pounds liveweight, up five percent. Calf slaughter of

26,000 head was up two percent, and the averaged liveweight increased five pounds to 171 pounds.

Hog Slaughter, at 38.6 million pounds liveweight, was down 39 percent from a year earlier. Total head slaughtered was 161,700, down 41 percent, but the average liveweight increased seven pounds to 239 pounds. Lamb and mutton slaughter was 1.7 million pounds liveweight, up 54 percent. The number slaughtered was 16,200, up 50 percent and the average liveweight increased three pounds up 102 pounds.

United States commercial red

meat production in October totaled 3.67 billion pounds, up four percent from October 1983. Beef production at 2.18 billion pounds was up six percent from last year. Total head killed at 3.48 million was up six percent, and average liveweight increased two pounds to 1,072. Veal production, at 45 million pounds, increased 10 percent from a year ago. Calf slaughter of 306 thousand head was up six percent, and

average liveweight increased nine pounds to 248.

Pork production totaled 1.41 billion pounds, up two percent from a year ago. The 8.15 million head killed was up one percent and the average liveweight increased one pound to 244. Lamb and mutton production, at 33 million pounds, increased three percent. Slaughter totaled 606,000 head, up one percent, and the average liveweight increased one pound to 110 pounds.

USDA wins court decision

WASHINGTON, D.C.
— The U.S. Ninth Cir-

cuit Appeals Court has affirmed a decision by the U.S. Department of Agriculture ordering a \$5,000 civil penalty against G.L. "Bud" Cozzi, operator of the Turlock (Calif.) Livestock Auction, and limiting the scope of investigative materials USDA must reveal during administrative hearings.

The case began in 1981 when USDA charged Cozzi and a livestock dealer with concealing their ownership in cattle sold through Cozzi's auction and then repurchased by the dealer to fill orders for a California feedlot.

Cozzi appealed USDA's ruling that he had engaged in unfair practices by failing to reveal on bills of sale that he was sharing in any profits or losses with the dealer.

Cozzi argued that the \$5,000 civil penalty was unfair since his case represented a change in USDA policy, that he was improperly denied access to a memo by a USDA auditor which did not recommend formal action against Cozzi, and that USDA should not have refused to make its full investigative report available to the hearing officer for an "in camera" review to determine if it contained evidence favorable to him.

The court rejected Cozzi's arguments and affirmed USDA's position that Cozzi had failed to show that anything in the file created a reasonable doubt regarding his liability that did not otherwise exist, and that Cozzi had a right to receive only those parts of the memo which related to the auditor's direct testimony.

Although granting that Cozzi's case was apparently novel, the court also affirmed USDA's civil penalty, stating that "Cozzi knew or should have known that his order buyer...was engaged in fraudulent practices. In light of that knowledge and Cozzi's failing to act to prevent the double-dealing, a \$5,000 fine is not improper."

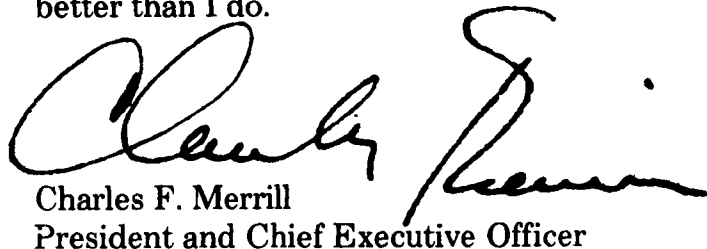
It's simply not true.

The last few years have been tough for farmers in south central Pennsylvania. You've had to deal with the deadly Avian influenza and an unusually dry year that produced low crop yields. You've suffered through low egg prices, reduced milk prices, and marginal pork prices. And, in general, you've experienced high interest rates.

As a major lender committed to the agricultural industry, Commonwealth National Bank has witnessed these bad and difficult times firsthand through many of our agricultural customers. The pressures brought about by the events of the past few years have caused many of these customers to turn to us for help. As a result, we've spent a great deal of time working to get them out of some tight spots. We've restructured loans and, where appropriate, we've offered extensions. In all cases, we've worked hard to provide good, sound advice on the best course of action to follow. In short, we've remained committed.

To some, our commitment to lending may seem to have waned as we continue our work to help those among you who need it most. But be assured that our commitment has never stopped. When you need us, we'll be there as strong as ever—with aggressive prudent lending, competitive rates, and just plain hard, honest work.

Commonwealth National Bank not committed to agriculture? *It's simply not true*, and no one knows it better than I do.



Charles F. Merrill
President and Chief Executive Officer

 Commonwealth National Bank