

Farm crisis tops budget as priority, NFU says

DENVER — The U.S. agricultural economy has reached a crisis of such proportion that improving it must now top the Congressional budget resolution on the nation's priority list, members of the National Farmers Union Board of Directors said. And, they said, they will press that point in meetings they have requested with Agriculture Secretary John Block and the chairmen of the House and Senate agriculture committees.

"Without improved farm in-

come, the Farm Credit System and other lending institutions will fail—and the cost to the budget will be even greater than the projected overruns caused by any Farm Bill proposal under consideration," they said. "Because of its enormity, this one aspect of the farm financial crisis alone is enough to cause agriculture to supercede the Congressional budget resolution as a national priority."

The budget cannot be the restriction for a 1985 Farm Bill

that restores at least the cost of production—including debt retirement, management costs and a return on investment—to farmers, they said.

Congressional agriculture committees are now backing proposals for lower farm market prices. The Farmers Union leaders predicted that this would have a devastating effect on international money markets as countries like Argentina and Mexico would lose their ability to repay their world

debt.

"We predict that if that happened, the shock value would finally force policy makers to wake up to the need for improved farm income when people in financial centers like New York City and London find low commodity prices to be the root of the problem," they said.

The state Farmers Union presidents acknowledged that improved farm income and commodity supply management will mean federal expenditures. But, it will not require the record \$19 billion federal budget exposure incurred by the Reagan Administration for its one-time Payment-in-Kind program.

"This administration is the prime stumbling block now to a Farm Bill that will improve farm income. Yet when the administration faced an election two years ago and dealt with its own farm program mismanagement, money was no object and PIK was instituted," they said.

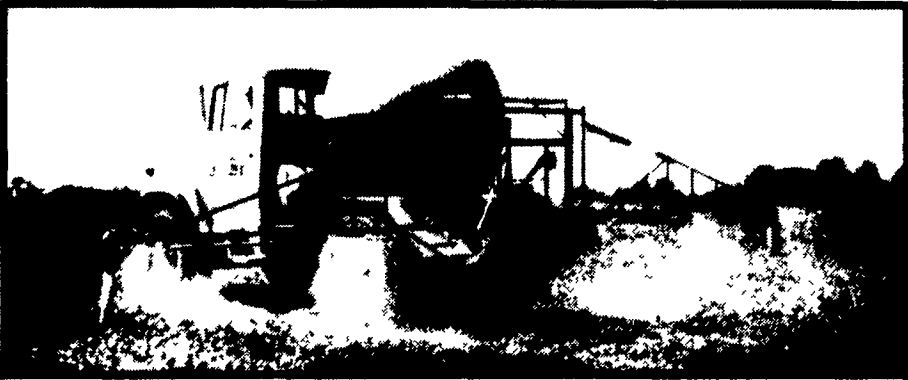
Trading nations around the

world, including the European Economic Community and Canada, have indicated a willingness to go along with improved farm prices on the world market, but the U.S. must take the lead. Other good customers for U.S. farm exports, such as Japan, have publicly stated that quality product and reliable supply are more important than low price.

To accomplish these goals, NFU recommends commodity loan and/or target prices in harmony that will allow a return to the farmer based on cost of production. Parity prices will help maintain the family structure of agriculture and the rural community, they said. NFU urged strong supply management programs to keep production in line with demand and to protect the nation's soil and water resources.

Several hundred NFU members and unemployed workers, bankers and rural business people from across the nation will lobby for those goals in Washington when Congress returns next month.

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Corn growers criticize customs' ethanol ruling

ST. LOUIS — The National Corn Growers Association (NCGA) has filed an injunction with the U.S. Court of International Trade in New York protesting the U.S. Customs Service ruling which allows any and all shipments of ethanol fuel blends from Brazil to enter this country free of the 60 cents per gallon duty.

"We've also written President Reagan," says Harold Cutler, NCGA acting president from North Carolina, "opposing in the strongest terms possible this illegal ruling by the Customs Service which creates a massive loophole in U.S. law that the Congress mandated an import fuel tariff. This allows speculative importers to avoid completely the 60 cents per gallon import duty causing irreparable harm to U.S. corn growers, refiners and processors.

"It is again evident this Administration's trade policy is nothing but lip service to American agriculture and industry. When we've been working hand in hand with the domestic ethanol industry, publically supported by this Administration, to promote ethanol made from corn, then the Administration turns and supports this action which would effectively 'shut down' the domestic demand for U.S. corn in the U.S. ethanol fuels industry.

"The consequences of the Customs Service ruling on August 27 will not only create irreparable damage to U.S. corn farmers but it will also result in lost revenues to the U.S. Treasury Department and ultimately the U.S. taxpayer," says Cutler. "Should the projected 500 million gallons of highly subsidized Brazilian ethanol fuel blends be allowed to be imported into the U.S., the following impact would be felt:

- The U.S. Treasury would lose \$330 million in import duties.
- 200 million bushels of corn now used for ethanol production would be displaced and added to our current burdensome surplus.
- Assuming an average yield of 110 bushels of corn per acre, 1,820,000 acres of land will now be in surplus.
- Assuming an average of 100 acres of corn per farmer, 18,200 fewer farmers are needed.
- Cash receipts from corn sales of at least 15 cents per bushel would be lost—or about \$1 billion.
- To acquire the corn which would be displaced and put it in storage, the U.S. Department of Agriculture would pay \$510 million to farmers plus future storage charges and interest costs.

"The potential loss in jobs and revenue to an already depressed farm economy and to this country is a high price to pay for the illegal rulings of the Customs Service which benefit our competitors. We've asked President Reagan in the strongest terms possible to reverse the U.S. Customs Service August 27 ruling immediately," says Cutler.

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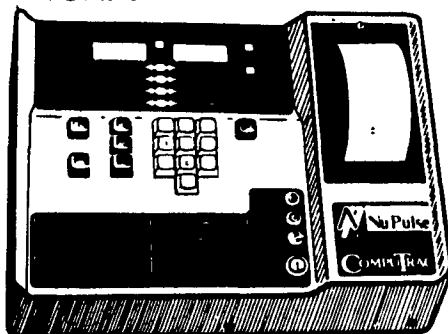
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