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what they were talking about. When they told you gold was \$800 an ounce was good and it would only go higher and now it's only \$300 now, they didn't know what they were talking about. There is a law of supply and demand in economics that finally sets in. So we have a high real cost of money. I know that the prime rate is 7½ percent today, but inflation is two or three. So the real cost of money is four or five percent. So suddenly all of the interest rates are down. Your real cost of money is still high by historical standards. We still need to work down the deficit and get that interest rate down further.

We have tremendous leverage out there that was created by this. Why all at once did the banker wake up to cash flow? You know that up until about two or three years ago most bankers couldn't even spell it. All at once they couldn't roll that debt over because your land prices were going down, and you didn't have the equity. Suddenly they were not only demanding interest but also principle and it wasn't there. You know the truth of the matter is that it wasn't there in the good times. But suddenly the bankers set into a panic. I'm not very much involved with the bankers today. I know we have a lot of good Mennonite bankers. They were the ones that promoted all this thing in the '70s. Now through panic, they are not

allowing an awful lot of people to work out of it in the '80s.

I can tell you there are people that can't work out of it. Those people are in a crisis. And they have to do something else. We have rural America in a crisis. But you know when things look the bleakest, you can look for a brighter future. It's here. All of the right things are being put in place today for productive agriculture in the next few years. I'm not going to say whether it's 1988, 1989, 1990. The productive agriculture that's being put in place is not going to be a lot different than the productive agriculture of the '50s and '60s except there will be a lot less people doing it because of what's happened. You can't go back and redo time. But the people that will get productive and can get productive, it's going to come around.

Costs are going down. We had in our Witchita paper today the president of the Farm Bureau in Kansas saying, "I think we bottomed out." This is the first time you've read that. The reason he's saying that is his costs are going down. We are beginning to do things that will have agriculture back productive in the 1990s. We're going to have a new look at labor versus capital. I tell people every where that I council, "For goodness sake, I sold you all that equipment in the '70s, but now you need to look at all of that equip-

ment and decide how many horse powers you need out there on the farm. Match it up." There is labor available again. You'd be surprised. But there are a lot of people without jobs. You need to match up your capital requirements with your labor requirements and get that ratio back in line if you're going to survive in the '80s and '90s. I'm not saying that you go back to the horse and buggy or any of those things. Technology is there, and it will get better. But you'd better match it with what your requirements are.

None of you people in this room have to do this. I know that. But there are an awful lot of farmers out there including my own father who had more horsepower on the farm than he could possibly ever use during that period.

30 YEARS AGO THIS WEEK

— Washington . . . A rise in output of both crops and livestock products to record levels in 1956-57 is enabling world agricultural production to keep pace with expanding population.

The U.S. Dept. of Agriculture reported today that world production of crops and livestock rose to a new high level — 120 percent of prewar (1935-39) — in 1956-57. The level was 118 percent in 1955-56, and 116 in 1954-55. The corresponding percentages for the Free World alone for those seasons were, respectively, 126, 125 and 122.

— Washington . . . Restaurants purchased a larger share of fruits and vegetables in frozen form than the national average for the same commodities, according to a recent sample survey of 462 restaurants conducted by the U.S. Department of Agriculture.

— Harrisburg . . . Effects of poor quality hay and ensilage produced on Pennsylvania farms under handicaps of excessive summer rains were reflected in a downturn in milk production this November, the State Department of Agriculture said today.

— A decline in the number of layers has dropped total egg output on Pennsylvania farms during November to about one percent below the same month last year. About 300 million eggs were produced last month.

— Southern Lancaster County Farmer-Sportsmen's Association plans to increase game for the hunters. At its meeting in Quarryville Firemen's Hall, Monday evening, it was voted to purchase 500 pheasants for stocking purposes. Roy H. Weaver of Strasburg Township, will grow the pheasants.

— While the average American is eating more meat than ever before — 163½ pounds per capita in 1956 — he has also been enjoying a higher standard of living. According to the National Livestock and Meat Board, which is holding its semi-annual meeting in Omaha, an hour of wage-earning time now buys as much or more meat than at any time in recent years.

HPI Sends Cows To Mexico

LITTLE ROCK, Ark. — Dairy cows that would have been used for hamburger in the United States are now on their way to producing nutritious milk for poor children in Mexico, thanks to the effort of Heifer Project International (HPI), the U.S. based, agriculture development agency. Already, families in 29 poor rural communities have received the 334 heifers distributed by HPI's Mexico office in cooperation with

ten different community organizations.

Since June, Heifer Project has been collecting dairy heifers scheduled to be slaughtered under the federally sponsored Dairy Termination Program and shipping these cattle to poor families in other countries where milk is badly needed. Once there, the cattle will be used to produce milk for the families and their communities.

A total of 541 cattle saved from slaughter have been shipped in the last five months. Mexico has received a total of 495 animals, with another shipment of 300 heifers scheduled to go to Mexico in November. Poor families in Jordan have received 46 heifers and a shipment of 50 heifers is slated to go to Honduras in November.



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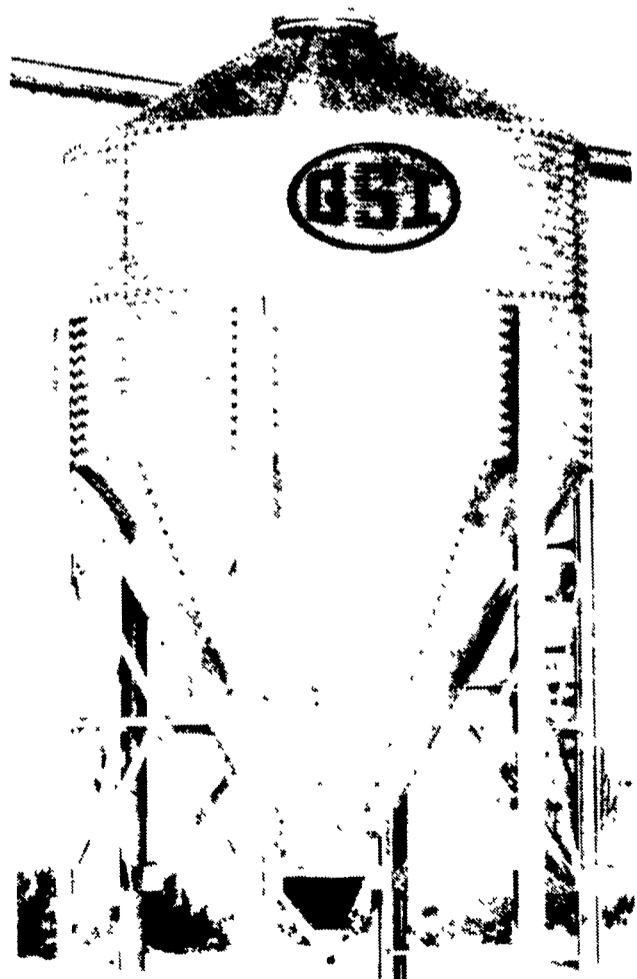


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