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### Borrowers Set Their Own Terms

Peru won't renegotiate its debt repayments position with the International Monetary Fund but may increase exports instead. A Peruvian spokesman said to follow the IMF terms for debt repayment would not only "seriously endanger" Peru's finances but threaten its "very survival. Peru refuses completely to apply the economic philosophy of the IMF because it in no way corresponds to the real development needs of our country." Among the commodities targeted for increased export activity are cereal crops.

Brazil's president warned creditors Brazil will resist demands for "more sacrifices" in debt rescheduling talks. "We will not negotiate with those who do not take into account the social needs of our people." U.S. lenders hold \$58 billion of Brazil's \$105.1 billion foreign debt.

### Last Chance To Play Income Tax Game With 86 Rules

There's only a few days left for farmers to take advantage of any tax preferences available under the old income tax rules. FB economist Ron Herr said some time spent thinking and planning now and a visit with the accountant may provide substantial savings later on. Focus management decisions on capital gains, income earned and expenses paid. Personal itemized deductions may be worth more in 1986 than in 1987, its the last shot at sales tax write-offs and individuals will no longer be able to average income, Herr added.

### Embargoes Stifled Progress

Embargoes are "economic insanity" and have hurt U.S. farmers, AFBF vice president Harry Bell said at California FB's annual meeting in Monterey this week. "They cut us out of competition and cut in countries such as Argentina. In an attempt to

balance things out, our government assumed the contract obligations of affected grain traders at a cost of around \$500 million. Then to stabilize grain markets, our government made direct purchases of wheat and corn that cost \$2.8 billion. The government owned grain depressed the market from then on."

### Lowered Exportations

USDA's latest grain export report shows a sharp decline in wheat export shipments and warns that earlier signs of an export recovery "may have been only temporary. With recent indications of lower forecasts of total world import needs in 1986/87, and strong indications of severe price competition from other major exporting countries, prospects for recovery of U.S. export volume over the next six to nine months appear very limited. Problems cited in the report include EC dumping and the Community's failure to honor their commitment to import more corn as part of the Spain/Portugal accession deal; increased competition from South Africa in Far East markets; Australian wheat sales to China and the USSR and increased Canadian supplies.

**--FARMERS MAKE CONSERVATION PAY** - Farmers increased crop and livestock production in 1985 by 6 percent while using 4 percent fewer resources, according to a USDA report of economic indicators in the farm sector. They boosted crop output to a new high while planting fewer acres and using less fertilizer. That increased productivity is being accomplished by farmers who are taking their less productive acres out of production and using farming methods that require less tillage. The 1985 farm bill, for the first time included features that will force farmers to develop conservation plans in order to remain eligible for farm program benefits. Those who plant crops on highly erodible land also will lose benefits under the farm program.

In presentations to Soil and Water Conservation award winners in a Dupont Co. national

endowment program, U.S. Agriculture Secretary Richard Lyng said, "The conservation achievements of these national winners show that good conservation is good economics."

One award winner, Iowa farmer Larry Johnson said of the government conservation reserve and sodbuster and swampbuster programs, "it's one way to get them (farmers) to do conservation."

Another award winner, dairyman Harry Jenkins, said conservation had increased his productivity. "Practicing conservation is important both from an economic standpoint and in considering long-term benefits to the land," Jenkins said.

### --LYNG OPTIMISTIC ON INCOME AND EXPORTS --

Secretary of Agriculture Lyng said yesterday that he expects some improvement in farm income and exports next year, but he made it clear that he expects this improvement under the 1985 farm act, not as a result of any sweeping changes to be made by Congress or the administration. Lyng said the administration plans to go with basically the present farm program for the coming year.

### --USDA ISSUES EXAMPLES ON PAYMENT LIMITS --

Responding to questions about how government payment limitation rules apply to individual cases the USDA has prepared a set of examples for use in county offices to ensure uniformity in the administration of the payment limitations. Farmers who may have questions are encouraged to ask their county ASCS office personnel to see the examples they are using on payment limitation provisions.

### --TURKEY IS KNOCKING BUT EEC DOESN'T ANSWER --

U.K. Foreign Secretary Geoffrey Howe told Turkey's foreign affairs minister Ali Bozer that it is still too early for Turkey to be considered for membership in the European Economic Community. Turkey has expressed interest in joining the EEC, which is still trying to make adjustments needed as a result of the entry of Spain and Portugal at the beginning of this year, said Howe. If Turkey does apply for membership in 1987, as some expect, it may take several years for the EEC to produce an opinion on Turkey's application.

### --TWO TEXAS BANK FAILURES BRING TOTAL TO 135 --

Failure this week of banks in Booker and Lago Vista, Texas

raised the total for the year to 135, 15 more than occurred in all of 1986. The FDIC gave no reason for the failures, which raise bank closings in Texas to 25 for the year, but has arranged for the takeover of insured deposits of the Booker bank by the First National Bank of Perryton and is looking for a transfer of ownership of the Lago Vista facility.

### --CRACKS IN THE BAMBOO CURTAIN --

Government shifts in several Soviet leaning economies have resulted in talk of shifts toward more flexible systems indicating growing awareness that Communism and Socialism is not all it is cracked up to be. Communist authorities in Afghanistan appear to be holding their own in factories with their Soviet-style principles, but are finding slow going in the countryside where farmers like their independence. Tanzania and the Communist regime in Viet Nam also have experienced shifts toward greater economic freedom as well, according to stories of far-flung origin appearing in today's Chicago Tribune.

### --DEERE FOUNDATION RECEIVES TRUST FOR TRAINING --

A \$1 million fund has been donated by an heir of the founder of Deere & Co. to provide retraining for employees of the company who have been laid off or terminated because of the tough economic times. The fund, donated by Mary Jane Brinton of San Francisco, great great granddaughter of the firm's founder, said she wished to share some of the benefits this great company has given to me." The fund, to be administered by the Deere Foundation, will be used to generate income and the proceeds used to pay for education and retraining programs according to priorities set by regional advisory committees to be established by the company. Foundation officials expect the fund to generate \$80,000 to \$100,000 per year.

### --CONSUMER PRICES INCH UPWARD --

Led by higher prices for food and automobiles, consumer prices rose a modest 0.3 percent in November. Lower energy prices helped hold the increase down, the government said. Economists expect inflation for 1986 to average a modest 1.3 percent, compared to 3.8 percent in 1985 and they anticipate an inflation rate of 3.5 to 4.0 percent for 1987. "1986 will be remembered as the year in which inflation rose at its slowest rate since 1964," said White House spokesman, Larry Speakes.

### --EEC HAS ONLY A FEW DAYS TO AVOID TARIFFS --

The USDA is getting ready to impose duties on European wines, cheeses, hams, vegetables and olives if the EEC does not make good on its promise to compensate the U.S. for the five-fold increase in Spanish tariffs on U.S. corn imposed as a result of Spain's entry into the Common Market. U.S. Secretary of Agriculture Richard Lyng said there has been disagreement over the amount and form of compensation. "We await further information from the European Community or the whole issue gets down to one of retaliation," Lyng said.

### --BRAKING SPEED WANTED ON NO ETHANOL ADS --

The recent announcement by Amoco that it would discontinue its negative advertising on ethanol fuel was fine as far as it goes, says Illinois Farm Bureau, one of the leaders in the campaign to rebuild confidence in ethanol fuel. But says IFB, how quickly the company will remove "no alcohol added" decals from its gasoline pumps remains to be seen. Members will be watching for their disappearance, as well as watching for Shell and other retail establishments to follow suit, says IFB.

## Not All Cats Get Shots

HARRISBURG - Rep. Terry R. Scheetz today advised farmers and other land-owners that not all cats are covered under the state's new rabies vaccination law recently signed by Gov. Dick Thornburgh.

Scheetz said he added an amendment to the measure to exempt farm cats who spend no time in the home.

"Only cats who spend some part of the day in the house are included in the rabies inoculation requirement," he said.

"This provision ensures that

farmers and others who have strays on their property at one time or another cannot be fined because of them. Since these are not house pets, they are very difficult to catch, much less vaccinate."

Another amendment added by Scheetz will make the new law easier on dog owners. That provision will allow registered dog kennel owners, not just veterinarians, to give the inoculations.



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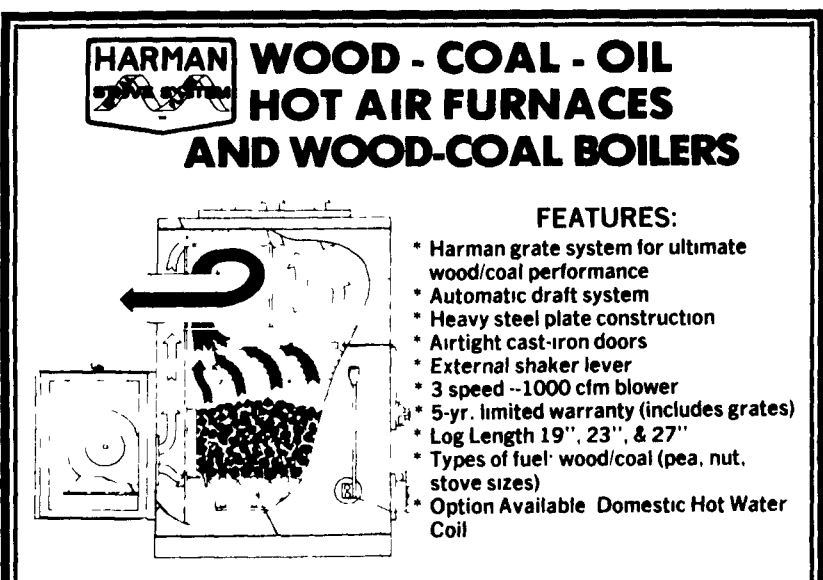
Hear Don Robinson at the Bareville Fire Hall

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Don will be speaking on the following subjects:

- Results of Research Plots on Peppers, Tomatoes and Cantaloupes
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