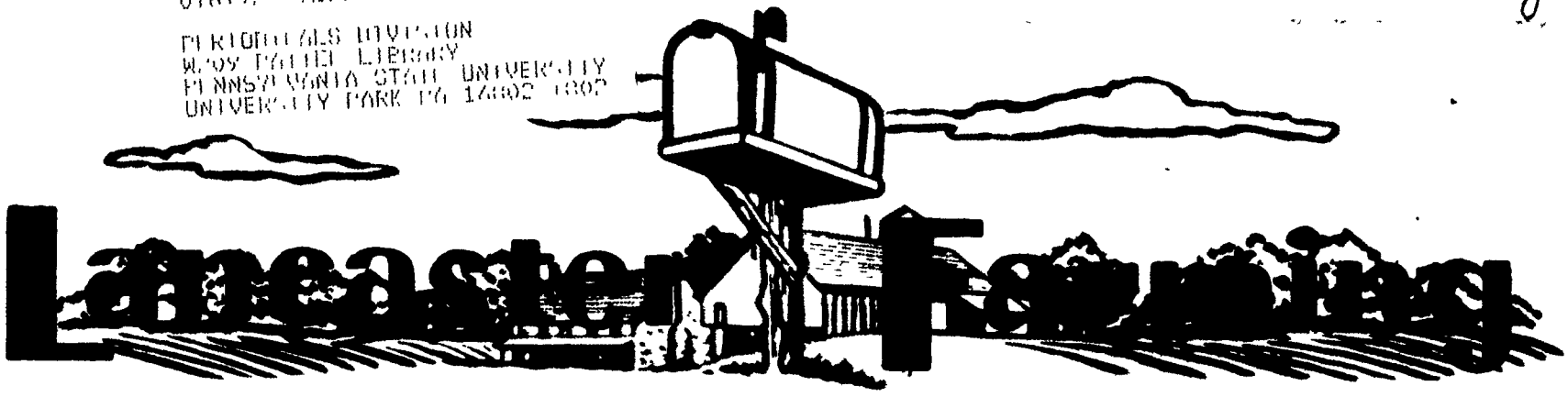


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Gov. Robert Casey (right) with State Ag Secretary Boyd Wolff and Bill Nichol, State Holstein Assn. executive secretary, walk through the barns at the association's farm at Middletown (Dauphin).

Gov. Casey Gives Heifers Send-Off To Canary Islands

MIDDLETOWN (Dauphin) — Gov. Robert P. Casey said today that the upcoming shipment of Holstein heifers to the Canary Islands is the type of trade that helped Pennsylvania set new food and agricultural export records.

"Foreign markets are eager for Pennsylvania's quality products," Gov. Casey said. "These Holsteins are just one of the ways Pennsylvania is marketing agricultural products."

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Current Milk Price Situation Reported

BY KARL BERGER
 Special Correspondent

Buoyed by rising prices for cheese and nonfat dry milk, farm milk prices are on the rise this fall, bringing some relief to dairymen beset by higher feed costs.

The Minnesota-Wisconsin price series, a measure of the prices paid for milk by manufacturing plants in the upper Midwest, rose 46 cents in August, to \$10.98 a hundredweight for milk containing 3.5 percent butterfat. That was one of the largest gains in the history of the M-W, which the U.S. Department of Agriculture uses to set prices in its federal order system across the country.

The August gain will translate into an October Class I price of \$14.01 in Federal Order 4, the Middle Atlantic order. Similarly, the October Class I price in Order 2, the New York-New Jersey order, will climb to \$13.53. The M-W increase also boosted August Class II prices in the two orders.

Analysts are predicting further M-W gains as strong cheese sales tighten a supply-demand equation that's already been squeezed by the drought.

Jim Fraher, an economist with Atlantic Dairy Cooperative, said the M-W should peak at about \$11.40 this fall, only a couple cents lower than its top level a year ago when the federal government's support price was 50 cents higher.

The gains in federal order prices will not come at the expense of lower over-order premiums. These are imposed atop the minimums mandated by the orders. Moreover, the two local over-order bargaining agencies, the Middle Atlantic Cooperative Milk Marketing Agency and the Regional Cooperative Marketing Agency, are being aided by a local supply-demand situation even tighter than the national one, Fraher said.

Both MACMMA and RCMA have announced intentions of continuing their current Class I pre-

miums -- \$1.05 in the case of MACMMA, 70 cents for RCMA -- through at least the beginning of 1989. The \$1.05 differential on Class I milk prices imposed by the Pennsylvania Milk Marketing Board is in effect at least through February. And many handlers with independent producers are offering similar-sized premiums on their own.

Nevertheless, the combined effect of these premiums and the rising prices only restores dairy-

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Southeast Farm Credit Offers Scholarship Again

WEST CHESTER — The Board of Directors of the Southeast Farm Credit Service is pleased to announce the availability of its eighth annual \$500 scholarship toward the higher education of a student planning to pursue a career in agriculture. The Southeast Associations have offices in Avondale and Silverdale with an outpost office in Creamery; the headquarters office is located in West Chester. They serve over 1,350 members of the agricultural community in Bucks, Chester, Delaware, Montgomery, and Philadelphia

counties with long and short-term financing.

One of the requirements of the applicant is that his or her parent(s) or guardian(s) must reside in one of those counties. The applicant must be a high school senior planning to attend a four year college on a full-time basis with agriculture or agri-business as the major emphasis of study.

Notification of the availability of the scholarship is being sent to the administrators of the secondary schools in the five-county area.

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Kansas Economist Compares Farming; Sees Contracting Ahead

BY EVERETT NEWSWANGER
 Managing Editor

GETTYSBURG (Adams) — A Kansas agricultural economist took a look at the farm situation in Pennsylvania and the Mid-Atlantic states, and found the same trends as in the Midwest. "I was astounded to find that what's happening to farming in the Midwest is also happening to farming in the East," said Dr. Barry Flinchbaugh, state leader ag economics, Kansas State University.

Dr. Flinchbaugh, one of the featured speakers at the 110th Annual Convention of the Penn Ag Industries Association here this week, said large farms are increasing and small part-time farms are increasing, but the middle-sized farms are being squeezed out. In this bimodal process the mid-sized farm is too big to allow the operator to take an extra job in town, but too small to take advantage of all the modern efficiencies. "So they get squeezed from either side," Flinchbaugh said.

Flinchbaugh reported statistics that show a relatively small number of farms have from one-quarter to one-half million dollars gross annual income but produce from 40 to 60 percent of all agriculture sales. And while there are more part-time farms in Pennsylvania

than in Kansas, the difference is not nearly as great as the "popular notion". This bimodal system where the medium-sized farm is in trouble is happening in Pennsylvania just like in Kansas.

The economist said we are clearly moving toward a contract system. And while eastern farmers have contracted vegetable crops for some time, it's a new idea for mid-west wheat farmers.

Contract Farming

Flinchbaugh gave three reasons why he sees contract farming in the future. First, biotechnology, while able to reduce pesticide needs with biology, will be costly. These costs will need to be spread over the total industry. The farmer and the local town banker will not be able to foot the bill alone. Because of the largeness of this process, Flinchbaugh doesn't see us returning to the small-farm agriculture that is often romantically envisioned by environmentalists and animal welfare groups. He believes sustainable agriculture will replace some traditional inputs with management that requires a high degree of sophistication.

Because of low yields at first in the sustainable agriculture Flinchbaugh believes we will need to farm more land. "So, I propose that biotechnology will lead us to larger farms." Flinchbaugh

said. "And we will do it by contracting with corporate or cooperative agri-businesses. In addition, the low margins of profit will also head us in the contracting direction."

But Flinchbaugh sees the real

reason for farmers contracting with agri-businesses to be the need for orderly marketing. "A fast food French fry in Gettysburg, Pennsylvania, must taste, look like, and cost about the same as the fry in Fresno, California," Flinchbaugh

said.

This calls for quality control, and requires contracting. The fast food people will contract a year in advance for specific quantity, quality and price. In addition, agri-

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PennAg Honors LF Writer

BY LOU ANN GOOD

GETTYSBURG (Adams) — PennAg Industries Association gathered for their 110th convention at Gettysburg on September 18 through 20. The Tuesday night banquet spotlighted Pat Purcell, a "Lancaster Farming" staff writer, as the ag journalist of the year.

She received a plaque and \$500 for what Sam Shenk, director of services for PennAg, called clear, concise writing that showed in-depth research on important issues to farmers.

Purcell's articles were chosen from entries across the state. Her three award winning articles previously appeared in "Lancaster Farming." They included articles on the Chesapeake Bay pollution problems, Garden Spot High School's Grassland FFA Building our American Communities Project and a series on Johnes, a disease in dairy cattle causing economic hardship to state dairy farmers.

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Arthur McAllister, president of Penn Ag, presented Pat Purcell with a plaque and \$500 in recognition for her award winning journalism.