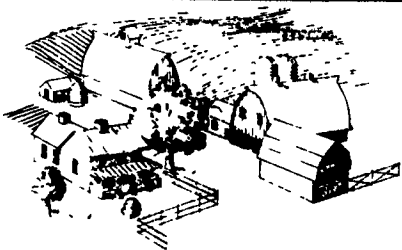


FARM MANAGEMENT



WHERE'S THE FREE TRADE?

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President Bush's trip across the Pacific has raised the issue of trade practices. There seems to be a lot of confusion and far more frustration on these highly political matters.

Who allows "fair" trade and who trades "unfairly"?

"Fairness," like beauty, is in the eye of the beholder. So it is important to look at these issues from the perspective of the people from the other side of the ocean as well as through our own TV network camera lenses.

Aussies

From my Australian farming friends, I hear of their frustration at losing their wheat markets. They blame their woes on the the U.S. price supports, and the U.S. Export Enhancement Program.

Their plight is very serious, since they have been suffering severe drought, plus the depressed wool and sheep markets. Many have been forced to shoot more

than 20 percent of their sheep, and take a big loss on what little grain and wool they produced. It sounds like a repeat of the Great Depression for them.

However, when it comes to farm exports, the Aussies appear to overlook the fact that the value of their agricultural exports to the United States is more than five times their ag imports from the U.S.

We did not hear much from the Detroit auto executives while they were "down under!" Australia has high tariff barriers on car imports to protect its auto industry and their labor unions. General Motors and Ford are big players there, and those corporations have benefitted from the trade barriers, so protectionism suited Detroit just fine in Canberra.

Japan

Many Japanese and, for that matter, British and Europeans went hungry during the great wars. Those who can remember those things insisted on the security of some level of self-sufficiency in food production.

We cannot blame them for maintaining this policy. But there is more at stake than a food supply.

Where profitable agriculture is

maintained, the environment is protected by careful land-use planning and pollution controls. Contrast this with the industrial degradation which resulted in the former Soviet republics.

If the Japanese rice fields and farms were to lose their markets to cheaper imports, the social and environmental costs could well be greater than the economic gains.

How much more can we ask for? Last year, Japan purchased \$7,720 million of our agricultural products. Now that's a pretty big pile of beans! As Earl Butz once said, "I don't mind if my son drives a Toyota — they buy our soybeans."

GATT

There are 108 member nations involved in the General Agreement on Tariffs and Trade (GATT). They are now trying to hammer out an agreement on reducing farm subsidies, which is acceptable to all countries.

Perhaps this is an impossible task when everyone is trying to blame someone else for their economic woes. Will our farmers rejoice in the prospect of lower support prices for grains and milk?

The Hungry Nations

We seem to focus much attention these days on the former Soviet republics. Their situation is very serious and USAID is providing agricultural credits to supply them with wheat, feedgrains, vegetable oils, and hops.

We hope that the needs can continue to be met. There are also the third world countries like Haiti, Bangladesh, Etheopia, and other sub-Saharan African countries.

They don't have the creditworthiness to purchase the food that

they need to maintain even a basic existence. While we might like to blame their political systems for their plight, it seems that it should be possible for relatively wealthy and resourceful nations to develop distribution systems to help.

International Solution?

One economic study has suggested that all wealthy nations could contribute all of the money which they now spend to "support" prices and export markets, and contribute it to an international "food stamp" program.

If needy countries were able to

draw on these "food stamps" to purchase their food needs, then all agricultural commodity surpluses would disappear and agricultural commodity prices worldwide would rise an average of 15 percent.

Sounds like Utopia, doesn't it? Well, it seems that the concept needs to be investigated further. If as much energy and resources could be expended on getting food resources to needy people as is now spent by opulent farmers and politicians in America, Australia, Europe, and Japan in trying to get ahead at the other's expense, then this planet earth would be a much nicer place for us all to live.

Tax Notices May Be Wrong

CAMP HILL (Cumberland Co.) — The Farm Management Services of the Pennsylvania Farmers' Association (PFA) is alerting farmers about erroneous state income tax notices being sent out by the Pennsylvania Department of Revenue.

Some farmers are mistakenly receiving notices of underpayment of estimated taxes from the state agency.

"We've learned that the Revenue Department is having a hard time identifying some taxpayers as farmers because of a tax law change which went into effect starting with 1990," explained Don Hummel, assistant manager of the PFA business service. "The tax change, which PFA helped secure, plus the state in line with the federal tax definition of a farmer as someone who receives two-thirds of gross income -- rather than net taxable income --

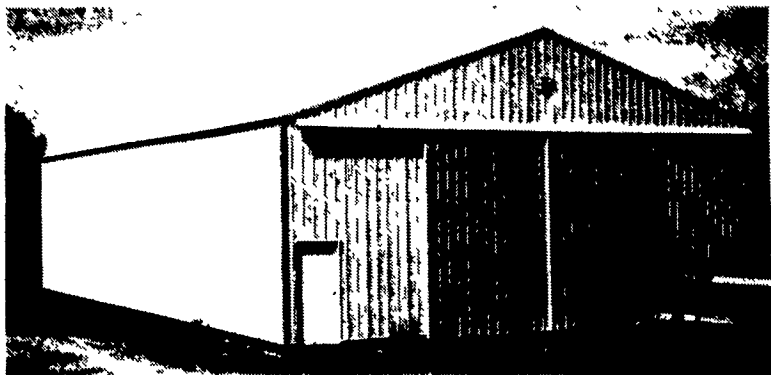
from farming. Evidently the Revenue Department's computer system is not able to identify the Gross Farming Income information from some returns."

Hummel advised farmers receiving notification to write "Exempt Farmer -- 66% of Gross Income From Farming" on the Farm Exemption Worksheet included with the Revenue Department notice and return it to the department's Bureau of Individual Taxes in Harrisburg.

"If your gross income from farming is two-thirds of your total income, you're exempt," Hummel said, "We've contacted the department about the problem."

PFA is a voluntary farm organization representing 23,049 families in 54 local associations. It provides members with information, a voice in public affairs and business services such as the Farm Management Services.

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