



**BREAKING MILK RECORDS!**  
Lancaster Farming Carries  
DHIA Reports Each Month!



**EQUIPMENT FOR  
FINANCIAL DECISIONS**  
Roland P. Freund  
Farm Management Agent  
Penn State

There are more pressures bearing down upon our farmers today than this generation has formerly experienced.

We seem to be getting clobbered by low milk and livestock prices, high feed costs, shrinking credit availability, drought, and molding feed supplies — all at once.

Under these conditions, many managers are experiencing difficulties trying to make decisions on how to improve their circumstances. There are no easy answers, and every farm has its own unique situation.

Each manager has to do a lot of searching before he or she can make a decision. There is nothing new about this process, but we do have some tools that can help us make better management decisions.

Before any decision can be reached we have to examine all the factors which are causing the problem. Then we can address those that we can change.

Unfortunately there are many things which any one manager or adviser cannot change.

**Factors We  
Cannot Control**

Political events have changed some of the landscape:

- Conservative Congress and Senate
- Balanced budget
- Shrinking government
- Trade agreements
- Environmental concerns.

The economic impact of these trends on the farm scene:

- Drought and disaster payments — gone!
- Price supports are being phasing out.
- Federal farm program dollars are being greatly reduced.
- Prices will be more volatile.

On the economic front we also see interest rates trending higher while our friendly local bank managers are disappearing in the shuffle of bank mergers.

Federal regulators are also forcing bankers to be more conservative when making new loans. The long and short of it is that Uncle Sam and your banker will *not* manage your business in the future.

**Factors Over  
Which We Have  
Some Control**

Operating costs have to be controlled to achieve profits. Capital spending has to be controlled if we are to have reasonable debt payments.

Family living and labor expenses need to be adequate, but should never be met by not paying feed bills.

Crop enterprise acreages and rotations and livestock production levels and scale can and should be adjusted to meet changing circumstances. In all of our enterprises we need to be searching for least cost inputs and cost controls.

(Turn to Page E3)

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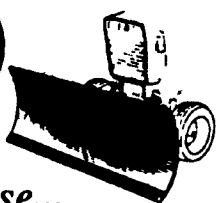
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