

CMA Conference Provides Insights Into Agriculture's Economic Future

(Continued from Page A1)

of corn on hand" this September.

"I'm not as pessimistic about prices," Moore said. The Jan. 14 cash price of corn stood at \$2.63 per bushel. July 1997 futures price stand at \$2.71 per bushel. The corn market will continue to improve this spring, Moore indicated.

Moore told those who want to speculate on corn markets to "stifle greed. Space your sales even if you're not happy with the prices." Moore offered other advice: don't sell at the highest price, don't misrepresent quality, get to know the futures markets, and realize "there is a tomorrow."

Moore said, "We produce a little less than half the world's corn," at about 250 million metric tons. "We produce more than half the world's soybeans," at about 29 million metric tons (Brazil, on the other hand, produces about 25 million metric tons of soybeans). He reminded the producers of what could happen to worldwide corn prices if we have a crop failure during the summer.

Moore also offered insight into how the national economy is doing and how that reflects on the ag economy. The national economy remains "positive," Moore indicated. Industrial production for the year in November was up 4.4 percent and unemployment stood at 5.3 percent ("It can't be much better," said Moore. "Five percent of the population won't work under any conditions.") Real inflation stood at 3 percent. With all of that, the U.S. has experienced the "third largest growth period in economic history," he said.

(In Wednesday's Wall Street Journal, a story reported on how Federal Reserve Chairman Alan Greenspan saw few signs of "inflationary tension" in the economy, with a "pickup in some measures of wages.")

At the same time, there are some bleak spots on the economic horizon. The national economic gross domestic product was up only 2.3 percent, which means the economy remains "fairly anemic," Moore said.

Consumer debt continues to increase at unheard-of rates, and the payments on the debt can slow the economy down. Moore posed the question: How long can it last? He indicated some economists see no recession coming, at least through 1997. But as long as the national economy remains on a positive track, usually the ag economic sector follows close behind.

Increasingly, more farmers are seeking off-farm work "to support the farm habit," said Moore. The government continues to pull price support systems away from the farm economy, leading to a more free-market economy, with much less government support pricing.

More production than ever before is under contract, and exports continue to level.

Moore gave an example of how one agricultural company puts everything in perspective for producers. Cargill, the largest closely held ag company, according to Moore, has yearly sales of \$60 billion (compared to the entire Pennsylvania ag industry, with yearly sales of a paltry \$3.7 billion). Forty percent of Cargill's assets are overseas. Cargill's corn exports make up 25 percent of the total U.S. exports overseas. Cargill does 20 percent of the U.S. corn milling and 25 percent of the oilseed processing. The company slaughters 20 percent of the U.S. cattle, operates 300 grain elevators, and employs 79,000.

What happens in the national economy can affect many different aspects of agriculture, as the size and power of either privately or publicly held ag companies increase.

Meanwhile, the national debt continues to be "a terrible problem," Moore said, that must be addressed.

Penn State Restructures

"We're in the process of rebuilding our faculty and cooperative extension staff," said Ted Alter, interim dean of Penn State's College of Agricultural Sciences.

Alter told those at the PCMA meeting that since 1990, 163 positions in the college and extension services have been lost because of budgetary cutbacks. Last year, the state's General Assembly placed an 11.4 percent increase in the budget, which has helped the college rebuild.

According to the Penn State's State of the College Report, on Aug. 8 last year, the hiring freeze imposed within the college since June 1995 was lifted, and the college initiated the process to fill faculty, county agent, and staff positions in the areas of critical need. Alter estimated that about 65 positions out of the original 163 have been filled.

This year, according to Alter, Penn State has petitioned the General Assembly for an 8.6 percent increase for extension ag research and ag extension education. "If we get 8.6 percent, or a good portion of that, we'd be able to continue the process of rebuilding our program," Alter said.

The college will continue to examine areas of "selective enhancements" in target areas as part of a new five-year plan. These areas include research and education with cooperative extension (selective enhancements to plant and animal science programs), environment and natural resources (selective enhancements to the School of Forestry, but also including agronomy and plant pathology programs), and areas of food processing, food safety, and nutrition.

A new dean will soon be appointed, according to Alter.

An area that the college will continue to address more thoroughly, according to Alter, is the fact that industry has asked for students that graduate to have more experience, especially "in the day-to-day operations of real-world business," Alter said.

Steve Fales, department head, Penn State Department of Agronomy, reflected the challenges put



CMA consultants spoke about their experiences with producers at the meeting. John Flanders, West Branch Crop Management Association Consultant, center, came to realize that the work of the CMA is to be a "moderator" between "new technologies and placing those technologies on the farm." Others who spoke included, from left, Mark Madden, Susquehanna County extension agent; Greg Roth, Penn State associate professor of agronomy; Flanders; Bill Curran, Penn State associate professor of weed science; and Tim Beardslee, SulBra CMA farmer.

forth by industries to better prepare the students for the business world. A focus will be on training gradu-

ates to become proficient in communication and problem-solving skills and understand ag econom-

ics and the overall ag industry. "By and large, our students are

(Turn to Page A21)

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