

Mifflin County Holds Farm/City Banquet

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MILROY (Mifflin Co.) — Mifflin Countians certainly had a lot to be proud of at their annual Farm City banquet held recently at the Milroy Fire Hall. Nearly 180 people gave Miss Pennsylvania Mayra Acosta and Pennsylvania Secretary of Agriculture Sam Hayes Jr. standing ovations.

Raised in Lewistown, Acosta said she was proud to call Mifflin County her home. Acosta spoke of her role as Miss Pennsylvania and the importance of pageant scholarship money. Over \$30 million is given to pageant winners and participants across the nation each year.

Just as important is the participant's desire to make a difference. Acosta's critical issue is CPR and injury prevention. "I'm not a doctor, but I know I could save someone's life if I had to."

Acosta plans to study ethnomusicology, which is the study of folk and ethnic music, specifically Latin American music. Her family is from the Dominican Republic.

Huntingdon County native Sam Hayes spoke of the importance of a strong agriculture in maintaining a strong nation. He spoke in spite of laryngitis.

"Show me a nation that can't feed, cloth, or shelter itself, and I will show you a nation at risk . . . Beyond food, clothing, and shelter, agriculture in Pennsylvania and America provides the social cement, the economic service, and the political stability every nation needs."

Hayes is a Vietnam veteran who was awarded the Bronze Star and was a lawmaker from 1970 until 1992. "We couldn't be nearly as good as we are if we didn't

have the good agriculture that we have here in Pennsylvania."

The David Stuck family stepped forward to accept the Farm Family Business Award. The Stucks' farm at Plum Bottom near Reedsville. Stuck began farming in 1989 with 45 cows. After remodeling the milking parlor at Plum Bottom, Stuck increased his herd to 200 cows. David and his wife, Jennifer, keep the day-to-day operations running smoothly while David's parents, Barry and Jean Stuck, help by keeping the farm records. The Stucks employ one part-time and four full-time workers and milk three times a day.

The City Family Business Award went to the Melvin Wilson family of Wilson's Meats and Grocery in Lewistown. Melvin has owned the market since 1965. His son, Steve, is a major part of the operation. Steve accepted the award on behalf of his family, including his mother, Thelma, who passed away recently.

The Mifflin County Conservation District Goodyear Award went to the Meily family from Huntingdon. The district also gave \$50 each to the Boy Scouts, Girl Scouts, and FFA for conservation projects.

The Mifflin County Garden Club gave Acosta a rose. A rose bush will be planted in the gardens at the McCoy House in Lewistown in her honor. Hayes was given a limited edition Christmas ornament designed as a fund-raiser for the National Gardens in Washington. Although ground has not yet been broken for the gardens, the Botanical Gardens will be building the gardens solely through private donations.



Mifflin County's City Family Business Award went to the Melvin Wilson family of Wilson's Meats and Grocery. Accepting the award were (l to r) Melvin Wilson, Cindy Berrier, Steve Wilson, and Barb Treaster.



The David Stuck family accepted the Farm Family Business Award. Left to right are Mifflin County Dairy Princess Laura Peachey, Sam Hayes holding Julia Stuck, Jennifer Stuck holding Laura Stuck, and David Stuck.

Current Low Prices No Cause For Farm Crisis

COLUMBUS, Ohio — Despite current low gain and livestock prices, the U.S. farm sector is in strong financial shape and far from the troubles experienced during the farm crisis of the early to mid-1980s, said Ohio State University Extension agricultural economist Allan Lines.

However, things could get worse in the next two to three years if prices don't improve, Lines said.

"Yes, there are regional pockets of distress in areas such as North Dakota and Texas, and producers of some commodities are experiencing financial difficulty," he said. "But farm financial data available from the U.S. Department of Agriculture presents an overwhelming picture of financial strength for the nation and Ohio."

The net worth of U.S. farm businesses is estimated to be a record \$957 billion, up almost \$190 billion during the past five years. Ohio's farm business net worth is estimated at a record \$33 billion, up nearly \$9 billion during the same period. Total assets on U.S. farms are expected to be valued at \$1.13 trillion on Jan. 1, 1999, up by more than \$200 billion during the past five years. Ohio's assets are an estimated record \$37 billion, an increase of nearly \$10 billion.

At the same time, farmers are being more cautious about borrowing money to buy land and equipment, which is what got them into trouble in the '80s,

Lines said.

"Even with continued low prices, it doesn't appear we'll have a situation to recreate the crisis of the '80s because farmers are not borrowing as aggressively now as they did then," he said. "In the '80s, farmers' debts were too high and when commodity prices dropped they didn't have the ability to pay off those debts."

For example, farm debt repayment capacity for the U.S. farm sector is 61 percent, meaning farmers are only using 61 percent of the debt they could support from cash flow. In the early '80s, this figure was nearly 110 percent, which means farmers owed more money than they could support, Lines said.

The U.S. farm debt-to-asset ratio is now at a very safe 15 percent, which means for every \$100 a farm is worth it owes \$15 in debt, Lines said. Ohio farms are in even better shape at 11 percent. In 1985, the U.S. debt-to-asset ratio reached nearly 24 percent and was above 20 percent from 1982 to 1986.

Another good indicator of financial stress on farms is the debt service ratio, which measures the number of times farm business could pay its principle and interest payment with its current cash flow. A safe ratio is about 2. This number hasn't fallen below 2 during the past five years and is estimated at 2.7 for the U.S. in 1998. In comparison, the U.S. debt service ratio was below 1.4 from

1981 to 1984.

While the financial health is strong on U.S. and Ohio farms right now, average corn, soybean, and hog prices need to improve over the next two to three years. If they don't, the economic climate on U.S. and Ohio farms could deteriorate rapidly as land values would likely begin to fall, Lines said.

Average U.S. corn prices this October were \$1.91 per bushel, 63 cents below October 1997 and 39 cents below the average from 1990 to 1992. Soybeans were \$5.18 per bushel, down \$1.32 from last October and 43 cents be-

low the 1990-92 average. Average hog prices — with lows in the teens — have fallen to just more than 28 cents per pound, nearly 19 cents down from October 1997 and more than 19 cents below the 1990-92 average.

"It doesn't appear we are headed for a reoccurrence of the '80s debacle, but that doesn't mean it can't happen," Lines said. "There are things that could trigger similar hard times for farmers, and a continuation of \$2 corn and \$5.25 soybeans for a three-year period is one example."

If crop production is normal over the next three years, prices

may rise slightly to \$2.20 per bushel corn and \$5.60 per bushel soybeans by 2001, and hog prices could recover to 47 cents per pound. But that may not be enough to save some farms from the reduced profits that would make existing debts too difficult to pay, Lines said. Asset values — primarily land — also would decline, weakening balance sheets, reducing the ability to borrow and compounding financial distress.

To prepare for the potential downturn in the farm economy, producers should develop and implement strategies to reduce debt and control costs, he said.