

# Kohl Urges

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areas with failing farms. Ninety-five percent choose communities with thriving schools and retail centers, rather than places where the high school has closed, equipment dealers have shut down, and most of the population is older people, Kohl said.

Kohl outlined some generational differences that may help in understanding family farm dynamics. For example, Gen-X'ers tend to have a more "balanced" approach to work in contrast to the "driven" work ethic of some of their elders. Gen-X'ers also tend to be more skeptical in their outlook compared to the optimistic tendencies of their parents, he pointed out.

Dairy operations, like other businesses, need a net income growth rate of at least five percent to be sustainable — but managers should aim for eight percent growth to cover inflation and other variables, according to Kohl.

One problem, especially with dairies in the East, is that "producers become too spinster," Kohl said, referring to an unwillingness to risk money on the operation. Dairy producers in the East tend to have equity in their operations ranging from 40-80 percent compared those in the West, where equity runs from 30-50 percent.

Some West Coast producers can also get into trouble with rapid growth, Kohl noted. When equity dips

under 50 percent, "That is called — 'you better have your linebackers in place,'" he said.

He also touched on the implications of the Farm Bill, including the new dairy subsidies.

"It's really opening up a can of worms," he said of the dairy program. The effect on supply and demand, he said, will prove "not good for ag in the long run."

According to Kohl, "The Farm Bill is basically plugging a hole in the dike," by maintaining cash flows and keeping land values up. Land values in the Midwest would decrease 22-28 percent without the Farm Bill, he pointed out.

The farm commodity subsidies also create a "flash-point for international trade wars," he said.

According to Kohl, the new bill brought no "major changes" to ag policy for now, but set the stage for future farm bills to be "very environmental."

"Environmental issues will intensify tenfold in the next Farm Bill," he predicted.

The meeting also featured a presentation by Dr. Jeffrey Brose, technical service specialist with Monsanto Dairy Business.

Brose highlighted the need for dairy producers to make the most of their facilities and to think of cows as production assets.

"When (producers) are hesitant to fill a barn, it's much more costly to have that barn empty," Brose said. "Keep the slots filled with the most productive animals."

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