

Economic surge not helping agriculture; Pa. not hurt as bad

By JAMES A. STEWART
Collegian Staff Writer

Recent improvement in the economy, beneficial to consumers and most industry, has hurt the agriculture industry, a professor of agriculture economics extension said.

"Agriculture was completely bypassed in our current economic recovery," Louis Moore said at an Ag Student Council meeting last night.

However, Moore said problems in Pennsylvania's agriculture industry have not been as severe as in the rest of the country.

He said this is due to the diversity of farm products in the state, financial conservatism on the part of Pennsylvania farmers and the benefits of reduced grain prices on the dairy industry, Pennsylvania's largest agricultural field.

Pennsylvania has risen from 17th to 12th in value of farm products sold since 1980, Moore said.

"Today's agricultural problems have been caused by excesses of farmers and their lenders which were created by the inflationary spiral of the 70s," Moore said.

He said farmers borrowed heavily then because of the rise in farm values due to inflation. This increase gave farmers more collateral for loans, and banks were more willing to lend money, he said.

In the 1980s, inflation has dropped, bringing farm values down also, Moore said. Farm values in the Midwest, the hardest hit area, have dropped 36 percent since 1981, he said. Pennsylvania farm prices, he added, have only dropped 5 percent since 1981.

With the decrease in farm values, he said, banks have based recent loans on cash flow rather than land collateral, making loans harder to obtain.

Another problem facing farmers is the "perennial surplus problem," Moore said. At the end of 1985, he said, 120 million metric tons of surplus crop is expected. This amount is about equal to half a ton of surplus crop for every person in the United States, he said.

"Farmers produce more as prices go down," Moore said.

As they try to pay off their bills, farmers increase production, further lowering prices, Moore said. Since 1960, corn, soybean, and wheat production has more than doubled.

As a result, he said, consumers now spend only 15 percent of their budgets on food, as opposed to 20 percent in 1960.

Agriculture, which is 15 percent of total U.S. exports, accounted for 70 percent of the decline in exports last year, Moore said.

Reasons for this decline are the increased strength of the dollar and export subsidies by other governments, he said.

Also, new exporters such as India and China have taken a large portion of export trade away from the United States, Moore said.

"Unless there's a crop failure in the Soviet Union," Moore said, "the surplus will remain through the end of the century."

Another disadvantage, Moore said, is the trend toward mergers among major agriculture-related corporations. This includes recent buyouts of food companies such as General Foods and Nabisco by tobacco companies, he said. This consolidation benefits larger farms which deal in volume, he said.

Moore said possible solutions are a totally free market, mandatory controls, voluntary production controls, and a dual price system.

A totally free market, favored by President Reagan, would eliminate government subsidies and force prices down to improve competition on the international market, Moore said.

Increased U.S. competitiveness on the world market would force other nations to reduce agricultural prices, he said, resulting in a global price war.

Mandatory production controls would place strict limits, with government enforcement, on agricultural sales, Moore said. Higher prices and a reduction in national and world agricultural surpluses would result, he said.

Under voluntary production controls farmers would reduce production as a result of reduced prices and crop surpluses, Moore said.

A dual price system, Moore said, means a normal domestic price combined with a reduced export price paid for by government subsidies.

Farmers' preferences, based on a survey in Oklahoma, point to mandatory controls as the most popular solution, Moore said. The greatest support for these controls, he said, comes from grain farmers.

"Grain farmers are more desperate because they have suffered the most," Moore said.

Moore said he expects voluntary production controls and the dual price system to be used as short-term solutions.

Immediate aid may come from a farm bill being discussed in Congress, Moore said. The bill calls for reduced acreage in use, a 5 percent decrease in farm loan interest rates and a freeze on target prices for crops. However, he said, the House and Senate have yet to reach a com-

promise on the bill. Moore said he expects the final bill to be passed early next year.

In the long range, Moore said the industry will see a consolidation of crops into certain geographic regions, and lower returns on capital investments for farmers and farm equipment suppliers. Increased emphasis on marketing and management, a decreased margin between prices and costs, and a trend toward fewer and larger farms will also result, he said.

Moore listed several steps to help area farmers plan for the coming years.

"Farmers must dig in to be survivors," Moore said.

They must become more efficient in financial areas, he said. To do this, they need to improve record-keeping, develop long-term expansion and improvement plans to present their bankers, arrange needed loans early, and use old equipment longer to avoid new debts while paying off current debt, he said.

Farmers should also improve marketing know-how, Moore said, considering the market before crops are harvested.

"Pennsylvania farmers need to take an active role in developing (government) farm programs," Moore said.

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Land mine explosions:

South Africa blasts injure one, anti-apartheid groups blamed

By JAMES F. SMITH
Associated Press Writer

JOHANNESBURG, South Africa—Two land mine explosions damaged two farm trucks and injured a black driver near the Zimbabwe border yesterday in what was thought to be the first mining of roads in South Africa by anti-apartheid guerrillas, authorities said.

A statement from Defense Force headquarters said the black driver suffered leg wounds in the first explosion on a dirt road. A white farmer's pickup truck was damaged in the second blast, but he was unhurt.

Three Blacks, "presumably African National Congress terrorists," were seen in the area before the blasts and were believed to have fled back into Zimbabwe after planting the mines, the statement reported.

It said two more mines were found and rendered harmless by mine-sweeping vehicles on other roads in

the area west of Messina.

Meanwhile, police headquarters reported persistent scattered rioting in black townships around South Africa. A black councilman shot one man dead in Huhudi township, near Vryburg in Cape Province, when a mob of Blacks attacked his house, the police report said.

In Chesterville, a black township near Durban, two rival bands of Blacks battled on the street yesterday, and one black man was killed and two houses set afire, police said.

In all, police reported 17 incidents of unrest from Monday evening to last evening.

The government has confirmed more than 800 deaths in 15 months of rioting against the apartheid system of racial segregation. A private monitoring group puts the death toll at more than 900. According to the government, its forces killed about two-thirds, most of whom were black, while the rest were Blacks killed by

other Blacks who suspected them of collaborating with the white minority government.

The government accuses the outlawed African National Congress of stirring up the unrest in an attempt to make black areas "ungovernable."

A police spokesman said yesterday's incidents were believed to be the first time ANC guerrillas mined roads in South Africa. Most ANC sabotage is carried out against government buildings in urban areas, not in farming districts.

Land mines planted on remote roads have been a common weapon in other guerrilla wars against white rule in southern Africa, especially in Rhodesia, now Zimbabwe, and in South-West Africa.

Officials of the African National Congress have expressed reluctance about staging attacks near South Africa's borders for fear of inviting reprisals against neighboring black states. All black countries bordering

South Africa say they will not allow attacks against South Africa to be launched from their soil.

The military said three black men crossed the Limpopo River from Zimbabwe late Monday night and returned early yesterday, according to information from black residents of the area. The mines were of Czechoslovak origin.

The mining followed government denials of renewed speculation that the nation's white rulers were about to release jailed ANC leader Nelson Mandela from a life sentence. He is widely regarded as the most important black leader in South Africa, 21 years after he was convicted of plotting sabotage as head of the ANC's armed wing, Umkhonto we Sizwe (Spear of the Nation).

Speculation about Mandela's release rose last week because of his three-week stay in a Cape Town hospital, long after he had recovered from prostate gland surgery.

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