

ASCS Farm Notes

1962 Feed Grain Program:

The county and community committees are reviewing base acreages and established productivity indexes, preparatory to mailing the notices of the base acreage and the rates of payment established for each farm.

As under the 1961 program, the minimum acreage for diversion is 20 per cent of the farm's base acreage. The acreage diverted from feed grain crops to an approved conservation use, under the program must be in addition to the farm's average acreage devoted to conservation (hay and pastures) for 1959 and 1960, and also to the acreage diverted under the 1962 wheat stabilization program.

Again, we urge producers to study their farming operations for 1962 to determine the benefits they will receive by signing an application under the feed grain program. And again, we say don't overlook the expenses involved in producing feed grains.

Producers who intend to participate in the feed grain program may receive up to about one-half of their payment in advance at the time the intention to participate application is filed. This is an advantage, as it provides ready cash to meet expenses of producing other products as well as for emergencies which could happen to anyone.

Where Do We Stand?

How to Live With Abundance: The urgency of our situation has its roots in the revolution that is taking place in agriculture—the growth in technology that has sent production racing ahead of demand. Our inability to cope with abundance has brought a twin dilemma: The accumulation of vast stores of certain commodities at great expense, and a decline in farm income.

This spectacular rise in output has followed a rapid improvement in farm technology. Between 1924 and 1960, total farm inputs of mechanical power and machinery rose from 44 per cent to 142 per cent of the 1947-49 level. The use of fertilizer and lime rose from an index of 28 to an index of 192, and the inputs of purchased feed, seed and livestock from 42 to 149.

The cost-price squeeze: While farm prices fell, the farmer's production costs continued to rise—and the farmer's position grew steadily worse. In 1952, farm costs and farm prices received were pretty well in balance—both were about 290 per cent of the base period 1910-14. By 1960, prices had fallen to about 240 per cent of the base period—and farm costs had risen to an index of about 300. Hence the cost-price squeeze.

At the same time, the income of non-farm families moved steadily upward. In 1960, the per capita income of farm people was no more than half that of non-farm people. The average return for farm work was only 85 cents an hour—far below any decent standard of minimum wage, and little more than a third of the average wage for factory work in America.

Some Definite Steps Forward: Early in 1961, the government acted to: (1) Raise farm income, and (2) halt the rise in government feed grain inventories. First, price supports were raised on a number of commodities. Second, the 1961 feed grain program was instituted, with incentive payments for growers who diverted corn and grain sorghum acreage into soil conserving uses. What have been the results? Net farm income in 1961 is estimated at least \$1 billion above 1960. Feed grain production in 1961 was below utilization for the first time since 1952—a direct result of the 1961 feed grain program.

Food Is A Bargain: Meanwhile, food remains a bargain to consumers. Americans spend only a fifth of their take-home pay for food, compared with a fourth just before World War II. An hour of factory labor now buys more food than ever before. The cost of farm food is up 13 per cent since 1947-49, but housing rose 33 per cent, transportation 50 per cent, and medical care 62 per cent. Average take-home pay has risen 59 per cent. Consumers spend a smaller share of their income for food in America than anywhere else in the world. In western Europe—where living standards are relatively high—consumers spend between 30 and 45 per cent of their after-taxi incomes for food. In Russia, the proportion is more than 50 per cent. American farmers have made possible our high standard of living.

What Would Happen Under "No Program": Some still advocate the elimination of all farm programs. What would happen if all price supports and production adjustment programs were dropped? Studies by Iowa State and Cornell Universities and two studies of congressional committees—all showed the same thing: Farm prices and income would drop sharply—bringing a prolonged farm depression that would affect the entire economy. A simple average of these projections shows how prices could be expected to drop within 4 years. Wheat prices

would be sliced almost in half; corn by 21 per cent; oats and barley would drop more than one fourth; soybean prices would decline 38 per cent; grain sorghums 22 per cent; cotton 23 per cent; peanuts 45 per cent; rice would drop a third; milk prices 17 per cent; cattle prices would drop more than one fourth and hog prices would drop 30 per cent.

New Programs or Old?

Assuming that we do not want the economic chaos of an absolutely free market, there remain two clear cut alternatives: (1) A return to the programs in effect until this year, with their open-end commitment to support prices virtually without regard to the need for production adjustment. (2) New long-range programs that adjust production to need and provide fair returns to farmers. What would happen under the first alternative? Price support investment would be increased and government obligation would rise under a return to those programs.

Feed grain and wheat supplies would rise steadily under a return to the outturn programs of the 1950's.

Under the old type program, the wheat carryover would rise about three-quarters billion bushels between 1963 and 1967. Under the new program assumption, the wheat carryover could be decreased by more than one-half billion bushels in the same period.

The corn carry-over, under the old program, could be expected to rise about 1½ billion bushels between 1963 and 1967. Under the new program assumption, it could be decreased by more than three-quarters billion bushels in those four years.

Present Programs Are Temporary—The Only Realistic Alternative:

The only realistic alternative, in developing farm programs for the future, is to take the route that promises a long-range solution to the twin problems of low farm prices and high public costs. This envisions farm programs that do these things:

1. Reduce farm output to a level in line with our needs for domestic and overseas use—at prices that permit fair returns to farmers as well as fair and stable prices to consumers.
2. Provide some further reduction in the output of grains, particularly, to permit the government stocks to be reduced gradually to manageable levels.
3. Then adjust output expansion to the rate of demand expansion, so that we do not again slide into the awkward and costly situation we are in today.

This approach is embodied in the new programs developed in 1961—the feed grain programs for 1961 and 1962, and the 1962 wheat stabilization program. These programs are not in the final answer. They are temporary, and without new legislation in 1962, there will be an automatic return to the unsuccessful programs of the past few years.

New legislation is therefore called for—to provide new programs that go beyond 1962 for wheat and feed grains, and to deal realistically with additional commodities that are either in distress, or which are resulting in unreasonable costs to the public. Action is needed in 1962.

Participation In The 1962 Feed Grain Program will help decrease the surplus feed grains—watch for the date for the opening of the sign-up period.

Gaitkell Objects To Nuclear Tests

LONDON (UPI)—Opposition Labor party Leader Hugh Gaitkell made plans today to take directly to President Kennedy his objections to American nuclear tests on Britain's Christmas Island in the Pacific Ocean.

Gaitkell said he would object to the agreement announced in Washington Thursday whereby the island will be open to U.S. testing and a British underground explosion will be permitted in Nevada.

The Labor leader leaves for a parliamentary conference in Bermuda next week. He said from there he will go to Washington and New York to meet with Kennedy, United Nations Delegate Adlai Stevenson and other American leaders.

Five independent Labor members of parliament Thursday night offered a motion to condemn the government's decision to permit the U.S. tests on British territory.

Chicago Produce

CHICAGO (UPI)—Produce: Live poultry too few receipts to report prices.

Cheese single daisies 40 - 42; longhorns 40-42; processed loaf 38½-40½; Swiss Grade A 51-52; B 49-50.

Butter steady; 93 score 58½; 92 score 59½; 90 score 58½; 89 score 56½.

Eggs steady; white large extras 36; mixed large extras 36; mediums 34½; standards 34.

Urges U. S. To Match Others In U. N. Bonds

WASHINGTON (UPI)—President Kennedy could take some heat off of his United Nations bond-purchase plan if he would reduce the United States investment.

Kennedy probably will do that. The method would be by limiting the United States purchase to a fixed proportion of what other nations will invest. The original Kennedy proposal was that the United States should buy \$100 million of a \$200 million U.N. bond issue.

If Great Britain, the Commonwealth and other Western-aligned nations together purchased less than \$100 million of U.N. bonds, Kennedy could suggest that the United States merely match their aggregate purchase. That probably would improve the prospects for the purchase of U.N. bonds by the United States. Sen. Bourke B. Hickenlooper, R-Iowa, is urging this matching idea.

Sen. George D. Aiken, R-Vt.,

wants Congress to delay action on the bond proposal until other nations have indicated all of their financial intentions toward the United Nations. The President may be quite willing to agree to Hickenlooper's proposal, and perhaps to Aiken's.

The United Nations is bankrupt, as is. It will begin to go out of business unless it is bailed out by the proposed bond issue. The decision of Congress, therefore, is whether the United Nations shall continue to function or fade gradually away as did the late League of Nations.

A column of type is required to list the members that have pledged to their financial commitments to the United Nations. The crisis arises, however, because so many have refused to pay assessments for the enormously expensive adventures of the United Nations in the Congo.

The budget for Congo military operations last year was \$100 million with another \$100 million for economic and administrative assistance. These facts are aggravated in the United States by much opposition among Americans to the Kennedy - United Nations Congo policy. This is a policy of compelling the secessionist province of Katanga to resume its place within the coalition Congolese government with headquarters at Leopoldville.

Pricing Formulas For Fluid Milk

WASHINGTON (UPI)—The Agriculture Department has recommended a uniform basic formula price for use in computing the price of milk for fluid use sold by dairy farmers under terms of 38 midwestern federal milk marketing orders.

Specifically, Class I for bottling milk prices in the 38 markets, and the Class II price for bottling cream in the Chicago market, would be based on the average price of manufacturing grade milk at Minnesota and Wisconsin plants. This price series would replace in the orders other manufacturing milk values to which varying differentials are added to calculate these prices.

The department said the pricing formulas now in use differ in numerous respects among the several markets and their replacement would provide a more reliable and uniform pricing factor.

The agency said the changeover to the single basic formula would call for a slight increase in Class I price differentials in several of the orders, to maintain Class I prices on the same levels of recent months. Four cents per hundredweight would be added to the differentials in orders for Dayton - Springfield, Cincinnati, Indianapolis, Louisville - Lexington, and the Ohio Valley, with one cent to be added to the Columbus differential.

Also, for better pricing uniformity, the department recommended that prices under all the orders be on a 3.5 per cent butterfat basis. This would require changing only the orders for Memphis, central Arkansas, Louisville - Lexington, and the Ohio Valley.

The department said the Minnesota - Wisconsin price series would provide a more accurate representation of manufacturing milk values than is now available from alternate price series or

formulas. About half the milk of manufacturing quality in the United States is produced in the two-state area.

The department said the recommended price series will quickly reflect changes in the economic conditions which affect the dairy industry.

The milk orders concerned: Greater Wheeling, Clarksburg, Chicago, South Bend-La Porte, Elkhart, suburban St. Louis, greater Cincinnati, Dayton-Springfield, Columbus, northeastern Ohio, north central Ohio, Rockford-Freeport, Milwaukee, southern Michigan, Toledo, Muskegon, upstate Michigan, Michigan upper Peninsula, northeastern Wisconsin, Ohio Valley, Ft. Wayne, greater Youngstown-Warren, Indianapolis, St. Joseph, St. Louis, Quad Cities-Dubuque, greater Kansas City, Oskars, Minneapolis-St. Paul, Duluth-Superior, Cedar Rapids-Iowa City, north central Iowa, Des Moines, Louisville-Lexington, Memphis, Paducah, and central Arkansas.

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CUB PACK 3063, sponsored by the Northwest Elementary school, is preparing for Boy Scout week, along with the other troops in Decatur and Adams county. Pictured above are, left to right: front row, Mark Johnson, Tony Beery, Dennis Shady, Kenny Hoverman, Nicodemus. Standing, Hubert Zerke, Jr., committee chairman, Halden Martin, John Railing, Kenneth Friedt, Earl Ratliff, Dan Shaffer, cubmaster.

Indianapolis Livestock

INDIANAPOLIS (UPI)—Livestock:

Hogs 6,800; strong to 25 higher; 190-230 lb 17.50-17.90; bulk 180-240 lb 17.00-17.50; 240-270 lb 16.25-17.25; 270-330 lb 15.50-16.50; sows steady to strong; 280-400 lb 14.50-15.75; 400-600 lb 14.00-14.75.

Cattle 425; calves 25; not enough steers or heifers to establish market; on bought to arrive basis good and choice steers 23.00-26.00; in regular trade cows steady; cutter and utility 13.00-15.00; canners 12.00-13.00; not enough vealers to establish market.

Sheep 400; around 380 head wool fed western lambs sold prior to arrival, the balance, small lot good to choice wool fed lambs 14.00-17.00.

Break-in Reported At Home Last Night

Mrs. David Smith, 223 S. Seventh St., reported a break-in at her home to the city police department Thursday evening.

She explained that while she had gone to town between 6:30 and 8:30 p.m. Thursday, someone had broken in and ransacked the home. Upon investigation by the police, it was discovered that the thief or thieves had entered by breaking out a glass in a door on the side of the house, and reached in and unlocked the door.

A thorough search was made of the house, and a total of \$85 was taken in bills and dimes. Also, a few articles were taken from the refrigerator. The city police are continuing the investigation.

Chicago Livestock

CHICAGO (UPI)—Livestock:

Hogs 4,500; steady to 25 higher; mostly No 1-2 190-225 lb 17.75-18.00; around 250 head 200-235 lb 18.00; mixed No 1-3 190-240 lb 17.25-17.75; 230-260 lb 16.75-17.25; No 2-3 240-270 lb 16.50-17.00; 270-300 lb 16.00-16.50.

Cattle 500; calves none; slaughter steers steady to strong; other classes nominally steady; two loads prime 1200 and 1400 lb slaughter steers 2850; load 1225 lb 28.25; seven loads prime 1175-1250 lb 28.00; load choice 1253 lb 27.50; few utility and standard vealers 15.00-24.00.

Sheep 500; slaughter lambs fully steady; two loads choice and

prime 100-106 lb fed western wooled lambs 18.25-18.50; good and choice native wooled lambs 16.00-17.50; package choice and prime 100 lb shorn fed No 1 pelts 17.50.

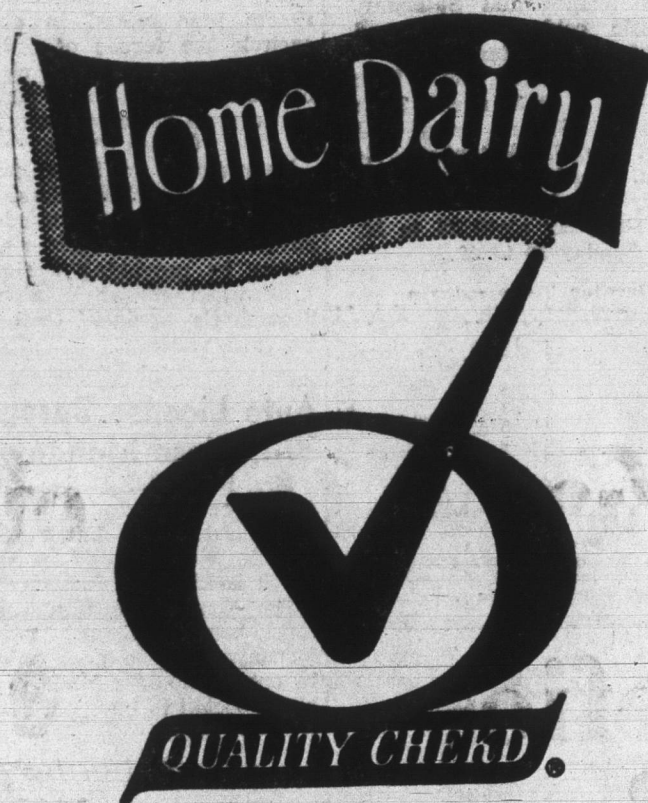
New York Stock Exchange Prices MIDDAY PRICES

A. T. & T., 132%; DuPont, 241; Ford, 106%; General Electric, 74%; General Motors, 55%; Gulf Oil, 41%; Standard Oil Ind., 57%; Standard Oil N. J., 54%; U. S. Steel, 73%.

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