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PIK Picture Unclear

THE way commodity prices have been bouncing around lately it would be surprising if farmers were not confused about future prospects.

The "payment-in-kind" program strengthened prices a little when farmers agreed to take 82.3 million acres out of production. High yields on remaining acres caused prices to slump until hot dry weather threatened to reduce fall harvests.

Congress refused to freeze target price supports, as some groups had demanded, but after Secretary of Agriculture John R. Block had announced a 10 percent cut in supports for next year's wheat crop, under authority he now has, wheat state senators reacted. They succeeded in blocking legislation to cut farm program costs.

These developments came right after a new agreement had been reached with the Soviet Union that could increase grain sales to that market by 50 percent over a five-year period.

Livestock feeders have complained that PIK is forcing them to pay more for grain, but they have more cattle on feed than a year ago. Sales of farm equipment and supplies are in a slump.

Farm organizations differ in their evaluations of PIK. Even those that regard it as a satisfactory way to reduce surpluses

admit it is not a permanent solution to farm problems. Partisan critics emphasize that costs estimated at \$21 billion are higher than anticipated. Others express fears that "Food May Refuel Inflation" as one magazine headline put it.

The Department of Agriculture estimates that PIK will reduce wheat inventories nearly 10 percent and corn stocks 45 percent by the fall of 1984. Before all of this year's crops are in the barns, plans are being made to continue PIK another year.

Even so, agricultural economists see no more than a 50-50 chance that net farm income will increase from last year's extremely low levels. Conversion of American agriculture to a market-oriented system with minimal government participation is still a goal for many, but preliminary discussions on a new farm program to be adopted in 1985 promise little along that line.

The fact is that while government farm policies have seldom delivered all they promised to farmers, they have been very beneficial to consumers. American families can buy a better variety of quality food with a smaller proportion of their incomes than any other people in the world.

Farmer Says Thanks

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TO THE EDITOR:

I want to personally thank you for the insight displayed by The Oklahoman on your editorial page in the Aug. 8, 1983, issue pertaining to the PIK program. I make these comments from my position as a life-long farmer and rancher and agribusinessman in Oklahoma in addition to my position as chairman of the governing Board of Regents for Oklahoma State University and the Agricultural and Mechanical Colleges. ...

As you pointed out in your editorial, government policies have been very beneficial quite often to consumers. American farmers know that these same policies have not always been beneficial to producers. Regardless of the cost to the U.S. budget for American farm programs, consumers benefit indirectly many times over this cost.

It is worthy to mention that the experimental and research work going on at Oklahoma State University and other land grant universities in America has been the backbone of the effort that has made American farmers the most efficient and proficient in the world even though their profits are almost non-existent much of the time.

It should be further noted that a substantial majority of the research funds received by Oklahoma State University are appropriated by the Oklahoma Legislature and allocated by the State Regents for Higher Education. Even in tough times it is to the benefit of the consuming public that these funds be increased.

The 21st Century Center for Agricultural and Natural Renewable resources is another public effort which undoubtedly will be of more benefit to consumers than to the agricultural producers. Even so, if many of the predictions for the future are even partially accurate, the 21st Century Center and the agricultural research projects to be initiated therein are worthy of broad public support.

Edwin Long, Chairman,
OSU/A&M Board of Regents