

EP 5 1983 Farmers Turn on PIK

FARMERS are by tradition producers of food, largely leaving the marketing to others.

History shows that when prices are good, farmers plant more, trying to make up for previous bad years. When prices are low they plant more, trying to make up with volume what they can't get in price. And when federal farm programs cause them to reduce acreage, they lay out their poorest land and fertilize the rest.

Whenever farm production gets ahead of demand, as often happens, surpluses pile up. That's when farmers appeal to Congress to help them find markets for what they produce. The latest version of government trying to help farmers is the payment-in-kind (PIK) program launched about a year ago.

The idea of PIK is to give farmers grain and cotton instead of money for idling land to cut production. It is supposed to reduce surpluses, bolster prices and improve farm income.

Four-fifths of Oklahoma farmers signed up to participate in the 1983 program, removing from production more than one-third of their wheat, sorghum and corn acreage, plus nearly half of their cotton acreage. They gave PIK a good try, but it hasn't worked out to their satisfaction and the 1984 PIK program isn't being welcomed.

A survey by the Oklahoma Wheat Growers Association shows that only 15 percent of those responding plan to take part in both the 1984 cropland

diversion plan and the PIK program. Forty-five percent said they would not take part in either. Some might change their minds before the sign-up period begins Jan. 16, 1984, but by then they will have planted most of their wheat fields fence-to-fence.

This year farm production is down somewhat but it still is large in spite of drouth that spreads over most of the farm states.

Farm organization spokesmen and individual farmers say they would prefer profitable market prices over government subsidies, but they can't pay expenses with what the markets offer. Cutthroat competition among food-exporting nations, plus a stronger American dollar and weak buying power of food-importing nations, have kept export sales down and the world market price of grain low.

Side effects of the PIK program have been felt in many places. Thousands of urban workers have been laid off because farm equipment manufacturers have lost business and some are near bankruptcy. Sales of seed, fertilizer and other inputs are way down.

Efforts of a few to make it appear the PIK program is causing higher food prices and accelerating inflation do not seem to be well-founded, because PIK has not eliminated large surplus stocks of commodities. So long as these exist, whether owned by farmers, traders or the government, they will hold down food prices.