STATEMENT OF

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EDWARDS COUNTY, KANSAS

BEFORE THE

STATE OF KANSAS

SPECIAL COMMITTEE ON AGRICULTURE POLICY

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GREAT BEND, KANSAS

Mr. Chairman and members of the committee, I would like to commend you for holding these hearings. I an Darrel Miller from Lewis, Kansas. My wife and I operate a dryland wheat and milo farm in Edwards County. I serve on the Board of Directors of the Lewis Cooperative Co. and was recently elected to the Edwards County ASCS Committee as a regular member.

Farming today is similar to a poker game where all players can see your hand but you can't see theirs. If I thought I'd be competing with the rest of the world on equal footing, I'd be the first to support the free market concept. Producers are subsidized all over the world. It's suicide to adopt a free market approach when we're the only ones doing it. Farmers are producing below the cost of production and staying in farming by depleting their equity. Only those producers with a strong debt to asset ratio will receive financing for the coming crop year. A workable cash flow projection is almost impossible with todays imput cost and projected receipts..

It has become apparent that another massive injection of borrowed money is necessary to keep farmers from going totally broke. Borrowed money is not the answer and never has been. Agriculture must make a profit through equitable pricing to pay its debts.

I hope the material I am going to present will stimulate your thinking and give some idea of what must be done to correct the problem.

The following pages give some graphic examples of acreage use, production, total supply and carryover. Any business uses a days supply as a means of regulating inventory and keeping production costs in line. The less capital tied up in production, inventory, storage and interest, the higher the net profit. Only in agriculture do we try to carry excessive production which becomes a surplus.

These charts are projections of how weather conditions will effect market prices. In the case of corn, as the crop production estimates drop, based on weather projections going from good down to poor, we see total supply decline, usage stays the same, carryover decline and day supply drop from 92 days down to 5.

As we look at the weather projection effecting market prices, the market could move from a low of $3.32 on good weather to a potential high of over $4.00 with the worst weather projection.

The same comparison on soybeans gives an even more vivid projection of days supply going from 75 down to a negative 5 and the price moving from $8.27 low on good weather to a high of $12.80 poor weather..

Only in the case of wheat is the trend slowed down due to the large projected carryover stock which leaves a high days supply going from 210 down to 146.

Maybe my farmer logic is out in left field, but if bad weather reduces production, decreases days supply, does away with surplus and increases price, then why won't a farm program with bushel controls do the same thing?