

ing harvest stores, he has five more years to pay on that harvest store silo. That land down the road from where he was living at that time for \$52,000, you cannot buy that land today for \$300,000. The borrowing power on that harvest store system today is almost 0. At the end of 20 years let us look at it. He will have paid at the end of 20 years, at \$55,000, compounding the interest that he has paid over the years, \$112,785.52. That land, I will gamble my shirt today, will be worth a half a million dollars in 20 years. For one lousey management decision a young man deprived his estate of a half a million dollars. Why don't they want to listen? When a man invests unnecessarily—the 100 horsepower tractor with a 500 cow herd—the hole on the end of a cow's teat is not big enough to pay for those kind of investments. And that is the only way that you can get it.

May I say to you again today that I believe in the dairy business. I really believe that beyond this administrative management I could go on with production plans that we need to know. We don't have production plans on farms. New York state is the third largest dairy state in the nation, they tell me. And in the survey through their extension service we find that less than a quarter of one percent of dairy farms in New York state have written production plans. If down the road from me there is a little glass factory that does not have \$50,000 invested in their facilities and they have got production plans that they renew every month, why do we tolerate this within our business? Driving a tractor on a capital loan is not the answer. Management is the biggest problem that we have on dairy farms today no matter where we want to look. There are some well-managed dairy farms, but there are many that still have to get away from that area of tradition that have to be looked at. Now, again, I believe in this business. And really, I believe in it as a business, as a vocation, as a profession. It really is a profession. Many say, how could I get started today in the dairy business. Well,

how do you get started in the veterinary business? You need capital. If you were to become a doctor or a veterinarian or an engineer, you have a number of years of school, then beyond that you get involved with the investment. You struggle. The only asset that you have is your ability to work when you are young. But that asset can grow. That asset can grow, as far as the dairy business is concerned, the same as engineering or doctor practice or veterinary practice. Farmers can have the same area, if they look at it with an intellectual aspect of business. If you look at what we have in the dairy business, the three dimensions of profit that we have are not obtainable in any business in the world. They are not obtainable in yours. If I had a 14,500 lb. production per cow in a market anywhere in the United States, with around 550 lbs. of fat, I could make a good living. With a production of near 500,000 lbs. of milk per man I can make a good living out of the production of that cow. Secondly, as I said before, I have a geometric progress that is involved with that. I am building a non-taxable estate. If any young man is going to build an estate of any value in this country today, he has got to do it through the capital gains system. You cannot do it through the net earnings. They are too taxable. We have that available to us in dairying. Beyond that, we have land that grows in value and we have a production for that land. We can grow corn or whatever we want to grow on it. If we were to guard against inflation today, and we should be guarding against inflation today as investors, where would you invest? You would invest in land. We are already investing. Right outside of Hartford it grows in value from year to year. It is stable as the economy moves up and down. Land really reflects the value of the dollar.

**Modern management is simple. All it takes is the proper information, the proper calculation and the proper application. That is all it takes. Why in the devil so many dairy farmers want to make it so complicated I cannot understand.**

Thank you very much for having me.

## “You Can Do Something About It”

Dr. Kenneth McFarland, Topeka, Kansas, rendered an eloquent address, “You Can Do Something About It,” to a large audience on Tuesday evening, December 13.

Dr. McFarland, who is widely known as the Dean of American Speakers, is acknowledged to be the nation's most eloquent and effective exponent of what is commonly known as the “American System.”

