

The Future of the Sugarbeet Industry From a Grower's Viewpoint¹

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The title of this talk sums up what is on all growers minds at this time of year as they map out plans for the forthcoming crop season. What they believe the future holds is important as they decide what crops to plant this year.

Let me preface my further remarks with something of a disclaimer. I am, and have been for many years, a vigorous proponent of the sugarbeet industry because I know its values and its worth to our agriculture and national welfare. I believe in our industry, and if I have anything of a critical nature to say, it is intended to be constructive criticism. Only by honest, self-appraisal can we build an even stronger and prosperous industry serving the best interests of all concerned.

It is interesting, I think, that this meeting is being held in a region where commercial sugarbeet production has only recently begun. Our industry has grown and must continue to grow in order to remain competitively strong. Most established growers believe in bringing new blood into our industry, I think. At the same time, we believe that growth and expansion must be prudently accomplished to avoid having our production outstrip the market's ability to absorb added production in orderly and profitable fashion.

Spurts and cutbacks aren't good. In the late 50's and early 60's we witnessed rapid growth. Our production increased from 1,625,000 tons in 1955 to 3,073,000 tons in 1964. Then came a reversal. We estimate the sugar production from the 1967 crop to be in the neighborhood of 2,650,000 tons, or a decrease of nearly 15% in two years.

First we became burdened with large inventories as production far exceeded our marketing permissive, following which our production now has swung to the opposite extreme. We are deeply concerned with the drop-off in production today not only because it reflects loss of grower interest in the beet crop but also because it can have serious effects upon our quota status in the future, particularly when sugar legislation comes under review a couple of years hence.

With respect to sugar legislation, it is my sincere and candid

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opinion that we in the sugar industry face a fight for our lives in 1970 and 1971 when extension of the Sugar Act will be considered. While the opposition I foresee has not surfaced to any great extent to date, the danger signals are plain to read in various statements and other rumbles coming from opponents of the Sugar Act and even of the domestic sugar producing industry itself. We are not the only segment of agriculture facing opposition. Changing economic philosophies embraced by or recommended to the federal government promise to have effects upon wide segments of agriculture, if not all of our domestic agricultural industry.

Complicating the problem is the fact of dwindling rural political influence. Farmers are becoming fewer. Less than 6% of our people live on farms in this country today—a total of some three million farm families out of our total population of more than 200 million individuals. And by 1970 it is forecast that there will be only two and a half million farm families in the United States.

This confronts us with the political fact of life that no farm program can be approved without the support of urban-oriented members of Congress.

If the urban population—and especially their representatives in the Congress of the United States—has no understanding of and appreciation for agriculture, then our future is indeed bleak. Farmers have always understood and believed strongly that theirs is the most basic and important part of our national economy. Life cannot be sustained for the masses of our people without the food and fiber produced on our farms. But people take us and what we produce for granted. Little do most city people know of what is behind keeping those grocery shelves heaped with a multitude of different foods, always in ample supply. I sometimes think that because American farmers have done their jobs so well and our populace has become so accustomed to having unlimited supplies of food that the average American worries a lot more about the availability of color TV sets, electric carving knives and all the other goodies than about the availability of food. Yes, they are aware of food prices, I'll grant you, but not what makes those prices or the problems of the farmers who produce that food.

Therefore, agriculture in general, and the sugar industry in particular, must improve communications with the consuming public and build the consumer's awareness of the great role agriculture plays in our nation's standard of living and why it must be fostered and protected by whatever means can be devised.

I need not belabor the point for this knowledgeable group, but I do want to emphasize my belief that the future welfare of the sugarbeet industry probably will be more directly affected by what happens to other agricultural commodities than has been the case for many years up to now. Our fates are intertwined more than ever before.

Right now we are confronted with a very critical crossroad in our business. The economic status of farmers is lagging behind that of other segments of the economy. The earning rate of industrial labor, with a minimum of personal investment and responsibility, is pushing rapidly ahead of the earning rate of the farmer and the former way of life is growing more and more attractive as compared to farming. Young people today are weighing the risks, the demands, the responsibilities and the comparative earnings in industry versus farming and are casting their lots with industry. The ex-farm migration of the country's youth tells the story more clearly than any words.

The same considerations which influence a young man's decision when selecting his career are also affecting our future as an industry. The decision of a new grower to engage in sugarbeet production, or an established grower to continue with the crop, is reached only after careful weighing of costs versus potential return. The financial outlays required at today's prices for farm machinery, land, equipment and the investment in labor involved in producing a beet crop—plus water costs in an area such as this—demand careful assessment by the farmer before he plunges.

As I look down the road to the future of this industry, I am convinced that there are certain specific steps which must be taken if we are to insure that bright future toward which all of us are devoting our efforts. Some of these changes already are under way. Others are slower to come, but must be hastened.

It is my belief that we are beginning an era in which there must and will be change in the basic philosophy and methods of sugarbeet production, forced by economic and political factors beyond our control.

The number one economic question, so far as farmers are concerned, is the return they can expect from the beet crop. If this return is not fully competitive with returns from other crops, farmers will turn quickly to alternatives, as has happened in many, many cases since 1964, contributing greatly to recent production declines for the industry as a whole.

Times have changed in that farmers today are more sophisticated, better informed and much harder-headed businessmen than were most of their forebears. They recognize and will no

longer tolerate pressure to force down their throats the burdens of increased costs without commensurate increases in their returns. For too long a time, the grower has held his head above water in a situation of static returns and rising costs only by increasing his productive efficiency. Now he expects a more equitable sharing of the fruits of his investment and labors.

Along with a sharpening of his business acumen, the successful grower of today and the future must devote himself to improvements in farming methods and practices. Those who successfully survive in agriculture will be the ones who respect the principles of sound management policies, the wise use of land and labor, and who adapt themselves to modern concepts.

The outlook in our business is excellent for those who follow the principles about which I have been talking. The very nature of sugarbeet culture is that it encourages good management and wise use of the farmer's labor over a longer period of time than many other crops and it rewards the good farmer for his extra effort.

There are other changes taking place in the sugarbeet industry which affect our future. Once, ours was a way of life, for processor and grower alike. In the processing end were the "sugar tramps", many of whom came from the farms into the factories and climbed the ladder to supervisory and executive positions in the beet sugar companies. They spent their lifetimes in a field they loved and had a sort of blind loyalty to their jobs.

By the same token, many sugarbeet growers were brought up on beet farms and just naturally continued with the crop when they took over from their fathers. Theirs was an ingrained way of farming they did not question.

But times are changing. New business blood is coming into the companies as they grow larger, have more stockholders, diversify, and grow more impersonal in their business dealings.

On the farm, the son who takes over from his father is generally today a college graduate who has studied not just farm methods but has devoted a lot of his time to agricultural economics. He attacks his farmer job in an analytical manner—putting a great deal of head as well as heart into his decisions.

What I am saying is that there is no question that the day of the small operator is near an end. The producer on a small acreage simply cannot afford the equipment and machinery and other modern necessities for efficient, competitive production. He has to grow bigger or give up. I personally regret that this is true. I must recognize that progress won't let us live in the past, to cling to old values and still hope to survive.

We will see a continuing enlargement of beet acreage per

operation with an attendant decline in the number of farm operators. Hand labor will vanish to be replaced by mechanical and chemical alternatives. In this respect, we must look to you, the research people of our industry, for leadership and methods.

Farmers today are more research oriented than ever before and are willing to back up and support efforts to stimulate and perpetuate a strong overall research program. But in the final analysis, the positive gains and solutions to existing problems must come from the technical and scientific staffs of the processing companies and the Department of Agriculture.

The main roadblock to complete mechanization of the sugar-beet crop today is the lack of a satisfactory means for weed control. This is no revelation to you, so I state it only for emphasis. In seeking an answer, I would urge you to take fullest advantage of farmer cooperation and their practical knowledge which I am sure will continue to be freely and enthusiastically given. Working with the farmers will help to foreclose the possibility of a good theory becoming a practical flop.

Another problem is that of plant disease—such things as Rhizoctonia, blackroot and the viruses along with the spread of nematodes. Industry and government are making headway against some of these, but greater progress must be hastened to eliminate these costly crop spoilers.

Then there is the matter of production of sugar per acre. This actually might be coupled with what I said earlier about grower returns because it is the amount of sugar produced per acre, along with the rate of payment, which determines the grower's income.

I recognize that the grower has some control over the productivity of his beet acreage, depending upon the job he does. But more than this, I believe the seed varieties we are furnished hold the key to greater productivity. Frankly, I can report to you that growers are disappointed that seed varieties now in use are not producing up to expectations or to levels promised when these varieties were put into use a few years ago. Growers are determined to plant the most productive seed available and are willing to take whatever steps may be necessary to get it. The situation, I am convinced, calls for a concentrated effort to provide varieties which will result in increased yields and increased sugar content.

Now, if I may, let me depart from the farm level and return for a moment to the intermingled problems of production, quotas and sugar legislation.

As growers, we are worried about the future of the national sugar program. We believe we have two tough chores ahead:

One, to prevent destruction of the Sugar Act; and secondly, to preserve the present position of the sugarbeet industry in the domestic market. The closest, active cooperation of all segments of the domestic sugar industry—both beet and cane—is essential to our accomplishing these objectives.

But first, we must get our own house in order. Let me remind you that for three straight years we have failed to produce up to our quota level. We will probably fail again in 1968. There are a number of contributing factors, but the primary one is competition of other, financially more attractive crops. Under some of the new contracts we have been able to negotiate with processors, I think there will be some price improvement that will help to narrow the spread. Stronger sugar prices are helping, too. But these two things together may not be enough to provide incentive for farmers to resume beet production or to expand acreage to the extent needed.

If we do not get our production back into line with present quota levels, we may be pared back and part of our quota awarded to other producers. There are lots of aspirants hoping for bigger cuts on the market. There are both domestic and foreign producers who want a larger share and should any area—beet or cane—continue to fall short in its obligation, then Congress may be forced to make quota revisions to insure smooth operation of the sugar program.

The Act itself will, as always, come under attack from those whose primary concern is cheaper sugar. The spread between current world market and U.S. prices is cause for complaint among these interests and unless we get across to those who make the legislative decisions the fallacies involved in comparing world and U.S. prices, we could lose the ball game in 1970 and 1971.

It may seem that I have dealt over much with negatives in my view of the future. That was not my intention. The positive side of the picture we all know well. We are not here appraising the future just to tell each other happy stories. We know that we have a great and important industry. To make it even greater and more important, we must eliminate those weaknesses I have mentioned. I think the future is in our hands—the grower who lives with change and participates fully in progress, the processor who maintains high levels of efficiency and recognizes that the grower must receive a strongly competitive price for his commodity, and the research and technical people who take the practical approach and realize that only by successful application can their work bear the greatest rewards—all of us can guarantee our bright future together.

I congratulate all of you on your many and valuable contributions to sugarbeet technology and, in behalf of the growers I represent, I extend our thanks and appreciation for your great service to us.
