Bad times getting worse in Louisiana agriculture

Farmers didn't fare very well last year, and as this year's harvest is getting into full swing, things still don't look very bright.

With few exceptions, farmers face a dismal return on their investment of time and money. The price of farm land has decreased. The average selling price was $1,000 an acre last Feb. 1, down from $1,250 in 1985 and the peak of $1,500 in 1981. On the bright side, the cost of producing crops diminished; on the down side, the price of farm products fell even more.

These are the conclusions of Bryce Malone, assistant commissioner for marketing in the state Department of Agriculture and Forestry.

The tenacious farm recession continues to be most damaging in the northern part of the state, where the economies of entire parishes revolve around agriculture.

Banks and businesses have failed. Farm credit procedures have changed, making it harder for farmers to get crop loans.

One of the major problems of farmers is the world market, Malone said. He said the value of the dollar abroad has a direct relationship to our ability to sell American farm products. And the cost of production in this country compared to the world market prices for those products affects their salability and profitability.

Agriculture is also at the whim of weather. A beautiful crop can be destroyed by a storm or a freeze. A drought or failure to get rain at a crucial maturing time can keep decent harvests from materializing.

Often one region's disaster is another's windfall as the laws of supply and demand come into play. That principle works both within the country and in the world market. The demand — and therefore the price — for American farm products can surge as a result of crop predators ravaging fields in a country halfway around the world.

The federal government attempts to diminish the volatility of the market by offering price supports on certain products while usually limiting production to keep supplies artificially low.

Under the current farm bill, farmers must comply with acreage restrictions on every commodity in order to qualify for price supports in any, Malone said.

Since acreage allotments are based on a five-year production average, farmers participating in government programs would for all practical purposes be prohibited from trying new crops.

In the Baton Rouge area, soybean farmers are hurting the worst, Malone said. On Oct. 16, the best price paid farmers for the best soybeans at grain elevators in southwest Louisiana was $4.96 a bushel.

A year ago that price was $5.16; two years ago it was more than $6.

Most Louisiana soybeans are of lesser quality, however, and could bring as much as 50 cents a bushel less.

Farmers can get a market loan of $5.02 per bushel from the federal government so they can hold their beans in anticipation of better prices, but current prices are far below the cost of production.

The 1982 census listed more than 4,700 Louisiana farmers who grew only soybeans. "Those farmers who only produce soybeans are in serious trouble, regardless of their yields per acre," Malone said. "The gross income is just not there to justify the cost of production."

Poultry and beef cattle producers in the Baton Rouge area are faring a little better, Malone said. Beef prices "are not good, but they're not disastrous," he said. He said poultry farmers are in reasonably good shape because they usually work in conjunction with processing businesses.

Sugarcane is "probably the better commodity in the state right now," Malone said. He said most inefficient farmers got out of the business when sugar prices bottomed out a few years back, and since then there is a price support that is funded through an industry assessment — not the government — that maintains the price levels.

Another difference is that the United States has to import part of its sugar, so there are quotas and tariffs that help maintain the price.

From a strictly cold, business approach, the depressed farm economy "ill probably be good for agriculture in the long run by weeding out less-efficient farmers."

"In the short run, it is very difficult for farmers to deal with and for lenders to deal with. In the meantime, a lot of people are getting hurt and a lot of communities are getting hurt," Malone said.

Editor's note: Milford Fryer is suburban editor.