La. farmers count 1988 a good year

By DICK WRIGHT
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Louisiana farming is ending 1988 looking far better than predictions made at planting time.

Despite drought in some parts of the state, yields are better this year for soybeans than they were in 1987, and because of drought in the Midwest prices are well above the 1987 level.

Corn yields per acre were down somewhat and acreage was down in 1988, but prices turned out better than originally predicted for this year.

Sugar cane and rice are both in apparently good shape this year.

The one exception to the improved look of Louisiana agriculture is cotton, said Clyde St. Clergy, Louisiana Cooperative Extension Service economist. There is a large surplus of cotton and prices have dropped, he said.

St. Clergy surveyed the farm numbers recently — price, yield and acreage. He said U.S. farming is not over its illness of earlier years, though massive drought in the Midwest drove up prices and drove down stockpiles of some commodities. He said American agriculture still contends with its capacity to produce more than the United States can consume and export.

In reviewing Louisiana's farm year, St. Clergy was looking at statewide totals on acreage and yields, recognizing that drought was damaging in some parts of the state, especially in north Louisiana.

Despite drought, the average soybean yield, at 25 bushels an acre, was two bushels higher than the 1987 average. St. Clergy said that probably means some growers, especially in south Louisiana, harvested more than 40 bushels an acre, which would drive up the statewide average.

Soybean acreage was up slightly — 1,670,000 acres compared to 1,600,000 in 1987. But the really good news in beans was the price. St. Clergy said forecasts early in the season were predicting $5 a bushel, which farmers consider low. In fact, as the season progressed, the price at one time went over $10 a bushel, and now during the harvest is between $7.50 and $8 a bushel.

Corn prices were forecast at $1.85 a bushel early in the year, he said. Corn prices on the Chicago Board of Trade last week were between $2.50 and $3 a bushel.

Drought affected the rice crop very little and sugar acreage was up and prices were holding at 21 cents a pound or more, he said.

"So, Louisiana is going to do well this year," St. Clergy said.

Early in the year, predictions for Louisiana were for a bad year, even a disaster year, he said. "It has turned around completely."

The bad news at harvest time, however, is with cotton, St. Clergy said.

The secretary of agriculture chose not to use his power to institute a cotton export program that would put U.S. cotton at world prices and help move a sizeable carryover of cotton from last year, St. Clergy said.

Price of cotton is around 53 cents a pound, or right at the government loan rate and farmers can turn their cotton over to the government for that price, though that is not necessarily the price farmers may get. St. Clergy said most Louisiana cotton farmers qualify for the "target price" subsidy, which is about 71 cents.

But St. Clergy said good yields in the United States and other cotton-producing countries have built up big carryovers — 8 to 9 million bales and a new crop is coming in. Demand is good but prices have dropped, he said.

When the United States announces its loan rate, that effectively sets the price of cotton and acts as a floor under world cotton prices, and other countries can undersell the United States, he said. But the secretary has the power, if he chooses to use it, to announce the United States is willing to sell cotton at the world market price, whatever that may drop to. But using that tool to keep the U.S. product competitive also triggers a subsidy to maintain a profitable price to farmers, he said.

In other aspects of farming, St. Clergy said there are indications the problem of farm debt — which reached enormous proportions in the 1980s — is being worked through. St. Clergy said he would guess the farmers who were going to fail have gone out of business. There are still 10 to 15 percent who are in financial stress, but government lending agencies are instructed to try to work out those situations, he said.

The collapse of the Federal Land Bank of Jackson, Miss., a major source of land loans to farmers, has not been a major disruption because a Texas land bank has taken over operation of the bank's loan operation, he said. But St. Clergy said he suspects that land prices in Louisiana are being held down by the Jackson bank's continued ownership of 80,000 acres of rural land acquired during widespread farm failures in this decade. The Jackson bank has sold some of its land inventory at public auction.

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