Ranchers and farmers toughest in 1974

Ranchers and farmers in 1974 fallowed less and fussed and fought more. The outlook for 1975 is more of this unusual behavior.

Just as activists and "provoking" organizations now find greater need to know more about legislation, the courts and the legal processes, so farmers are becoming more aware that they cannot save their lifestyle and their economic future by simply producing more. They are, as the Kansas Populist movement of the 1880's advocated, raising more hell.

To wit: A Kansas sugarbeet grower is suing Great Western Sugar in a quarter-billion dollar class action charging the big sugar corporation with not fulfilling their contract with the grower.

Another case: Minnesota and Wisconsin Farmers Unions are taking Ag Secretary Earl Butz to court for failure to maintain lawful minimum milk prices. (They beat him in another law suit a year ago.)

Still another example: Three farmer water organizations are fiercely fighting the City of Thornton's attempt to take over their agricultural water and convert it to municipal use. The City has legal authority to condemn, but it won't be done without an extended hassle.

The stakes are large indeed, and producers are recognizing it. Total value of all products when they left the farm gate in fiscal '74 was more than $60 billion; Colorado's share was more than $2 billion.

The scions of 17th Street may not want to admit it, but agriculture is very big business in Colorado and getting bigger fast.

But that's not a totally fair statement, however, as the financial centers have a renewed interest in agriculture; it's the corpus populus that fails to appreciate the fact of growth.

Money centers, in fact, cognize that the national farm debt is $100 billion, have begun lending, investing and managing programs. Viable rural banks are being snatched up by holding companies and Denver's Big Banks are hot to legalize branch banking.

The stakes are big for the producer because when he marches in to visit his lender for a little operating cash for the year—he's talking about a few hundred thousand dollars. The 1969 Census of Agriculture (a new one began this month) indicates the average value of a farm in Colorado at just short of $100,000. But cooperative credit expert E.A. Jaenke says it takes a quarter-million dollars to get into a decent size set-up.

In 1975, a farmer with a dryland and irrigated operation will probably borrow $150,000 for "operating cash," and on this and long-term land debt, will pay $20,000 to $25,000 interest; he might buy a $20,000 or $25,000 tractor—unless he's lucky enough to buy a used one—and he'll put thousands more into maintaining old machinery and equipment to avoid any further capital expenditure; he'll spend three or four thousand on fuel and lubricants and several thousand more for fertilizer (if he can get it) at prices double and more what they were two years ago; he'll also pay several thousand for professional services like attorney fees, bookkeeping and auditing; and for insurance, add three to five thousand more.

He'll pay $5 to $10 per bushel for high-quality wheat seed; hybrid seed corn last week—overnight—jumped 30 percent without warning, to over $40 a bushel; (and sugarbeet seed is now somewhere between $800 and $900 for a hundred pounds).

Chemicals—and he can no longer compete in farming without them—have easily doubled in the last year (again if he can get them), and he'll spend several thousand trying to protect what he's planted.

If the hail, dry weather and bugs don't get the crop and he custom combines the grain, he may pay out $5,000 to $10,000 in harvest costs. If he's got a good yield, on say 400 acres of wheat, he might gross $45,000.

If prices tumble just 15-cents a bushel, he'd make $7,500 less, and that would probably be the end of his profit because right now wheat prices are at "parity," a statistical measure of equilibrium.

If his center-pivot sprinkler doesn't break down (which could "cost" hundreds an hour in lost opportunity) and he tends off diseases, he'll be looking for at least $2.75 to $3.00 a bushel on his corn just to pay for high-priced water and fertilizer and break even.

And so it goes. The risks are high and the potential gains are also high. But miss one year of decent income—for whatever reason—and the farmer may be set back a couple years or even knocked out of the business. Through all this, he still has to transfer some amount, perhaps a thousand a month, into a household account for living expenses. And to even accom-

plish whatever he has, he's probably used -wife labor and children labor.

And taxes. There are always several thousand in local property taxes to pay. The only good thing about income taxes is that the farmer is only paying if he is making money—so the farmer hopes to be eligible.

This illustration is on the grain farming side of things. In 1974, the picture for this producer was brighter and it looks pretty decent for 1975.

If he were a dairy cattle, sheep, hog or poultry producer, he would likely have had a $5 purchase of Red Ink to write in his books. For him, it was not a good year, and 1975 looks not much different except the price of hogs will likely improve—and the dairy picture can change as quickly as Washington recognizes the disaster perpetrated in the sugar industry by its short-sighted actions.

Sugarbeet growers have made some money in the last two years—but most have nightmares about how fast the prices could change. Fictitious prices generated by greedy corporations and panicky consumers can tumble just as fast as they skyrocketed. All this because Congress last summer got a severe case of the Indecisions in the face of divided lobbyists and allowed the 40-year-old Sugar Act to expire.

In beautiful Colorado, non-farm and off-farm income continues to be a big deal to the farmer. Off-farm income means the man works in the sugar

factory for three winter months and actually adds that to his farm income to produce sufficient family income, or likewise when the wife teaches. Non-farm income means the guy sold off a little corner of his big farm and it sprouted five or six houses. So far nothing in the farmer's book has beaten the income of a good crop of houses. Mountain land likewise is headed more and more into recreational development and we have fewer and fewer legitimate high country ranchers. Therein, of course, lies one of the most divisive rural arguments, ranging from "I can do anything I want to with my land" to "I think we should act to preserve land and food production for the best interests of the people."

So Colorado agriculture, with its 60 percent reliance on the livestock industries, will be back a notch this year unless the price situation improves for calves, feeder cattle, fat cattle, milk, wool, hogs, turkeys and other poultry.

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