WASHINGTON (AP) — Agriculture Secretary Earl L. Butz's intuition as an agricultural economist tells him that this year's better sugar market for beet farmers will shift the growing areas into the northern Midwest over a 20-year period.

He said in an interview Wednesday that he thinks sugarbeets will become a major competitor for farm acreage in the Red River Valley of the Dakotas, Minnesota, perhaps eastern Montana and maybe even western Nebraska.

Even though raw sugar prices have fallen the maximum two cents a day for the last eight trading days the production incentives will be there in terms of price, he said.

"We've forgotten what the price of sugar was," at a harvest level of about 11 or 12 cents, he noted, before peaking last month at 65 cents a pound.

The "abnormal" sugar prices "will not persist," Butz said, foreseeing stabilization in a year or two. Many industry experts are predicting a leveling of between 30 and 40 cents a pound when the market stabilizes.

High wheat and corn prices won't last either, Butz said, when a good season weatherwise brings the supply benefits of "our stance of full agricultural production ... (so) from now on every crop must compete with every other crop for every acre."

Sugarbeets main competitors — with the end of the Sugar Act this month erasing quotas, federally established wages and planting subsidies — will be corn, alfalfa and cotton, for which demand continues strong, he said.

"This thing's going to break next year," he said of the current hyperactive sugar market, but sugarbeets nonetheless "will bid high enough for the acreage."

The ready availability of other sweeteners "amounts to a ceiling on the price of sugar," he added.

In the Red River areas, he said, corn has some competitive disadvantages, just as beets are being hurt competitively in traditional sugar beet states like Utah and Idaho by potatoes and other crops and in California by cotton.

Butz cited as evidence of the draft of sugar growing — about which he said he knew little of the technical aspects — a new mill being constructed by cooperatives in the Dakotas-Minnesota area.

"That's a substantial capital investment" of $50 million to $60 million, he noted, and represents "a shift in this drift."

Sugarbeet dominance "won't go out of these (old) states rapidly," he said, projecting a period of 15 to 20 years during which present mills using them will "probably not be replaced," as others open up elsewhere.

After this crop, without a revival of the 40-year-old Sugar Act, beet and cane farmers will produce strictly on their assessments of market conditions, he said. The subsidies will be gone.

The subsidies, required by the act, are "absolutely absurd" under the present high prices, he said, "and sometimes it just makes me want to cry. ... But we're stuck with them" through the current crop.

"It's a contractual obligation" between the growers and the government, he said.

He did not mention that the excise tax on sugar paid by refineries is expected to total about $110 million this year off the 1973 crop and thus offset the $90 million.

Butz expressed "a strong inclination" to oversee the United States producing a smaller proportion next year and in the future of domestic sugar consumption. But analysts in the Economic Research Service were not so sure.

Butz said he was uncertain of future growth in the cane production sector, pointing to a "Southern monopoly" on it under the Sugar Act, plus "a shirt-tail pull" in Texas. But an ERS expert noted that a new mill is operating in the Rio Grande Valley and that is a growth sign.

The secretary said he knew some Mississippi interests want to expand cane production — but frost is a problem — and thought perhaps some Alabamians were interested, too.

"We might have some increase in cane sugar," he said, although he thinks the status quo is more likely.

The secretary said the future picture depends entirely on sugarbeets' competitive position with other crops being grown in the Red River Valley or other areas, such as Maine, if that state's crop were revitalized.

Taking Minnesota as an example, using 1973 yield figures from the ERA, because of the better crops and calculating with arbitrary prices of 35 cents a pound for sugar, $3 a bushel for corn, 35 cents a pound for potatoes, $6.50 a bushel for soybeans and $4 a bushel for wheat, the across-grown returns among the crops would be this:

Sugarbeets, $1.212.75; Corn, $279; Potatoes, $560; Soybeans, $188.50, and wheat, $127.20.

But, as Butz pointed out, sugarbeets require an extraordinary amount of labor compared with competing crops and "are a lot on the risky side" in terms of vulnerability to bad weather.

Those gross returns also would have to be compared with land costs, interest, specialized machinery required for beet harvesting, expensive fertilizer, hand weeding and weed controls and other inputs of about $200 an acre — the expenses that, during a food-sufficiency surplus market of the recent past, led farmers to stop rotating field to grow beets and just put a better-paying crop in its place.