Soaring sugar prices may shift growing area, Earl Butz predicts

By BRIAN B. KING
Associated Press Writer

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 an historical 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 level 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 sugarbeet states like Utah and Idaho by potatoes and other crops and in California by cotton.