

Status and Problems of the

AGRICULTURAL

A direct contact survey by Ag and Food'
developments—both economic and

Undercurrent of Optimism but Expectation of Keen Competition Is Outlook in West

NO OTHER INDUSTRY takes the risks, does such intricate work, knows more science, and gets as little in return. It is more like a war than a business." That's the way one Colorado agricultural chemicals formulator sums up his views. While the industry is undoubtedly beset by many difficulties and has been noted for periods of pessimism in the past, there is an undercurrent of optimism in the West as it looks forward to the 1955 season.

If there is such an event as a "normal" year—and many would hesitate to define one—then 1954 in the West varied from slightly below to slightly above in the opinion of industry leaders. One major company, for instance, notes insecticide sales were off sharply on cotton, but these losses were offset in part by the need to curb armyworm infestations (in the Midwest) and extensive grasshopper infestations in the Intermountain region.

Another, not directly a large manufacturer of ag chemicals, notes sales of its intermediates—for herbicides, fungicides, and such items as DDT solubilizers—were good the last half of 1954, with sales carrying along well during the slow winter season.

Parts of Colorado were hard hit by drought, thus reducing insecticide and herbicide use on dry land crops, an important outlet there for these chemicals in more favorable years. Use in British Columbia was about average in 1954, with possibly a few soft spots.

Weather and changing infestations can make predictions for the coming months unreliable, but most see 1955

demand in the West about comparable to 1954. All chemicals are expected to be in ample supply, with keen competition for business existing at all levels. Dealer and formulator inventory in the West is at about the lowest point in two to three years, causing basic manufacturers to anticipate rather closely their customers' requirements and carry adequate inventory.

Western industry leaders discount declining farm income as an influence on 1955 sales. Pesticide sales depend on infestations and the need to protect investments rather than on gross income. While there are unprogressive farmers in all communities, most have reached the point "where all they want to know is when to get started," as one Colorado university man puts it. And the sales manager for one basic producer points out major crops will be supported in 1955 again at 90%, with farm income drop coming mainly from livestock and other farming activities which do not require major pesticide programs anyway.

Ethyl Corp. Departure No Surprise

None of the major basic manufacturers doing business in the West expresses surprise at Ethyl Corp.'s dropping ag chemicals production, and all expect a further thinning of their ranks. Some basic chemicals have become "dogs," with profits just about gone. Some derivatives of 2,4-D, for instance, now sell so low in the field they are actually being quoted below raw material costs to a formulator (particularly amines and

isopropyl esters; low volatile materials are still holding fairly firm). DDT and BHC are about in the same situation. Unless a company is extremely strong in basic materials and research and has well established distributorships and technical service, it is expected to discontinue ag chemicals manufacture.

One major western manufacturer believes more will leave the field as soon as they isolate their true expenses and profits or losses. Another counters, however, that it is doubtful if any of the big corporations "hide" their losses, noting the ag chemicals division may lose money as a division in many companies but still be a profitable captive customer for other divisions of the same company which do make a profit on the over-all operation. All agree, however, that a company has to be strong right across the board—research, field testing, extensive and varied line of chemicals, established distribution channels, and technical field service—if it is to continue to stay in business.

Dealer education is essential where small farms predominate. In the West, however, large corporation farming underlies most leading crops. It is anticipated, therefore, that basic manufacturers and the larger formulators will increase their service work directly with growers.

More technically trained men in all branches of the agricultural chemicals industry is the hiring trend today. Salesmen, one large company says, are now generally all scientifically trained, having from four to eight years of specialized university work. A Colorado university professor notes strong training in entomology and plant pathology is more and more deemed desirable for salesmen and field service men.

With no marked expansion in the industry, it is apparently finding the