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The Fertilizer Situation

FOR THE FIRST TIME in several years, it appears the sale of plant food has taken a downward turn. It has been predicted, and now it is with us. To delineate all the factors and their relationships is not something to be undertaken in brief comment. AG AND FOOD's field editors have taken a concentrated look at the situation during the past six weeks (page 508) and have observed a number of changes from the situation of this time last year. The big influence it appears is the old basic principle of supply and demand, particularly with nitrogen. Ammonia plants have been going up at a dizzy rate for several years. Predictions of excess capacity, although a bit previous in past years, at last are coming true.

The farm income slide is a factor, but less than it would have been 10 years ago. The traditional relationship between farm income of one year and fertilizer purchases of the next has been pried out of its old parallel channels. The great rise of technical influence in farming and the pressure on producers to sell can be expected to prevent retrogression into the old short-sighted approach.

The dip during the past year appears to have included a slight drop in plant nutrients consumed. This is a change over recent years, but it does not appear to be a drastic drop. The most suffering, apparently, is in profits. There has been shaving of prices—and harsher words have been used—as well as special credit practices and other merchandizing and distributing techniques that cut into profits. In this gray, foggy area lie some of the problems and decisions that are going to be very important to the health and stability of the fertilizer industry during the next few years. As profits aren't lush enough to attract fly-by-nighters and as the solid elements in the fertilizer industry have rather heavy investments in the future, it seems reasonable to hope that suicidal follies can be avoided.

Perhaps the most colorful as well as controversial development in the industry at the moment is that of fertilizer solutions. This is particularly true of the turn taken in the Midwest (page 502). What could be inferred from a superficial look to be helter-skelter growth may prove to be a more profound evolution. That situation differs considerably from the older one in California, but the Midwesterners aren't convinced

that the two are directly comparable, as they may be "evolving in different directions."

As we have observed in a direct survey study, some of the Midwestern distribution operations may seem a bit do-it-yourself, as compared with the older western systems. The latter grew more slowly and in one of the most scientifically developed farming areas of the country. The development of distribution systems for anhydrous ammonia suggested a pattern. And there was not so much of either the idea that use of fertilizer was an admission of poor land or the old traditional style of dealer.

In the Midwest there has been a great postwar growth of the appreciation of fertilizer. Now with the idea of solutions catching hold there is another rash of enthusiasm that may carry fertilizers into farms that never before used them. The dealers in neutral solutions serve a limited area and can be expected to be acquainted with their customers and potential customers. They have a new type of product and have invested in something new. Never before have they been in such a favorable position to get information and technical advice from their suppliers of basic materials.

It is conceivable that this may be a live opportunity for putting into constructive action some of the eagerness to do more with dealer education.

On the other hand there is the danger that the whole thing may look too easy. Enthusiasm and the appearance of simplicity may draw too many moths into the flame. Entrepreneurs without an understanding of selling to farmers could be lured by considering only the favorable, or even ideal, picture that shows high returns on the investment. A new idea soon can sour if it is mishandled in a few areas.

Already there is evidence that the direct application of anhydrous ammonia suffered, in the Midwest, from some careless practices. In some states it is beginning to fade even before it has made a good start. This is a lesson that may not yet have penetrated well enough to be applied to the development of neutral solutions. We hope it has. Any development that contributes to the improvement of agricultural practice as well as to the health of the fertilizer industry as a whole deserves some careful nursing.