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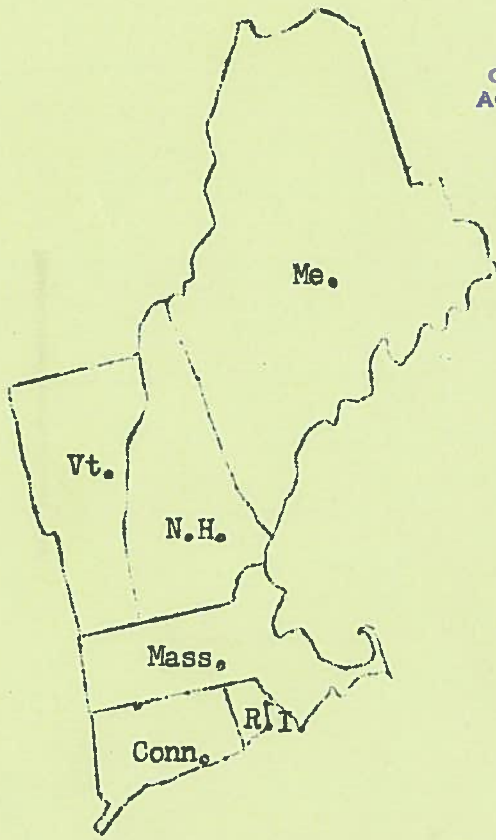
NEW ENGLAND AGRICULTURAL ECONOMIC COUNCIL



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WHAT CAN BE DONE TO MEET THE CHALLENGE BY FARMER (POULTRYMEN)

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The economic fluctuations in the poultry industry are nothing new. Price fluctuations month to month and year to year are typical, not stable prices. Still too many in the business and connected with it use the present price situation—whatever it is at the time—as a basis for projected results. Management changes are made on the basis of the current economic situation, while the results of these changes frequently aren't felt for a year following when the economic situation is sure to be different. For example, egg prices have been about 15¢ a dozen lower so far this year than the same period last year. This means income per layer so far this year has been about $1.50 less than last year. For a one-man 3,000 bird laying flock, that's a $4,500 change in income if everything else is the same. Or on an annual basis that's $9,000.

Both last year's price and this year's are probably abnormal, and projected income shouldn't be based on either. An average might be more realistic. Yet, we find poultrymen, bankers, extension poultrymen and economists all basing their projections on the current situation as they did last year. Needless to say, their attitude has changed.

There are still many opportunities to improve production efficiency on most farms. In order to analyze the business more production records are needed. Production per pullet housed, or better, per pullet chick started, feed per dozen eggs, etc., will show the places where improvement is possible. Some get as much as 5 dozen more eggs per bird from the same stock as others. This is all tied in in what we call good management.

Prices paid and received also fluctuate greatly between farms. One farm pays over 50¢ per cwt more for the same feed than another. One farm gets 10¢ a dozen more for his eggs than a neighbor. These factors are what cause some to prosper; others to go out of business.

Size of operation has been overemphasized. A farm must be big enough to be efficient, but this doesn't necessarily mean a monster. The family-type farm survives the best. The history of large operators is very sad. Anyone who can look back at all remembers several operations—leaders of the day—farms that were written up in magazines as examples of efficiency who are now bankrupt. While some of their neighbors who never made good magazine copy are still operating. This doesn't mean expansion is bad. It is necessary as new developments make farms more efficient. But too rapid expansion has been the downfall of many; up to that time prosperous operations.

The big question now is can the independent poultryman as we have known him survive? He is extinct in the broiler business, and rapidly going that way in the hatching egg business. The only place where he can survive is in market egg production, and here he is threatened.

The integrated operations have proven that they fill a need in the over-all poultry—agribusiness as it is called—but they mean longer periods of low prices that an independent poultryman can't endure. The good price periods under this system aren't good enough to recoupe the losses of low price periods. (Example: N. H. hatching egg producer.)

In some parts of the country, and to some extent in New England feed companies, marketing organizations, and hatcheries are in the egg business now. When they get so they control a sizeable percentage of it it may mean the end of the independent wholesale market egg producer. There will, undoubtedly, still be some independent producers marketing their eggs themselves.

We have seen a lot of bankrupt broiler growers, and hatching egg producers who fought the trends. A poultryman who owns his farm, and is producing on a contract is more independent than one who is out of business.

To sum up what can a producer do:

1. Keep even—not too pessimistic in low price periods—and not too optimistic in high price periods.

2. Watch production efficiency.

3. Buy and sell to the best advantage.

4. Don't overexpand—especially when it means financial entanglement.

5. Watch integrated developments, and if necessary join em.