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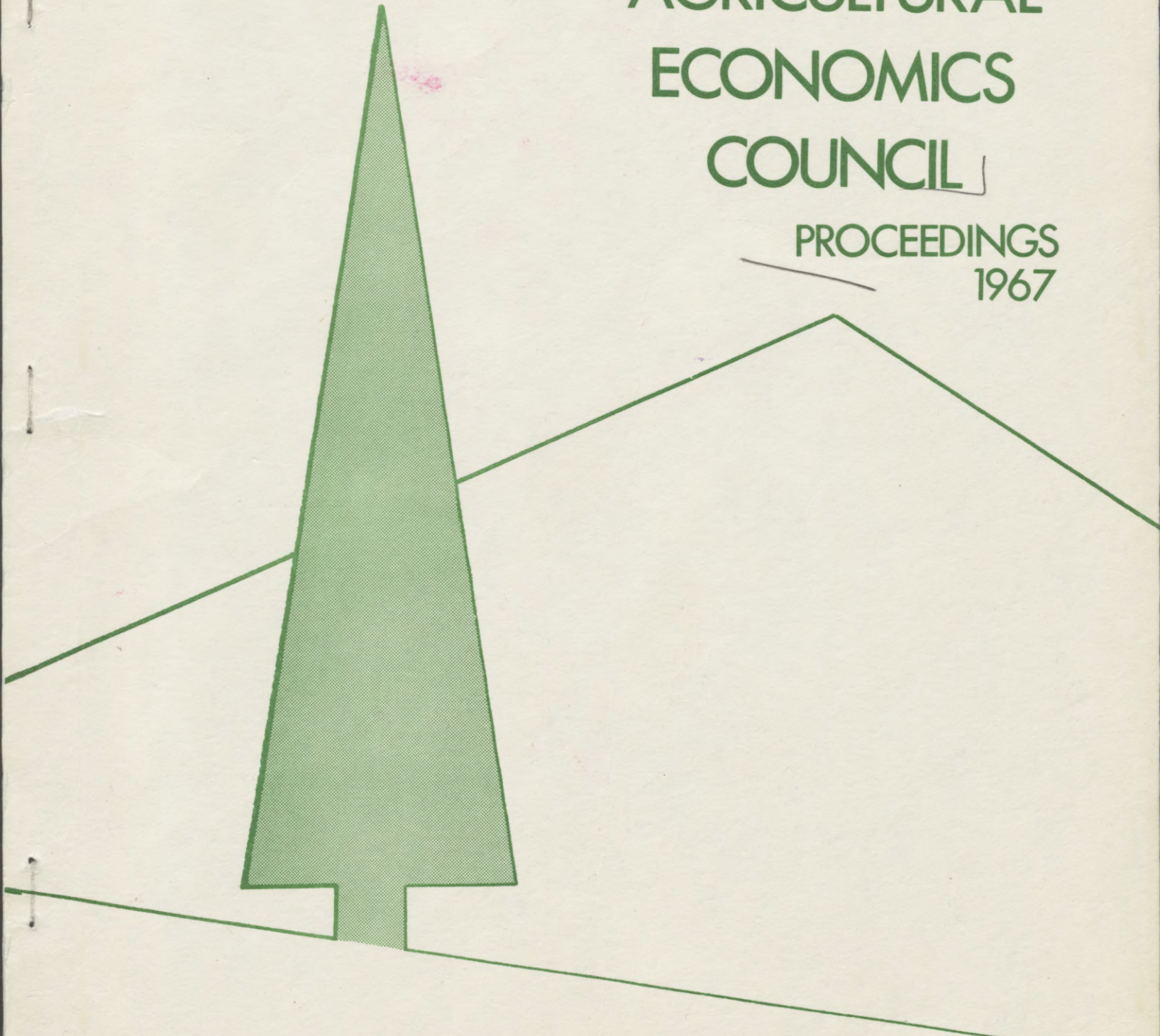
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PROCEEDINGS
1967 ANNUAL MEETING

UNIVERSITY OF MAINE
ORONO, MAINE

JUNE 26, 27, 28, 1967

MAINE'S NEWEST INDUSTRIES, POTATO PROCESSING AND SUGAR REFINING

Frederick Vahlsing, Jr.

Friends and guests. I am happy to come here today to talk about Maine and the potato and sugar beet processing industries. What I feel would be most interesting to you would be to hear the view point of a person in the potato and sugar processing business; the thoughts, actions and conditions which have taken place in Maine in the last 20 years; and what a person such as I and the folks around me in this industry, feel will happen in the next 20 years. This is a pretty big task, but, in any event, it should be interesting to you to know at least what we feel is going to happen, based upon what has happened.

This is the year 1967. Twenty years ago we saw the end of World War II and the end of a very high demand for potatoes. During the War, we had our troops spread all over the world and large amounts of this commodity were needed. Maine was called upon for these needs and we responded by increasing production greatly. After the war ended, this demand began to decrease as our troops were brought back from abroad and other countries such as Canada, Italy, France, and Spain started planting their own potatoes and became once again self-sufficient. Maine farmers found themselves in a situation of a declining market. As a result, there were programs devised to alleviate these conditions. One program was a price support program. Under this program Maine farmers were paid to dump potatoes at very low prices. Potato shippers were encouraged to ship Maine potatoes abroad. Recipients of these potatoes paid one penny a bag which cost the Government \$3.75 to \$4.00 delivered Searsport. By 1950, these programs had come under severe political fire. People objected to using tax payers money for something to be dumped. Maine farmers had been encouraged to produce all these potatoes. Now with the decline in demand for potatoes and northern Maine producing only one crop, something had to be done. These were the conditions anyway for 1950 at which time support prices were withdrawn. From the period 1950 to 1960, Maine farmers saw very, very reasonable prices for potatoes. Other government programs came along - starch diversions, processing plants, Marketing Orders, etc. Under the Marketing Order, there was a restriction in the size of potatoes that could be marketed. Maine potatoes range in size from about $1\frac{1}{2}$ inches to 5 inches and this program permitted only potatoes from $2\frac{1}{4}$ inches to less than 4 inches to be shipped out of the state. The theory was that out of every 10 bags of potatoes produced only 6 bags could be marketed and a price would be obtained by shipping 6 bags and dumping the other 4. This theory we found was not the answer. Maine dropped from 70,000 cars of potatoes down to 35,000 to 40,000 cars. Connecticut, New Jersey, Long Island, New York State, and Massachusetts would not cooperate with these programs and sold their complete crop.

During the early part of the 1950's certain growers in Maine decided something had to be done. Maybe a different variety would be more successful - the round, white potato had decreased in demand. In 1950 per capita consumption of potatoes was around 105 pounds per person, but by 1960 it had dropped to 86 or 87 pounds per person. In 1950 freezer cabinets in stores contained only peas and ice cream. In 1955 came cabinets 100 feet long filled with a variety of frozen vegetables. The unwashed, white potato requiring peeling and cooking just wasn't appealing to the housewife, so in 1956-57 it was believed possibly that Maine could produce a baking potato. Eighteen acres of baking potatoes were planted in 1956 near the town of Easton. This potato could be put in the oven without peeling, taken out in a half-hour to 45 minutes. The following year, 1957, 975 acres of these potatoes were produced. In 1958, 6000 to 7000 acres of Russet potatoes were planted. Farmers found they had a lot to learn about growing Russets. Last year, 1966-67 crop, there were about 50,000 to 60,000 acres of this potato planted.

Potato prices during the 1950's were very reasonable. Idaho had increased its production dramatically. Idaho got into processing in a large way. French fries and flakes made it convenient for restaurants, hotels, etc. to serve potatoes. Investment in potato processing in Idaho grew from 4 million dollars to 100 million dollars by 1962. In 1960-61 the northern part of Maine decided that Maine too should enter this processing picture. Several large potato processing plants were built in northern Maine and several small plants expanded their production.

During the early 1960's, there was a cry in Maine that Maine should have a second crop. To depend upon a single crop in Maine was not good. The cry was for sugarbeets. Sugarbeets was said to be a crop which would yield good tonnage and a fairly stable income for the farmer. With the backing by Federal and State Governments, local people, banks, and farmers, we broke ground for a beet refinery in 1965. With the cry for a second crop, Maine landed a sugarbeet allotment. Other states wanted this additional allotment but Maine landed it. A lot of credit for this goes to people in this room today. They worked very hard and perceived it would be a great event for Maine to build this industry. By 1965, after considerable discussion concerning withdrawing, a 20 million dollar plant was beginning to rear in northern Maine. Steel 90 feet high. Lime kiln over 180 feet high. All put together by the people of northern Maine - where four years ago only two people knew how to weld steel and not too well at that. By 1966, 100 welders, 400 installation people and over 40 electricians took up these skills and studied hard, and picked up the challenge - 20 million dollars worth of effort reached the sky.

What about those little things - sugarbeets. That's what we needed to feed this plant. In 1962-63 there was a cry for a second crop. In 1965 the cry diminished, drowned out by potato processing plants in Maine. Processing plants were taking some 15 to 20 thousand cars of potato crop a year. In addition, business was good. Processing plants were piling up additional inventories. In 1964-65 with the Vietnam crisis, demand was great for flakes and dehydrated potatoes.

With the completion of the sugarbeet plant in 1966 and with an allotment of 33,000 acres this demand for potatoes gave potato growers \$3.00 to \$4.00 per barrel. The interest in sugarbeets resulted in only 3300 acres grown last year in 1966. They were grown mostly by people owning 50, 100, to 175 acres seeing this great plant rising in the field. A great amount of care was needed in weeding and thinning. The cost of machinery these farmers needed was high. Interest drowned out for sugarbeets.

This brings us up to the picture of today and what we feel is going to happen in the next 20 years. Will the Maine sugarbeet industry be a success and will all predictions of this industry come true? Predictions such as 15 million dollars worth of beets to feed this plant. Thirteen cars of fuel per day. 20,000 people depending upon this plant. All these things - will this come true? some 30,000 tons of fine beet pulp will be a by-product. Will this come true? We know the world is watching. You would like to know what is in these people's minds who are spending large sums of money in this industry. We feel this - during the last 2 years there has been a great expansion of land in the potato processing industry. Idaho, 10 years ago, had 135,000 acres; last year had 328,000 acres and this year 348,000 acres. Washington has had somewhat of the same growth and in Maine we feel our potato industry is in for severe competition. Processed, frozen, dehydrated and flakes, and stocks are the highest on record with over a half a billion pounds in storage available for sale. The dehydrated products are high also. One company borrowed 17 million dollars for 34 miles of pipeline using 1000 horsepower gas turbines to pump water out of Snake River using a 30 inch pipe to irrigate a desert. Other processing plants are in North Dakota, Washington, Idaho and Michigan. Freight rates have decreased. The Vietnam surge is in balance. So, as we look

forward to the processing industry and the Maine industry, we believe it is going to be one of competition in the years ahead. We felt it two years ago and it is more true today, and this is not a very nice thing to say. In Easton, potato trucks are lined up for a mile and a half selling potatoes at about 50 cents per cwt. Under those conditions, Maine needs a second crop to utilize its land. People are beginning to listen. A shaky 3300 acres of sugarbeets last year - today there are 10,000 acres spread between 300 and 350 farms. Farmers have equipment and are using their know-how and ingenuity. Today, as I stand here, in my opinion, I feel sugarbeets in Maine this year, compared with last year, could be compared with an old cub plane to a DC-8 jet. These prices and this competition which has hit Maine will not change. Idaho lost 25% of its crop in 1966. The Maine crop ended up by selling at 50 cents per cwt. Also, 25% of the Florida crop was lost during the freeze last winter. Fifty to 60 million dollars more investment has gone into the west to produce additional potatoes and these potatoes will be here and so this second crop will be needed in Maine. Soils here not too deep, season not too long, but we have a hell of a lot of sunshine in Maine. It gets up early. We don't have beet disease here. Last year the average sugarbeet content was 12.3 percent in Texas, 18 percent in Maine. This is what counts. The University of Maine did not listen to cries that sugarbeets were worthless but planned ahead. Some day they would be needed. They have been a great help. I feel that in the next two years this sugarbeet crop will be needed in Maine and will be needed sorely. I predict that Maine some day will have 50,000 acres of sugarbeets from which it will make beautiful sugar which will move down to the northeastern market and be complementary for Russet potatoes which have been used for processing, etc. since 1957. I believe that the farmers this year are convinced and the years to come will prove that I am correct. There will come a day when a visitor will ride into a town up here in Maine and ask, "What kind of farmers do you have up here in Maine?" The taxi driver will say, "Only two kinds - those having sugarbeet allotment on their farm and those who wish they had it."