

South Carolina Farm Income Prospects: Limping Toward the New Millennium

Harold M. Harris, Jr., PhD

Last year at this time, we forecasted a dip in S.C. farm income for 1998, the first such decline in the decade. Little did we know that the dip would become a complete nosedive. A devastating midsummer drought and low prices throughout the agricultural sector resulted in a decline in farm income of about \$200 million. While the crops sector suffered most, the livestock sector was also hit by low prices for hogs and cattle. The sole bright spots were continuing rapid growth in greenhouse, nursery and floriculture, and an excellent year pricewise for the state's dairy farmers. Increased government support – crop insurance payments, accelerated and increased market transition payments, disaster payments, and loan deficiency payments mitigated a portion of the lost income.

Several switches will probably occur among commodity rankings. Tobacco will probably fall to number 3 behind nursery and greenhouse. Corn could fall out of the top 10 completely, and dairy will climb by several notches.

Prospects for 1999

Barring another weather disaster, farm income in the state seems bound to rise in 1999. But low crop prices may limit the extent of the recovery. Tobacco acreage will be down again sharply because of the reduced quota. Hog and cattle prices are expected to rebound this year, but milk prices will be off substantially from 1998 record levels. Nor can we expect that government relief will continue at current levels in a non-election year. The spreading Asian financial crisis continues to plague U.S. farm exports. USDA has continually kept dropping its export forecast for 1999. The department is forecasting 1999 net farm income nationally at \$44.6 billion, down about 7 percent from last year. Departmental releases emphasize that 1998 and 1999 income levels are at historically high levels, “trailing only the 1996 and 1997 levels by any significant amount.” But we must remember that 1998-99 income levels are propped up by incremental government support of \$5.6 billion authorized by the 1999 Appropriations Act.

Does the end of the century portend another farm crisis like the mid-1980's? Government analysts point out record equity in the sector, debt levels well below those of 1984 and low inflation and interest rates as reasons a repeat is unlikely. By the same token, many economists predict that it will take several years for the world economy to turn around. I expect that the new Congress may be forced to readdress the philosophical underpinning of the 1996 Farm Bill during this session.

Cash Receipts
Farm Marketings by Commodity and Government Payments South Carolina, 1995-1998

Commodity	1995	1996	1997	1998
Thousand Dollars				
Field Crops:				
Corn	54,795	78,715	69,177	22,000
Cotton Lint	125,235	136,413	139,375	103,000
Cottonseed	6,547	9,556	10,026	8,000
Hay	10,225	10,791	11,980	11,500
Oats	910	2,007	1,872	1,000
Peanuts	9,178	7,975	8,739	6,000
Soybeans	81,448	87,647	93,733	63,000
Tobacco	186,795	214,650	213,298	185,000
Wheat	38,518	57,659	50,313	25,000
Vegetables:	92,100	74,800	71,000	70,000
Fruits and Nuts:				
Apples	6,940	3,874	6,473	6,000
Peaches	34,240	3,901	21,771	20,000
Pecans	3,315	1,631	3,038	2,000
Other Fruits and Nuts	3,597	2,621	3,445	3,000
Miscellaneous Crops:				
Forest Products	12,000	13,000	14,000	15,000
Greenhouse, Nursery & Floriculture	155,060	165,478	182,230	200,000
Other Crops	7,752	7,879	8,572	8,000
TOTAL CROPS	828,856	878,629	909,296	748,500
Livestock and Livestock Products:				
Broilers	234,738	306,657	319,512	315,000
Cattle and Calves	91,697	74,588	100,756	90,000
Eggs	70,680	87,108	78,592	80,000
Farm Chickens	1,380	1,401	1,613	1,500
Hogs	56,579	68,437	64,988	50,000
Milk	55,304	62,185	56,841	70,000
Turkeys	75,778	118,100	143,707	130,000
Other Poultry	8,370	9,510	10,030	10,000
Other Livestock	18,900	19,682	20,939	20,000
TOTAL LIVESTOCK & LIVESTOCK PRODUCTS	613,426	747,668	796,978	766,500
TOTAL COMMODITIES	1,442,282	1,626,297	1,706,274	1,514,000
GOVERNMENT PAYMENTS	34,600	43,100	43,000	100,000
STATE	1,476,882	1,669,397	1,749,274	1,614,000