



WHAT'S BEHIND THE SEED PRICE SITUATION?

Continued inflation and foreign demand for seeds, as well as environmental laws will keep seed prices at their present all-time high. A bumper crop could change all that—but is unlikely

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Not since the upheavals of the sixties have the events of one year so shaken the American public. Repeated shock waves over the last 13 months, from Watergate to the Arab oil embargo; continue to frazzle the now delicate nerves of the embattled economy. The Wall Street barometer rose and fell like the hope and despair of a terminal patient. Month by month the Gross National Product ballooned, fed by an inflation no governmental action could contain. Once price controls were lifted, all sectors of business and industry predicted increases to consumers. The turfgrass industry followed suit, and everyone connected with turfgrass thought they knew what to expect.

Prices did increase, but the cause was a surprise. The ancient problem of bad weather came as a sleeper to a seed industry that was looking toward Washington for answers. The resulting crop failure accounted in large part for the unexpected and drastic hike in seed prices and was augmented by the drain of foreign demand, competition with farm products, impending anti-burning laws and the possibility that fertilizer production would be cut back.

BARGAIN BASEMENT PRICES END

Grass seed has been a bargain in the United States, compared to other American commodities—agricultural and otherwise—and compared also to the grass seed produced in many European countries. Not only were American seed prices lower, but the varietal and seed quality were considerably higher. Even at today's inflation-ridden prices, quality turfgrass seed is still a bargain.

Modestly higher seed prices, boosted by inflation, were expected. Nobody

anticipated the drastic hike that actually occurred. Probably, the predominant factor figuring in the unexpected price jump was the severe drought during late spring and early summer in the Pacific Northwest, where the bulk of all American turf seed is produced. At any other time of the year, a dry spell would have had little effect on the seed crop. This drought occurred during the critical filling time (the period shortly after bloom when young seeds begin to develop from pollinated ovaries). Plants need sufficient moisture during these critical weeks, so that ample nutrients can be moved into the developing seeds. During moisture stress, little nutrient movement can take place; consequently, embryos do not develop into plump viable seeds. The result during 1973 was an extremely light seed harvest throughout the region, including complete crop failures in some areas and the destruction of many perennating seed plants in the field in other areas. The affect on the 1973 crop picture was predictable; or so it was thought. The law of supply and demand would exert itself. Grass seeds are harvested once a year, thus price increases would occur.

With low holdover reserves from previous years augmenting the seed shortage, coupled with considerable foreign demand and continuously increasing domestic needs, the effects on the seed market were sudden, dramatic and unexpected.

Although the short crop certainly accounted for the greatest price escalation, several other factors contributed as well. Two devaluations of the United States dollar, necessary to make up the ever-increasing balance-of-trade deficit, made American products more attractive to other nations, and the

export picture looked brighter. For the first time since 1970, the United States registered a significant world trade surplus, much of which was brought about by huge increases in agricultural exports. Turfgrass was no exception.

American importation of Japanese and European products, by creating new wealth and raising the standard of living in those countries, generated a need for suitable areas for leisure and sports activities. Thus, foreign demand for high quality American produced turfgrass seeds rose steadily over the last two years.

Much of the credit for the tremendous progress in developing improved varieties and management programs should go to the American turfgrass researchers and plant breeders. Credit also should go to the American farmer, who developed efficient seed production methods on a large scale, making domestically produced seed a competitor on the world market. The increased awareness of fine turf in other countries is due to the continuing efforts of American equipment manufacturers to introduce sophisticated maintenance machines into foreign marketplaces. Also contributing to the greater use of domestic turf on foreign soil, has been the work of the International Turfgrass Society, which draws together the turfgrass scientists of the free world every four years to exchange research ideas and developments and to tour the turf facilities of the host countries.

FUTURE SEED PRICES

Turfgrass seed prices—particularly of improved varieties and high quality lots—will remain high. The main reason is that other agronomic crops, such as wheat, corn and soybeans, have

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become more competitive in price. Wheat and soybeans rose 300 and 200 percent, respectively. Therefore, only those turfgrass varieties that can guarantee the farmer an annual per acre return of \$450 or \$500 or that are of comparable value because they possess outstanding turf qualities, will be able to withstand the competition as long as wheat prices of \$5 a bushel remain in effect. Other turfgrass types will simply be plowed out. Unfortunately, many of the best turf varieties are notoriously low seed yielders.

The modern American farmer is an excellent businessman who has seen how valuable his products are on the world food and fiber market. He will certainly use his assets to his own advantage to ensure a high return on his investments. If the rest of the world is willing to pay higher prices for agricultural products, Americans will not pay lower prices.

ANTI-BURNING LAWS

Another big shadow affecting turfgrass seed production and ultimate cost is the soon-to-be enforced anti-burning

laws. Burning of the debris left in the field after harvest plays an important part in the annual cycle of grass seed production. Burning shocks the dormant plants, causing regrowth and stimulation of the reproductive cycle. Burning thins out the over-all stand to allow more reproductive stems to develop, destroys surviving disease and insect organisms that can seriously reduce future seed yields and effectively removes large quantities of straw that would otherwise have to be mechanically gathered.

The smoke caused by normal field burning has been ruled environmentally unacceptable: to date, no other sanitation method has been found. Research efforts are still underway to develop new smokeless, high heat intensity burners, which would be used after the straw had been mechanically removed. The increased cost of fuel needed for this operation will also effect seed prices.

The new anti-burning laws, which will halt all open-field burning by January 1, 1975, are expected to increase seed costs considerably, due to lower seed yields, higher cost of debris removal and greater use of chemicals to combat insects and diseases. Alternative uses for many thousand tons of straw are being investigated, but the key to continued successful grass seed production remains field burning after harvest.

FERTILIZER SUPPLIES

Over-all production costs will continue to rise if present trends persist. Since last November, when price controls were removed, fertilizer prices have doubled. This only nominally effects seed prices. The real fear is that fertilizer supplies will be depleted due to the energy crunch. Almost all nitrogen is produced with natural gas, which is becoming more costly as it becomes more scarce. In some areas of the Pacific Northwest, fertilizer dealers are cutting their deliveries to growers by 25 per cent. Invariably, this will result in lower seed yields, lower seed quality and higher prices.

Inflationary trends, if they continue, will prevent price lowering in the near future. Foreign demands promise to remain strong for the coming year. Unless 1974 is an exceptionally good crop year, prices are likely to remain high. □

COURT GRANTS PGA INJUNCTION; MacARTHUR BARRED FROM USING PGA INITIALS

LAKE PARK, FLA.—The Professional Golfers' Assn. of America has received a favorable ruling in its lawsuit against the interests of John D. MacArthur over the use of the PGA initials at the golf facility formerly occupied by the PGA in Palm Beach Gardens, it was announced by PGA President William Clarke.

Judge Peter T. Fay, from a Federal court bench in Miami, granted the PGA's request for a permanent injunction prohibiting the MacArthur interests from using the initials PGA or the name Professional Golfers' Assn. in connection with that facility, except in the factual statement that it is the former home of the PGA.

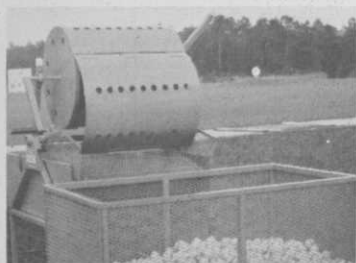
The PGA occupied this facility from March 1965 until February 1973; it was known then as the PGA National GC. When the PGA vacated the premises, the name of the facility was changed to PGA Country Club, after which the PGA instituted the lawsuit.

The injunction forbids the use of the PGA initials in the club's name, on stationery, signs at the entrance and elsewhere and in advertising. It does not affect the nearby real estate nor would require the removal of permanent markings on the clubhouse building.

The Court found that there has been and will continue to be confusion to the public and unfair competition to the PGA if the facility continued to use the initials or name or any variation.

"We are pleased with this decision," Clarke said. "We have felt all along that the continued use of our name after we left this facility was an infringement of our trademark rights and that it was harmful to the PGA. Although it was never our intention to cause harm to the former PGA National GC, we did feel that it was necessary for us to file the lawsuit in order to protect our interests."

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