

A PRACTICAL LOOK AT POTATO STATISTICS

by
Harry Fraser

The Subject of Potato Statistics involves views ranging from the ridiculous to the sublime.

On the ridiculous side, I used to find some farmers saying "those statistics shouldn't be published" . . . whenever supplies appeared a bit heavy. Now that's ridiculous because the fact of a surplus always used to be overblown by the buying trade anyway, before we had decent potato stats And the fact of a shortage, I used to think anyway, before I started out potato newsletter, used to be partly hidden by the potato trade.

On the sublime side with potato stats, I like to think of our own experience this past Fall, when, on Sept. 15, our Newsletter estimated that production would be 260,966,000 cwts. in the Fall states When the first official USDA estimate came out one month later, it totalled 260,686,000 cwts. . . . We were "off" by just 280,000 . . . about a tenth of 1%. To us, that was both sublime and a bit lucky . . . real credit for the close estimate goes to our regular correspondents and all the potato people we interview.

In Actual Fact, potato statistics are neither ridiculous nor sublime . . . they are a working tool. They are a fact of life . . . Whenever you have a crop coming on, . . . wherever you have produce moving to a market, . . . you are going to have numbers bandied about and used. . . I think it's up to us, as potato growers, to seek the most accurate numbers possible. . . and then to make the best possible use of them as growers . . . and not to allow ourselves to be fooled by any loose interpretation of the statistics.

A case in point for that last statement: All last season, our Newsletter was at some pains, with various articles in various FPN issues, to say that potato markets (in Canada and the U.S.) had been driven far too low, relative to real supplies . . . Certainly the holdings appeared a bit on the heavy side . . . but not enough to render price 1/3 the cost of production. Vindication, of sorts, (small solace, it came so late) came past mid-April last season, when some buyers couldn't get the spuds they needed . . . and the fresh market started a modest revival that continued for the last few weeks of the (Fall crop) marketing season.

So, Critics Might Say, statistics didn't help you growers any last year. Market prices couldn't have been much lower, they might say, than they were last Jan., Feb., and March.

Such a line of thinking isn't quite sound, however. There was a much deeper problem at the root of last year's miserable price year . . . the fact that we as growers were stuck with many of the same selling systems, on the fresh market for sure, that had been in use for 50 years . . . every man for himself, battling against a small, and rather sophisticated, group of buyers.

The point on statistics here is that last year's tough marketing situation could have been better, given a combination of at least two things:

- consolidated sales units
- and a close analysis of real, marketable, supplies

I hope, with the price euphoria currently holding so many growers in thrall, across the United States and Canada, that producers don't lose sight of one lesson from a year ago: the need for a more cohesive potato sales approach. To me, that means growers, in a given area, developing a common approach to solving some (at least) of their potato marketing problems . . . and it goes a step further: it means growers' groups co-operating from area to area . . . state to state, province to province . . . regionally.

All this was the theme of a couple of "Marketing Madness" seminars that I worked on last winter . . . Perhaps we can come back to that theme later this morning . . . One thing's for sure, "marketing madness" will return if each grower doesn't over the long haul, give up a bit of his price independence. All that "price independence" meant the last three years (until this season) was that one grower was "free" to beat another grower's price . . . And remember, one big price year out of four is not a very good percentage.

In a Year Like This, potato statistics can really be a valuable help to growers trying to pry away the debt load that squeezed tighter through the last three years. For instance, in recent weeks, we have been able to analyze the holdings reports, and relate the shipping pace of several states to those holdings, . . . revealing

- in our Dec. 29 newsletter, a 10,500 trucklot short-fall in one corner of the country, that's shipping potatoes . . . 7,700 trucklots short in Maine and 2,800 trucklots short in Long Island
- in our Jan. 26 newsletter, that Maine had shipped 50% of it's likely season total, compared to 29% at the end of January last year.
- that Idaho's shipments, Colorado's shipments, Wisconsin's shipments, to name just a few of the higher profile areas, are running ahead of last year's pace . . . from a much smaller crop!

We are often able to work out similar salient points about many area's holdings or shipments. . . And I submit that it's much better to have this information at hand, than it is to listen to some buyer say "oh, there's enough potatoes at such-and-such a place" or "you better sell now, because we can't handle yours at such-and-such a time."

Also In Recent Weeks, as regular readers know, we've been able to key on the theme that potato holdings on this continent, are 35 million cwts. lower than last year's, and 50 million cwts. lower than two years ago. It's mighty useful to have these facts at hand when making marketing decisions!

It's statistical items like those just mentioned here that enabled us to project, before the late Jan. - early Dec. price escalation, via our Dec. 22 Fearless Forecast: "potato people will forget all their price timidity during the next two or three weeks. More of a price surge is due."

It was just a case of using the potato statistics as a marketing tool. It appears that most of the trade was reading the signs the same way.

Now, I May Be Going To Shock You A Bit . . . when I state my belief, that as a potato-growing industry, we are still in something of a "dark age" as far as getting and using proper potato statistics goes.

I say that, because I think we can do our most intelligent job of marketing our potatoes when we know more precisely what our real market supplies are . . . and what real demand is likely to be . . . for any given season, or parts of seasons.

The real demand might just be the easier part of the equation . . . at least we have an historical pattern of how many potatoes have been consumed . . . fresh and processed . . . and these numbers can be adjusted for changing public patterns . . . witness our newsletter's recent projection that the raw potato usage in the 7 major processing states may hit just 110 million cwts. this season, compared to 115.6 last year and over 124 two years ago.

What The Real Supplies Are has proven much more difficult to determine . . . and there's the area where we, as potato growers, must pull ourselves into the statistical

sunshine . . . And I don't mean the rays of hope brought by the present light supply (or shortage) situation. After all it just means, for many, that "you can't sell them if you don't have them."

No, I'm referring to the so-called "bad" years as well as the "good" ones. It's been my belief for some time that real market supplies have not been truly burdensome in at least half those years when potato growers have been saddled with low prices. . . . Witness last year, when it became apparent, only away too late, that there was no potato surplus across a lot of the country.

. . . And even in one of those "Nature's bonanza" seasons, when there really are too many spuds for existing markets (remember the diversion programs of two years ago) I believe that growers could limit losses, by better knowing their real position, than by submitting to price anarchy.

Well, we are looking at the supply side, and the numbers that go into it. . . and I think we are all looking for more accuracy. Let's start with acreage.

While We Respect The Acreage Surveys done by the USDA (the surveys are certainly much more extensive than those done in Canada) . . . we have the feeling that the system still leaves too much to chance . . . Witness the fact that a few thousand acres were found in Washington after the growing season was over a couple of years back Another case would be the revision made in Sept. 1980 relating back to the 79 crop - which saw Washington's acreage dropped by 1,000 acres (resulting in 475,000 fewer cwts.) . . . a full year after the fact. Maine's acreage was also dropped by 2,000 acres, in the same September revision.

We'll Be On The Right Track for more accurate acreage figures, when we (as growers) can impress our legislators and our civil servants of the need for aerial surveys. That would track the true acreage and might also, through increasing infrared technology, perhaps give a better idea of how yields are shaping up through the summer It could help us better gauge potato supplies along through August and Sept. . . . and enable more aware marketing decisions.

The idea would be to combine the efforts of aircraft and satellite mapping. It's being tried in eastern Canada . . . and the stats people say they are getting the bugs out of the system.

Aerial charting of actual potato acreage has been done successfully for years in Great Britain, where they are always on the lookout for any non-registered "outlaw" acreage . . . if they can do it there, we can do it in the United States and in Canada.

Looking At Yields Now . . . I don't think the yield per acre is going to be (or needs to be) the subject of so much guesswork in the years to come. It seems to me that the objective yield analysis done by the USDA is good . . . and efficient . . . but are the sample sizes big enough to do the job for all types of seasons? They certainly are not in Canada, where there's been so many erratic weather patterns the last couple of years.

Again, I think we should push for the most sophisticated technology we can get to help get closer yield and production estimates for potatoes. Other industries do it . . . even other sectors of Agriculture . . . I'm thinking again of satellite sensors that monitor crops, and computer models that "complain" about the weather. These are important new tools that should be added to present efforts to figure out potato yields.

It Is Being Done For Other Crops . . . For example, data from Landsat 2 and 3 went into the mix to develop the official crop numbers for 1978 Iowa corn and soybeans, as issued by the USDA's Crop Reporting Board.

We do understand that the new AgRISTARS program might include a little data on potatoes. But the name of the game, for potato people may be to keep pressure on, in Washington, D.C. for full potato coverage.

That's AgRISTARS . . . Agriculture and Resource Inventory Surveys Through Aerospace Remote Sensing . . . begun in 1980, a 5 year \$300 million project involving the USDA, NASA, weather offices and others. It can offer early warning crop condition assessments, if potatoes are included.

It could be a means, combined with the current field sampling, to know where we stand during the growing season and after harvest, with real potato supplies.

Without More Accuracy in potato stats, one example of what can happen comes from Idaho, last year, which had 10 cwts. per acre taken off the 1979 yield average, a few months after (Sept. 80) the marketing season was all over! All along, Idaho's production had been shown as 88.2 million cwts. . . Then when the season end revealed there hadn't been that total around, the officials had to knock the number down by over 3 million cwts. . . . to 85.1. Those extra paper potatoes sure didn't help pricing practices in Idaho, or anywhere, last season.

In total, including the Maine and Washington revisions, the USDA carried 4.7 million cwts. "extra" potatoes all season, in 79-80. It had some substantial bearing on potato mechanisms being "out of whack".

In The Wake Of Our Newsletter's Criticism of the USDA error, we were sent, from Washington, D. C., a table showing that their production estimates were only over the season-end results in just two years out of the past 20. (And we carried that table in our No. 10 issue).

Those season-end results, for potato utilization, include the cullage factor. We sometimes wonder . . . if those cullage numbers aren't juggled to make the production estimate gibe with the utilization?

At the very least, however, we salute the USDA for admitting their 79-80 error. Part of it could have been hidden by adding to cullage . . . and wasn't! . . . Perhaps part of the trend to government in the sunshine We suspect similar outages have sometimes been covered that way in Canada.

Turning Now To Potato Holdings Statistics, and disappearance numbers . . . mighty important keys to potato prices! . . . There's room for improvement in the type of statistics supplied to the potato industry. For instance, in both Canada and the United States we would like to see, in addition to the current figures supplied,

- the volume of cullage identified, state-by-state (and province-by-province)
- those cullage percentages extended . . . to segregate from total holdings, the probable volume of cullage and grading loss to be experience . . . from potatoes in storage at the first of each month
- an estimate of local in-state (or in-province) consumption
- an estimate of the volume of potatoes being held within each area for local planting

With these Additional Potato Statistics accompanying each monthly holdings report, potato growers would know their true marketable holdings.

I don't believe it serves any purpose to have the potato holdings inflated the way they are . . . including culls, including potatoes destined for local consumption . . . and including the potatoes to be planted within the area.

We Salute The Work done by the National Potato Council in bringing improvements to statistical reporting on potatoes. We believe the NPC has been instrumental in the USDA

showing, with each holdings report, the volume of cullage that has occurred in total in the Fall crop. Since the USDA has a handle on that number, we don't see why it can't be shown state-by-state.

In turn, this latter step would allow cullage projections to be made for the balance of the crop in each area . . . and that would be useful in determining market positions.

What About Complaints on holdings numbers? . . . ones that seem legitimate, such as those lodged last season by Potato Growers of Idaho and the Maine Potato Council. Their state-wide surveys showed the USDA holdings reports too high for their states . . . and the whole truth didn't come out until after the season was over.

There Should Be A Sound Appeal Basis for potato growers to lodge opposition to production and holdings reports . . . so long as the case is well documented. We don't think areas such as Maine or Idaho last year, (or certain Canadian areas many times in the past) get a reasonable hearing from the stats authorities when they have a "beef".

We believe the Crop Reporting Board in the U.S. (or Canada's Marketing Information) should be required to reveal how their holdings reports are computed . . . when a timely and well-documented protest is lodged by a potato growers' organization. It might not help with that particular month's holdings, but it might correct any error before the next month's report.

We are not yet advocating that such a hearing on disputed potato numbers would necessarily become a public inquiry . . . But an explanation of differences, or a dialogue over differences, would help. Too many growers, even leaders of grower organizations, feel somewhat cut off from the people who come up with those important potato numbers . . . the ones that shape our markets, and often twist and turn our financial fortunes . . . More communication would help!

I Don't Want To Leave You with the idea that your kindly middle-aged newsletter publisher feels that improved potato statistics will automatically bring prosperity . . . No, that's not the whole story!

As we said earlier, improvements in the stats systems must be linked with an upgrade in marketing systems. There needs to be more grower-to-grower co-operation and area-to-area approaches to solving the price-cutting that has plagued our potato growing industry in the past.

Another Highlight of the statistical game that shouldn't be missed is that they can often provide a warning system, to show us where old attitudes need to be changed.

A good example is the tendency to increase acreage "to keep up with demand" as population increases. That's no longer a valid way to plan acreage. We used statistics in our Jan. 19 issue to show that average yield per acre has been increasing at a much faster rate than population. In the U.S. the yield average has gone from 186 cwts. in 1960 to 235 in 1970 and 277 in 1979.

1980's weather-indured lighter yields will likely prove to be a one-year aberration.

Our projections show that keeping acreage in check is going to be an absolute requirement if growers are going to shoot for modest profits.

Potato profits are what I wish for you all in the years to come.