

Most Southwest New Mexico Ranches Pay Off

Linda G. Harris

An economic assessment of ranching in southwestern New Mexico indicates that all but the smallest ranches made a profit under recent economic conditions.

Dr. James R. Gray, an agricultural economist at New Mexico State University's Agricultural Experiment Station, attributes the good showing to higher calf prices, favorable range conditions, and more governmental flexibility concerning land use.

For the assessment, Gray analyzed four sizes of cow-calf ranches typical of the southwestern part of the state under 1979 conditions. The ranches ranged from small operations carrying about 100 head of cattle to extra-large ranches with about 2,000 head.

Gray pointed out that although ranching is important in the area, it is less important here than it is in the rest of the state. "Livestock ranches account for 30% of all farms and ranches in the area compared with 59% in the state," he said. It is also the smallest of the state's five ranching districts.

As expected, small ranches were in the worst economic shape. "Ranches with fewer than 175 head of livestock couldn't support a ranch family at 1979 prices," said Gray. Even in a favorable year like 1979, small ranches made only \$1,441.

As the size of the ranch increased, so did the return. Medium-sized ranches with about 250 head of cattle returned \$23,980 and large ranches with about 550 head returned \$62,829. The 2,000-head, extra-large ranch was by far the biggest money maker with a hefty \$257,753 return.

The return on investment, or the profitability percentage, followed the same trend. Small ranches had no return at all, while medium-sized ranches returned 2.4% of the investment. Large ranches returned 3.2% and extra-large ranches realized a 5.8% return on their investment.

Gray credited high calf prices in 1979 for the profits. That

year, calf prices peaked at 90 cents to \$1 a pound. Since then, prices have dropped to about 70 cents a pound, he said.

Also, range conditions were unusually good in 1979. Even the slight setback in the fall didn't affect calf market weights. As it is, ranchers are used to dealing with less than ideal conditions. The semi-desert region is the driest part of the state so ranchers routinely supplement range forage from January to March.

Also, ranchers have recently put high priority on range water development. This includes pipelines, wells, and stock tanks. "Some ranchers are building concrete dams and tanks, and others are building cross-fences for better grazing control," said Gray.

The effects of drought are particularly hard on the smaller ranch where ranchers have little choice but seek off-ranch work until the drought breaks. Gray said those with large ranches can reduce their herds and ride out the drought.

Like other ranching districts, the southwest's is a patchwork of private, federal, and state lands. The Bureau of Land Management (BLM) alone has jurisdiction over 52.3% of the area's ranch lands. "The intermingled land ownership pattern continues to create uncertainty for ranchers," he said. Changes in government regulations on cattle numbers, grazing fees, and land use patterns affect most ranchers.

However, the BLM and other governmental agencies seem to be loosening the reins on regulation. "Before", Gray said, "the BLM would put out an environmental impact statement cutting the number of animals allowed to graze and expect immediate compliance." Now, however, he said the statement "suggests" an adjustment in cattle numbers and allows the rancher 5 years to "get his house in order."

"In the past, most ranchers haven't been pleased with anything the BLM did, but now it looks like that is changing," said Gray.

Persons interested in "Organization, Costs and Returns of Cattle Ranches in Southwestern New Mexico, 1979," Bulletin 684, may obtain a copy by writing the Bulletin Office, Box 3AI, Las Cruces, NM 88003.

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