

It's a new farming world

By RICHARD DAVIS

It is not so easy for farmers to trim costs in this day and age, says North Carolina economics professor Ed Estes. Farmers have been cost-cutting for years, he says, and if they are still in business, their operations are already lean and mean. Today, farmers must look at the bigger picture, at wide-ranging strategies, if they hope to be profitable.

"I think a few years ago people took a hard look at their farm operations and trimmed their costs where they could," Estes says. "They told themselves, 'This is where I can eliminate some tillage. This is where I can eliminate a pesticide application.' Now I think they're saying, 'I'm comfortable with my production practices. Now I have to look at strategic tools that I can employ to go along with my efficient production practices.'"

"It used to be that you were a tobacco farmer or you were a peanut farmer or a cattle producer," Estes says. "If you had cattle, you raised cows and planted something to feed them. If you were into peanuts, you grew peanuts and maybe you planted a few other things on the side. You might tweak your peanut acreage every year, but you knew what you were farming."

Today, people are much more recep-

Key Points

- Farmers realize they have to change the way they deal with their industry.
- Their focus is now on income rather than on cutting costs.
- Producers are adapting and trying new strategies.

tive to looking at the mix of commodities they're planting, Estes says. They focus where they can be most profitable.

"When wheat goes up, farmers are going to plant wheat," he says. "When the price of corn goes up, they think in terms of corn. And when soybeans go up, they try to figure which of those crops will be most profitable for them. They are not asking themselves if they can grow wheat or if they can grow cotton. They think they are good enough farmers that they can grow whatever crop that will be the most profitable for them, if they need to."

Last year, cotton prices languished when other prices took off. At the beginning of planting season this year, Estes notes, farmers planted fewer cotton acres.

"We were up to close to a half million acres a few years ago. We're at around one-third of that now," he says. "Farmers

are looking at wheat and corn and soybeans obviously, because of the price."

Strategy sessions

Farmers are also willing to set out with a new strategy altogether, he says. "Many are looking at growing vegetables, again price related."

Farmers are also looking harder "at the marketing end where they can save some money," Estes says. "They are making use of strategic planning tools like the futures market. They are looking at buying insurance. They are doing those sorts of things to make sure they don't overlook something that could help maintain income. Whereas years ago cost reduction was their objective, they've become income focused. Now they look at how to get more income and maintain and stabilize that income."

More farmers are looking at a contract if they can get one, he says. If their strategy includes off-farm employment for some family members, so be it.

Obviously, growers are dealing in a whole new world of rocketing price changes, Estes notes, and they've come to realize that is the new reality they have to learn to live with.

"They figure, gasoline is going to keep going up — and there is nothing they can do about that."

Farmers adopt new ways of seeing the world of farming

How are farmers changing the ways they are looking at farming? They are getting a new worldview, says North Carolina State University economics professor Ed Estes, and a new farm view, too.

At one time, farmers tended to focus at the farm level and not beyond the farm gate. Farmers today need to think differently.

"Farmers need to think at the very least regionally, sometimes nationally or globally, about their competition, depending on the commodity," Estes says.

He offers these suggestions:

■ **Bigger is not always better.** In the past, if you thought 1,000 acres of corn was good, 1,100 acres was better. "I would tend to focus on intensification," Estes says. "See how much you can get out of 50 acres or 100 acres."

■ **Do your marketing homework.** "On the marketing side, it is not enough to just ask your neighbor what he's planting this year. Read publications that discuss marketing. Read the farm bill. See what things are happening and what everybody is doing."

■ **Focus on quality.** "An old saying that farmers used to quote went some-

thing like 'If I produce it, somebody will want it.' That certainly isn't true anymore. If it isn't competitive quality, very few people will want it. They will pass on it. After all, we can import it at the right price."

■ **Environmental considerations.** "It is going to cost you some money so be smart about 'going green' on the farm. There are things you must do, and you must preserve certain things, but you need to do a benefit-cost analysis on what you are doing conservationwise and in terms of set-asides," Estes says.



Sen. Jesse Helms dies on July 4

RETIRED North Carolina Sen. Jesse Helms died on July 4 at the age of 86. The powerful and controversial senator from Wingate, N.C., was a staunch anti-communist and a dedicated proponent of agriculture. More than once, Helms used his skills to save the now-defunct federal tobacco program. Many political observers credit his support of Ronald Reagan in 1980 for tipping the balance and sending Reagan to the White House for his first term.

The one-time Democrat who turned Republican was often criticized for his outspoken ways, particularly on civil rights issues. On the other hand, voters who sent him to the Senate for 30 years appreciated his determination to stand up against all comers for what he felt was right.

Helms was proud to be a patriotic American and always wore an American flag pin on his lapel. Perhaps the most striking irony of his death is that, along with Founding Fathers John Adams, Thomas Jefferson and James Monroe, Jesse Helms died on Independence Day, a celebration of America's birth and principles. Now, once a year, when the fireworks light up the night sky in that Fourth of July celebration, the day will always also be a timely memorial to one of North Carolina's most famous politicians. There's no doubt that will be to the chagrin of his critics — and no doubt Sen. Helms would have enjoyed that.

— Richard Davis

YOUR NEIGHBORS SAY

What is your biggest concern for the future?



GREG BUNN
NASHVILLE, N.C.
Tobacco, soybeans, etc.

"Input prices and market volatility. Input prices are so high, especially for tobacco — and it is still to be seen what we are going to get for our crop. I tell you, there is a lot of money tied up in this crop. We have a whole lot more at risk, dollarwise, than we ever have before."

we don't get something changed about that, it is going to be a major problem for our area. I see that as the biggest concern in terms of the future."



ROYCE BONE
SANDY CROSS, N.C.
Tobacco, row crops

"Input costs are the biggest worry because they are so high that if we don't make a good

yield this year, we're just dead in the water. Up-front costs are so high that if we make half a crop, we're just gone. It is that way with tobacco and also with sweetpotatoes. The price for sweetpotatoes has been good for the last three years, but fuel costs keep going up."



MIKE EDWARDS
NASHVILLE, N.C.
Tobacco, row crops

"Around Nashville, where I live, we are losing farmland every day. If

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