

**Field Notes: October 20, 2008**

## **What happened to the optimism?**

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Optimism is one of those invisible forces that move us in various directions. A gambler must be an optimist; or he would not enjoy taking chances. Farmers are gamblers in a sense; or perhaps a kinder descriptor might be “risk-takers”. Each year they prepare the land and plant crops with the knowledge that many things may either reward or detract from their efforts. Most of them must obtain financing to pay for all the things required to produce the crops they grow, hoping that the year will be profitable. Even the most talented among them know that no matter how well they plan and prepare the “bad year” will come; but they plant again each year.

Beginning farmers are especially vulnerable since they have not had enough time to get past their start-up costs. Commonly, one unprofitable year within the first three will take them down financially. This is one of the reasons lending institutions are slow to help them get started, and one of the reasons there are so few young farmers today.

Since about 1995, farmers have had justifiable optimism, first with the surge in corn prices, and then followed by increases in the prices of soybeans and wheat. Cotton has seen only one or two short periods of encouragement during the period, resulting from increased production in other countries, high yields here in the U.S., and the decline of our own textile industry.

The need for alternative energy has been a driving force behind strong markets for agricultural goods. This trend has been supported to large degree by the infusion of money and tax incentives for the development of infrastructure. However, this “boom” has slowed, taking the edge off of the movement.

Prices of inputs needed for crop production, and all other forms of agriculture, have skyrocketed, largely as a result of speculation by investors who have no real connection with agriculture. Now the trend has turned down, and these people have moved to other investments, leaving agriculture to fend for itself. Input costs have been slow in following commodity prices down, and I expect many producers will elect to cut back on production or possibly even stop producing until things get back in line for profitability. We are already seeing signs of this, especially in livestock and poultry industries.

We could talk about things like decline in the value of the U.S. Dollar, the two wars we are in, the presidential election, the balance of political parties in our country, the threat of terrorism, and several other factors; but the whole thing comes down to the fact that people must be fed and clothed. All the good intentions we can generate cannot keep farmers farming. That takes money, and lots of it. Without profits, the greatest agriculture in the history of the world may grind to a crawl.

Agriculture has been feeding on optimism for a long time; but this driving force has all but disappeared. Through all the events of recent days, little mention has been made about agriculture; but when food supplies get tight and grocery costs go through the roof it will quickly become the hot topic of the day. This shows just how far we have strayed from our agricultural roots. Our people may be about to learn that food really does not come from the grocery store. Thanks for your time.

Optimist: (Artist Unknown)

