



CURRENTS

Change is the only constant today in farming and indeed in all businesses. Economist and researcher Greg Mason takes a look at what's over the horizon.

Greg Mason

AGRICULTURE AT THE CROSSROADS

In the words of Dickens — “It was the best of times; it was the worst of times.” Prairie agriculture and the rural economy face profound challenges. The elimination of the Western Grain Transportation Agency and the Crow Rate will change farming at its roots.

Longer term stress has been building for over a decade. Competition from new producer nations, an attack against long-time agricultural institutions, complex regulations and environmental groups that turn urban public opinion against farming, are enough to make anyone despair.

A PARABLE FROM PORTAGE

Let me share a personal experience showing two futures. Some years ago, I was part of a team advising the City of Portage la Prairie on the closure of its air base and the loss of 700 jobs. We interviewed many farmers and business owners. One rainy Friday, I found myself in a farm kitchen with four young farmers. They were bitter over the loss of the air base, the elimination of their runway snow-clearing contracts and how the loss would force them out of farming. Now, I'm just a dumb city-slicker, but how can an air base closure force someone off their land? They carefully explained that without their wives working as teachers and their off-farm income from jobs such as snow-clearing, they could not maintain the farm. I naively suggested all sorts of options such as sharing equipment, forming co-ops and the like, but these young men would have none of it. For them, the base closure meant the end of their farms. I became very depressed for the future of farming.

Back in Portage later that day, having a coffee and with wet feet, I suggested to my colleague that we just head back to Winnipeg. We had tried to get an interview with another local farmer who had been cancelling appointments for three

weeks. But why bother, I thought, if farming is doomed? My colleague, who is more tenacious than I — and whose feet were dry — suggested we try one last time to get this interview. As it turned out, the farmer had time right then and we drove out. Around a corner, we came to a large farm, with everything in perfect repair and a beautifully landscaped yard. The farmer apologized for having cancelled earlier that day. He had received a faxed beans order from San Francisco the previous night and had driven to Minot, North Dakota to deliver the load at five in the morning. After explaining the international markets, how he reduced risk through market hedging, used a computer for planning and experimented with specialty crops, a completely different view of farming emerged. This farm was no different from any other business that was adjusting to meet changing economic conditions. Most remarkable, this farmer was well into his sixties — twice the age of the sad young men we interviewed earlier.

How could it be that two different outlooks emerged from the same region? This is the story of prairie agriculture. “The times they are a changing” — to quote Bob Dylan. Over the next few years, farm businesses will innovate, stagnate, succeed and fail as they adjust to a new economic reality.

BAMBI AND THE GOPHER

A confusing and contradictory political landscape will not help farmers. The livestock producer who cannot drive deer off his land and plows down the brush so that they move to a neighbour's land to feed is an example. We all want to save Bambi, but must saving wildlife be at the expense of a farm family trying to earn a living?

How about the organization in Alberta that had some stuffed gophers on display? Animal rights groups kicked up a stink and seemed to be raising the gopher to national symbol status. Most farmers

would be happy to send members of the group several hundred rodents from their land... for free... and unstuffed!

Now politicians who introduced sweeping change a few months ago seem to be weakening and calling for more studies and panels to slow the process. Charting a course through these currents is going to be risky.

FARMING INTO THE 21ST CENTURY

This next decade will be a wild ride for farmers, but through the turbulence, extraordinary opportunities will emerge. Designer grains for pharmaceuticals, custom contract operations and technical consulting to help a grain producer diversify into livestock are some examples of the new opportunities.

Consider consulting. Many grain producers are looking at livestock as an option, but only vaguely remember their fathers' herds. In this age of scientific farming, experts with university degrees do not see the older generation as having important knowledge. Many old-timers possess key knowledge and are simply waiting for the chance to help. A ready-made business exists for a few old hands to consult with grain producers wishing to start herds.

In this column over the next months, I will talk about farm business. But not as one with an extensive background in farming — I have none. I will look at farming as a business and talk about trends facing all businesses and how these trends will affect the farm business and the farm family. Too often, sentimentalists see the farm as a quaint operation. With capitalizations of more than \$1 million, farms are major businesses that need the same awareness and strategic sense as a Silicon Valley chip manufacturer. ▀

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