

Farm Talk

Jerry Webb

Two items that crossed my desk last week caused me to stop and wonder about the future of farming.

One, a short report in Farm Journal, summarizing some Penn State information that says it really doesn't pay to get into farming anymore. The other, a more detailed report in The Furrow (John Deere's farm magazine), that tells how a Montana cattlemen is selling all of the beef he can produce directly to consumers and doing pretty well at it.

These two stories really aren't related, and yet they are. The Pennsylvania story tells me that the traditional approaches to agriculture just aren't viable options to the beginning farmer anymore. And that the more creative approaches, like the one under way in Montana, may offer some hope for the new farmer.

Farm Journal quotes Virgil Crowley, a farm management expert who says that if you want to go into the dairy business you'll need between 20 and 29 cows, and total assets of over \$183,000. With that kind of investment and time commitment, you can expect to make about \$10,000 a year.

Virgil doesn't say this, but it's obvious to even the beginning economics student that if you take that same \$183,000 and invest it at 10 percent, you'll earn \$18,300 a year and you won't have to milk any cows.

If you prefer beef cattle, the typical beef operation would require about 100 cows and would cost \$140,000 plus the land to run them on—add another \$200,000—and you would still make only \$10,000 a year.

Even a broiler production facility would require \$250,000 to yield a \$10,000 annual income.

There aren't many people with huge piles of money wanting to get into farming, and even when they do they expect larger returns. Consequently, there aren't many new farmers and there are many old farmers getting out and the net result is a decline in the number of farmers.

Meanwhile, there are farm types like Lloyd Schmitt, of Stanford, Montana, who's described as "Montana's maverick meatman." He dares to be different.

He thinks the government meat grading system is wrong, that most beef producers put too much fat on their animals and they lose their profits by selling wholesale.

He feeds bulls and heifers rather than steers, strives for just the least amount of

marbling on the meat he produces, and doesn't like to slaughter animals weighing any less than 1300 pounds. In fact, he prefers his bull to weigh 1700 pounds before they go for slaughter.

Schmitt's been in the beef business since the early fifties, so he's not a new farmer, but he is marketing his beef in a new way.

While most producers take what the market will give them on the hoof, Schmitt operates a totally integrated beef production system that includes 800 brood cows, 30,000 acres of grass, a small slaughtering facility, a consumer's beef club where his meat is retailed, and a little red delivery van with a license plate that says "meatman."

Each week a few ranch hands slaughter eight to 12 beef animals in a federally inspected plant. The carcasses are hung for a couple of weeks, then are moved in a refrigerated trailer to the cutting shop where two full-time butchers process the meat into standard cuts.

All meat is individually wrapped and labeled with a tag that includes cooking instructions, and it's all quick frozen.

Then it's ready for distribution through the cattlemen's beef club—1200 consumer families who belong to this exclusive group. Any member can order at any time, but he must order more than one cut—no "steaks only" orders. It has to be an assortment and there's a minimum of at least 60 pounds per order.

Orders are then boxed and delivered directly to the consumer's kitchen on a specified day of the month. Prices are established each September 1 based on Schmitt's cost of production.

and they're guaranteed for 12 months. After about a year and a half of operation the meatman figures his prices average about 30 percent below supermarket prices and he still makes a reasonable profit.

Consumers must like the idea also because he has a waiting list for club members.

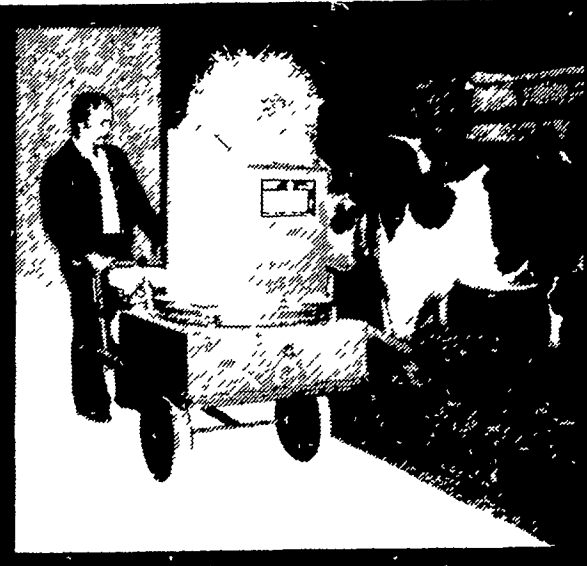
There aren't many farmers ready to go from pasture to kitchen table with their meat animals, but there may be some who could do that and there are plenty more who could find other ways to maximize their share of the consumer food dollar.

If a beef club with 1200 members can operate in Stanford, Montana, then the opportunities for innovative farm marketing must be limitless here in the urbanized east.

No doubt within the next few years the number of farms will continue to dwindle and as the prediction goes, 50,000 farmers will be producing three-fourths of our food supply by the turn of the century.

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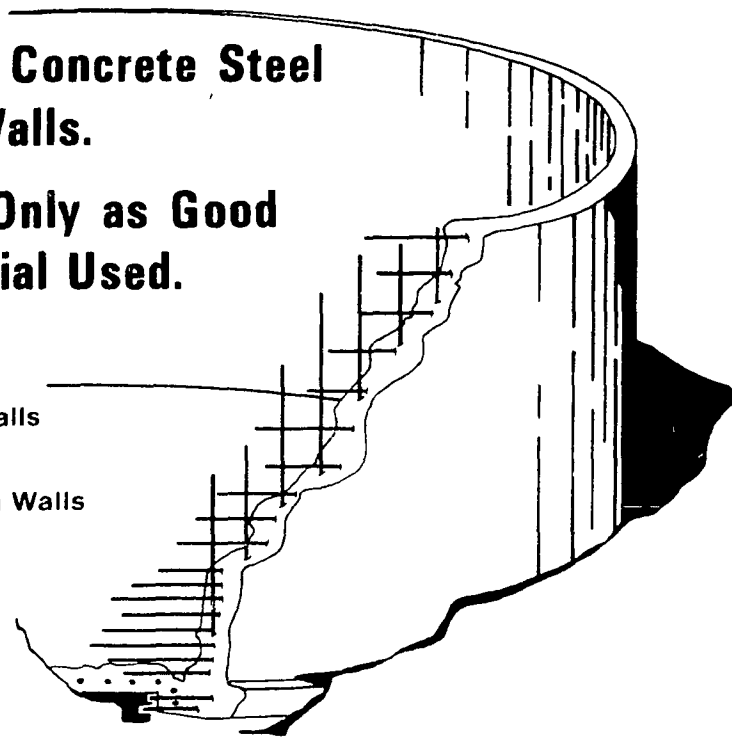
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