

Views from VanDeWalle

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Dr. Kohl Recap

Kicking off the 2018-2019 *Farmers & Ranchers College* programming year was Dr. David Kohl, Professor Emeritus from Virginia Tech. As usual, he did an excellent job describing global risks which affect us and how those risks will affect the agricultural industry. International trade issues continue to emerge and it will be interesting to see how they play out. One of the things to watch closely is China's "Belt & Road Initiative" which is an ambitious effort to improve regional cooperation and connectivity on a trans-continental scale with China and approximately 65 other countries. This is important to monitor because countries impacted in this Initiative account for about 30 percent of the global GDP and 60% of the world's population.

In regards to energy economics, the U.S. is the world's major energy producer. As there is a continued drive towards efficiency, there is also a push for electric vehicles. In fact, Kohl said that Germany and France plan to eliminate combustible engines by the year 2040 and by 2025, one fourth of cars in China will be electric. Since 80% of ag expenses are energy related, this will be a huge impact on the agricultural industry.

Dr. Kohl also stated that the 2020's will be a decade with lots of change, not only with emerging technologies, but consumer trends, dietary trends and use of "big data". In the Ag Commodity Super Cycle of 2007-2012, the approximate net farm income in constant dollars was \$125,000 which allowed "anyone" to make it financially. From 2013-2017, during the agricultural economic reset, it was \$35,000 forcing producers to tighten family living expenses and cost of production. (Data was taken from the Center for Farm Financial Management at the University of Minnesota.) He provided critical financial performance index for debt and risk and critical questions for critical conversations that should occur with one's lender.

With my background in leadership studies I found it interesting how more lenders are looking at the character of a client and the role that has in one's success. Being an honest, ethical and trustworthy client is becoming more important and unfortunately there are character flaws of dishonesty being noticed such as using borrowed money for things not intended to be used for. I like the adage, "It's not the bad times that get you in trouble; it's the good times." With the past super-cycle, it was really easy for one to become complacent and want more things such as that camper or trip to Disney World, etc. but it's not likely to resurface anytime soon.

Even with all of the challenges facing agriculture, he stated several reasons to be optimistic about agriculture. A diversified agri-entrepreneur can be successful with multiple income streams. Technology allows individuals to multi-task. Those young people who leave the farm/ranch to work in business or industry or on a different operation are better positioned to be successful because of the knowledge gained with a different point of view. Approximately 21% of American farms have no next generation coming back, so young people interested in farming have a chance to get involved. The younger generation is much more apt to collaborate and work as a team allowing them to help each other. Align yourself with positive people, know your purpose, picture where you plan to go, plan with a business & marketing plan and partner



with the right people; doing all of that will help one accomplish more. His advice to young farmers is to invest in productive assets and live modestly. While past generations were independent in nature, future generations will be interdependent and work with people.

Contributions and support of area businesses allow *Farmers & Ranchers College* program participants to attend at no cost. For more information go unl.edu/farmersrancherscollege.

Just a reminder of the other Farmers & Ranchers College programming:

2018-2019 Program Schedule

- **January 14, 2019**** - “Partners In Progress Beef Seminar” Cow/Calf College at U.S. MARC near Clay Center, NE from 10-3:30 p.m., Registration at 9:30 a.m.
- **February 12, 2019**** - “Managing Ag Land in the 21st Century” with Nebraska Extension Educators, Nebraska Extension at the Fillmore Co. Fairgrounds- Geneva, NE from 9:30-3:00 p.m., Registration at 9:15 a.m.
- **March 14, 2019**** - “Connecting Gate to Plate” with Michele Payn with Cause Matters, Corp., one of North America’s leading experts in connecting farm and food at Lazy Horse Vineyard near Ohiowa, NE with registration at 6:00 p.m. Light meal and program to follow.

*** Programs are free; however registration is appreciated for a meal count. Please call the Fillmore Co. Extension Office at (402) 759-3712 one-week prior to the program to reserve your spot.*