

***FOCUS ON AGRICULTURE***  
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***American Farm Bureau Federation***

**Farming and Ranching is No 'Get Rich Quick' Scheme**  
*By John Hart*

For some time now, the investment guru Jim Rogers has been encouraging young people not to pursue careers in high finance, but to become farmers. Rogers argues that in these times, farming is a greater path to wealth and riches than investment banking.

Commodity prices are up, retail food prices are high and demand continues to grow. "The world has got a serious food problem," Rogers said in a recent interview with Time magazine. "The only real way to solve it is to draw more people back to agriculture."

Rogers is right, to a point. Net farm income is up and should break a nominal record of \$99 billion this year. Farm land values are rising and the balance sheets of most of America's farmers and ranchers are strong. But what Rogers needs to remember is that the costs of growing crops and producing livestock are also going up, primarily because of higher energy and fertilizer costs. Farming is still a high-risk occupation, far riskier than trading stocks and bonds on Wall Street.

It costs a lot of money to put a crop in the ground and nurture it to a successful harvest. And this year, many farmers and ranchers are battling historic drought. In fact, agricultural losses in Texas could be the worst that state has ever seen, possibly twice the record loss of \$4.1 billion in 2006, according to David Anderson, an economist with the Texas AgriLife Extension Service. High cotton and corn prices don't do you a lick of good if you don't have a crop to harvest.

Still, Rogers is bullish on the long-term profit potential of agriculture. He believes farm income will continue to rise over the next few decades and has greater growth potential than other industries. Demand from China is driving much of the gains while the boom in biofuels is also helping.

"If I'm right, agriculture is going to be one of the greatest industries in the next 20 years, 30 years," Rogers said on CNBC in March 2009. Today, two years later, he is still optimistic.

Another way to look at it is that agriculture could well be the growth industry of the 21<sup>st</sup> century. And that is a good thing for both America and the world. A strong and robust farm economy can help revitalize rural communities, benefiting everyone from the local car dealer to local schools. For most of this century, bad economic news has dominated the headlines. America's farmers and ranchers can help lead the economy back to prosperity.

But steps must be taken to lower production costs and reduce the risks of farming and ranching. The best way to do this is to reduce energy costs, which is why the United States must be

focused on energy independence. The United States must develop a comprehensive national energy policy, which includes opening and using new sources of petroleum along with renewable fuels.

One thing is certain: farming is no “get rich quick” scheme. Commodity prices may be up, but the costs of producing those commodities are also up. Add weather risks to the equation, and there is no guarantee that you will see a lucrative payday like those enjoyed by many Wall Street investment bankers.

True, there are great rewards in farming and ranching. But with those rewards, come many, many risks.

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