

# THE DOCTOR WILL SEE YOU NOW

THIS BUSINESS OF FARMING | BY MIKE WILSON

"SO WHAT SEEMS to be the problem?"

Here I was, face to face with a real live shrink. I had never been to a therapist's office before, but my wife told me I needed to have my head examined when I explained to her that we had 300,000 bushels of corn in the bins and no money in the bank.

"Doc, it's like this. I'm afraid to sell my grain."

Dr. Sniglfritz paused before responding. "Why? Isn't that why you farm, to grow stuff and then sell it to make animal feed and corn chips and whatever else they do with it?"

"Doc, it's not that simple. I'm pretty sure I'm getting ripped off whenever I make a sale."

"Why's that?"

"It seems like whenever I sell, the market goes up the next day. So I feel like a total loser for selling at a subpar price. I figure if I sell at \$3.75 a bushel and corn goes to \$3.80 the next day, I've lost \$15,000! So, it makes sense to me that, if the market is going up, I should just wait to see if it goes up again the next day."

"And what happens?"

"Well, sometimes it does go up again."

"Do you sell then?"

"Of course not! It might go up again the next day. Do you think I'm nuts?"

"What happens when the market goes down?"



"I couldn't possibly sell if the price is going down, either," I replied. "I don't want to sell in a down market!"

"I don't know much about farming," Doc said, "but didn't prices rally last summer due to worries over the weather?"

"Yeah, but I figured when the prices were going up, they were going to keep going up. So I waited."

"What happened next?"

"Um, prices went down and haven't gone back up since."

"Miss Johnson, hold all my calls," Doc called out to his receptionist. "This might take awhile."

## TOP DOLLAR

Gathering his thoughts, Doc asked, "How many farmers do you know who actually sell all their crop at the top of the market?"

"Well, I'm just sure my neighbor down the road is getting top dollar. He's always got a fancy new pickup he's showing off."

"As I said before, I

don't know much about farming, but I'm told that hitting the very top of the market every time is pretty much impossible. Can you still stay in business and sell your crop at a price that at least makes you a profit?"

Long pause.

"I suppose so, Doc. But I'm not sure what that number is."

"You mean you don't know how much it costs you to grow your crop?"

"Well, I heard Bob say something about how it costs him \$3.45 per bushel to break even. That sounded good to me."

"But why don't you figure out your own costs for your own farm?"

"I'm too busy farming to mess with numbers. My tax guy told me I should be using some kind of 'accrual' accounting, but it sounded like an excuse to charge me more fees."

"What's your banker say about all this?"

"Well, those guys seem to be working at cross purposes. My accountant is trying to make me feel as poor as possible to avoid taxes, and my banker wants me to look as rich as possible so he can lend me money."

Putting down his pad and pencil, Doc replied, "Aren't you worried you might go out of business?"

"I figure the banker

will tell me if I get into trouble. As long as the checks don't bounce, we're good."

Doc seemed exasperated. "As I understand it, crop prices were at record highs just a few years ago. Certainly you have money in the bank because of those good years, right?"

"Well, yes and no,"

I replied. "Uncle Sam has this nice tax deduction. When we were selling grain at \$6 a bushel, my accountant said he was worried we might actually have to pay taxes. So we got a new combine. And a new tractor, too."

For a minute I thought I saw steam coming out of Doc's ears.

"So, let me see if I have this right. When grain prices go up, you don't sell because you're sure they will go higher. You don't know what price you could sell it for to make a profit, so you don't know if you're making money. And when you do make money, you spend it on new equipment just to avoid paying taxes. Would you say that is correct?"

"Sounds bad when you say it, Doc."

"Miss Johnson, please cancel all my appointments for the rest of the week," Doc shouted. "We're going to be here a long, long time." FF

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