

Farmers vital to Montana businesses

Lewistown-area farmers and Main Street merchants who rely on their business were nervous in late spring as heavy rains turned minor creeks into raging rivers and flooded many low level fields.

"Everybody was on pins and needles waiting to see what would happen," said Charlie Pfau, whose grandfather founded Don's western, clothing and sports shop in 1947. "We sold out of rubber irrigation boots and hip waders a couple of times over. We were definitely moving gear for farmers managing water."

Business was slow in early summer, but by July as the sun dried many fields and brought good crops to some fields, Lewistown businesses saw an upsurge in sales again, he said.

Steadily good grain and cattle prices "put smiles on everybody's faces," Pfau added.

Maybe 10 to 15 percent of the fields in bottom areas or with heavy soil that retained water were flooded out or extensively damaged, Fergus County extension agent Darren Crawford estimated, but there was great variation among nearby fields and some areas had bumper crops. Overall, area grain production was slightly below normal, he

said.

In the Fort Benton area, promising early season moisture helped bring good winter wheat crops, but rains shut off in the middle of June, extending harvest for spring wheat as plant diseases struck and lowered the test weight and protein content of the grain, said Tom Allen, Chouteau County extension agent.

"Currently farmers say they're delaying fall seeding because they haven't got the needed moisture," said Ed Lehman, who has been involved with Lehman's True Value Hardware Store for 34 years.

"They're not going to spend much in town with no crop in the ground."

Good grain prices have helped, but grain quality is not as good as last year, he said, "so farmers are not making as many special purchases."

"We're selling a lot of little, nuts and bolts things to farmers, such as gear to fix their water lines," Lehman said. "But they're not

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GREAT FALLS, MONTANA

buying big-ticket items like table saws or washers and driers."

It's farmers who drive the local economies of northcentral Montana, merchants and ag officials say.

They buy seed, fuel, fertilizer and other production "inputs" between planting and harvest, sell grain to local elevators and, after good years, spend part of their earnings on farm and home improvements and occasional extras.

Although he's an ag economist by training, Montana Agriculture Department Director Ron de Yong said it's hard to pin down agriculture's impact in a mathematical formula "because it's so significant, diverse and changing."

For instance, Montana farmers increased their production of pulse crops such as dry peas and lentils enough to lead the nation this year, without decreasing the dollar value of the state's wheat production, he said.

With profit margins sometimes ranging in the 10 to 15 percent range, agriculture producers don't always reap the profit margins some businesses enjoy, a statistic some economists look at in projecting an industry's impact, de Yong said.

But the relatively low margins are caused in part by rising costs of production inputs such as fuel, fertilizer, seed and chemicals, which are purchased from area dealers, he said.

And the impact of agriculture on local economies is multiplied by how the typical farm family spends its income, he said.

"There's an immediate turnover of their dollar, and it stays local," de Yong said. "They make regular purchases at the grocery, hardware and clothing stores and for medical care and other services."

"I think our agricultural community is the foundation for the Great Falls area economy. It's what keeps our businesses alive and going," said Cal Eklund, owner of Eklund's Appliance & TV at 1007 Central Ave. W. "Year in and year out, sales to farmers are our bread and butter."

"Farmers' income stays in Montana and filters down," he said, noting farmers and ranchers "make do" during lean years, but often replace appliances, TVs, furniture or buy other durable goods when they have a good harvest or livestock year, with good prices prevailing.

2011 has been decent overall for

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producers and merchants, he said.

In fact, Eklund said, "the upswing for area farmers the last few years, with better moisture and grain prices, has been a blessing for businesses that's helped soften the impact of the recession."

Jim Taylor, whose family owns auto and truck businesses in Great Falls and Fort Benton, agreed.

"I personally don't think agriculture gets enough credit for its impact on the area economy," he said. "I think Great Falls is a big ag distribution center, a bigger Fort Benton. When ag guys do good or OK, most area businesses do good or OK."

"Our semi-arid area farmers are pretty tough guys, used to weather cycles," he said. "They're OK with one bad year, but when they've had two or three bad years with inadequate rain they start reeling in their spending."

Better rain and prices in recent years helped greatly, Taylor said. Crops were OK this year, but the lack of moisture in recent months made fall planting difficult.

Still, farmers' overall positive attitude from the last few years, plus a wholesale upgrade of the Taylor's Ford and General Motors facilities in Fort Benton that lured in customers, have led to one of the dealer's better sales years, Taylor said.

AGRICULTURE REMAINS ON TOP IN MONTANA

Agriculture handily remains Montana's largest industry, according to data compiled by the U.S. Department of Agriculture's National Agricultural Statistics Service.

In 2008, the last full year for which statistics are available, the value of farm and ranch production in Montana was \$3.7 billion. That figure includes the value of crops and livestock, plus other ag income and services, such as government subsidies, custom cutting work and timber sales on farms.

Gas and oil development ranked second, with \$2.9 billion in gross value. Travel and tourism was third, with \$2.3 billion in income from non-resident visits. Mining produced a gross value of \$1.7 billion. The wood products and paper industry had \$712 million in gross receipts in 2008.

In general, the total value of Montana crops and livestock sales — omitting other payments and services — has increased steadily, from \$1.89 billion in 2003 to \$2.56 billion in 2009 and a record \$3.25 billion in 2010. High grain prices in 2008 bumped that year's number, \$2.9 billion, close to the \$3 billion mark.

Six northcentral Montana counties were among the state's biggest ag producers, accounting for a combined \$622 million in crop and livestock value in 2008, 21 percent of the state's total.

Gross receipts were \$150.5 million in Chouteau County; \$110.6 million in Teton County; \$109.1 million in Fergus County; \$104.1 million in Hill County; \$92.6 million in Cascade County, and \$55.3 million in Judith Basin County.

By Tribune Staff

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