

Why “We” are in the Cattle Business

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There is no doubt cattle prices have been favorable for cow-calf producers the past year. Most producers have been experiencing record returns to the cattle herd due to high prices, and expectations are for prices to remain elevated the next few years. As long as production costs remain low relative to cattle prices then producers should have the opportunity to build reserve funds for the future. Building reserve funds for future years may not be a bad idea, because the cattle industry has not always been this profitable. In actuality, there have been many years it would have been more profitable for cattle producers to use their land and resources for something else. So this raises the question, “Why do folks raise cattle when there is often times a more profitable alternative given the available resources?”

The reasons cattle producers continue to raise cattle instead of utilizing resources to maximize profit are plentiful. Here is a short list reasons:

1. Cattle are self-sufficient to some degree and the amount of time and labor it takes to produce a marketable product is relatively small compared to other agricultural commodities.
2. Large quantities of land are only suitable for growing grass so what better way to utilize the grass than to let a cow graze it.
3. Cattle are a sure source of revenue when a few dollars are needed. Short on cash at Christmas, sell a calf. Need a few dollars to make the car insurance payment, sell a calf. Family wants to take a vacation, sell a calf. Tired of listening to your spouse complain about not having enough money, sell a calf and keep the money for yourself!

Many folks reading this article can relate to at least one of the above reasons for producing cattle. However, the most likely reason cattle producers continue to raise cattle instead of utilizing their resources for some other enterprise that would probably result in higher profits has yet to be mentioned. So, what makes a cattle producer’s tractor crank?

Why are we in the cattle business? The simple answer, the cattle business is a way of life and most cattle producers enjoy watching cattle grow. I am not sure there is such a thing as having too much money, but the cattle business is not always completely about making the most money. Additionally, our time on this earth is short and it is imperative each person’s time is spent doing something enjoyable and that will bring satisfaction. It is not impossible, but it can be difficult to place a value on the satisfaction one receives from doing something they enjoy. However, each cattle producer places some value on raising cattle, because they are willing to forgo a more profitable enterprise to continue producing cattle.

Some aspects of the cattle business that make it enjoyable include:

1. Cattle producers like a challenge. The cattle business is constantly changing which results in new challenges throughout a year and across years. Life without change may become a little dull.
2. Cattle producers have a servant’s heart. Cattle producers are natural caretakers and animal welfare is vital to their success. They enjoy helping others and they enjoy taking care of their animals which can result in an extremely gratifying feeling.
3. Cattle producers are independent. Cattle producers’ reliance on government programs is relatively small. Additionally, cattle producers, for the most part, are free to produce cattle as they see fit and market cattle on their own terms.

Thus, most articles about the cattle business are written to help improve production techniques, reduce costs, increase efficiency, or increase profits. Each piece of subject matter contains value and can probably improve the satisfaction a producer receives from raising cattle. Anytime the dollar value of an operation can be increased and simultaneously producers continue engaging in an activity they enjoy then satisfaction and enjoyment should increase.

As an economist it is imperative for me to remember a person's decisions are not solely based on profitability. Each person's total value is dependent on profitability and satisfaction from activities. This is one reason our neighbor may not operate the same way we do. Our neighbors' value may be maximized by hand feeding cattle every day so they can pet their cows while we value being able to get close enough to shut the trailer gate before they are hauled to market. And that folks is why cattle producers persist.