

**N.C. Farming and Food:
A Look Back and Ahead with Mike Walden**
EP 22: Farms, Food and You Podcast

[Music]

Dee Shore (00:06):

North Carolina State University's Mike Walden has kept his eye on North Carolina agriculture and the economy as a whole, letting people know about economic changes and what they mean for farmers and consumers. I'm Dee Shore of NC State's College of Agriculture and Life Sciences, and in this episode of Farms, Food and You, my university colleague shares his observations on food and farming in North Carolina over the past four decades and trends that might influence those sectors in the future.

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Dee Shore (00:48):

Mike Walden is undoubtedly North Carolina's most well-known economist. This week he retires after a distinguished 43-year career as a professor and Extension specialist at NC State. Over the years, he's seen major shifts in agriculture in North Carolina, and he predicts more changes ahead.

Mike Walden (01:12):

When I came here in 1978, tobacco was king, along with, if you look at the broader economy, tobacco, textiles and furniture were the dominant industries in the state. They're still with us now, but they're different. They're smaller, particularly tobacco. Tobacco has changed, and people's preferences have changed about smoking. If you look at the numbers on tobacco production and cigarette production, they're well down from 43 years ago. If you were told, say, in 1978 or '80 that tobacco is going to downsize, what's that going to do to North Carolina agriculture? Many people would say, "Gosh, that's a death knell to North Carolina's agriculture. Since tobacco is the leading cash crop, it's got to suffer."

And amazingly, and I don't think this is a story that's told enough, amazingly, North Carolina farmers adapted, and we have seen a big shift in North Carolina farming from being a crops-producing agriculture to being a meats-producing agriculture. Now our leading farm output is the things like poultry and swine and turkeys, eggs, et cetera. That, I think, is an amazing story, and I think it says a lot about our farm communities. It says a lot about our farmers that they didn't take the contraction of tobacco and just pack up and go home and say, "We're not going to be in farming anymore." They looked for other things to do. And now, again we are a dominant meat-producing agriculture, and that's, of course, spawned other downstream industries like meat processing. But the face of North Carolina agriculture has totally changed.

Dee Shore (02:48):

Walden has also seen changes in the size of North Carolina farms.

Mike Walden (02:53):

We have moved from smaller family farms to larger what's called corporate farms. That's not unique to North Carolina. That's been happening all over the country, and there are some concerns with that. But at the same time, I think in recent years, we've had some increase in family farms around maybe what I'll call niche farming, and where we are in Wake County is a good place to see that.

Dee Shore (03:16):

As an example, Walden cites a friend with a technology background who now operates microfarms that produce vegetables sold directly to restaurants.

Mike Walden (03:28):

We've seen, I think, a revival of the small niche farmers, especially around urban areas. And I think that coincides with concerns about health and also the fact that people, as they move up the income ladder, maybe they focus on different aspects of food, like freshness. They want to know, "Yes, this lettuce that I'm eating, was that picked this morning?"

Dee Shore (03:50):

Another challenge that has emerged during Walden's career is globalization. It's had a big influence on the economics of farming.

Mike Walden (04:00):

Farming by nature is an international industry. So farmers in North Carolina, the big farms, I'm saying, if you're growing grain, you're not just competing with other farmers in North Carolina or other farmers in the Southeast. You're competing virtually with farmers all around the world. So that's an aspect of farming that's probably intensified in the last four decades, which makes it, I think, more important.

Dee Shore (04:21):

Globalization hits home for Walden because it has affected what he and his colleagues at NC State teach.

Mike Walden (04:29):

We see that in some of the programs my department works on, particularly the two-year Ag Institute program, where we can teach future farmers about the economics of this, the fact that they need to watch international supply. What happens if there's bad weather in the Ukraine? Ukraine being a big grain producer, what will that do to grain prices internationally? Can you take advantage of that? How can you manage your risks in farming through various kinds of financial techniques? Another aspect that I've seen over the last four decades is farmers have to be a little more sophisticated about financial matters, not just the biology of growing food and the cultivation and that kind of thing, but they have to also know the economics of the food market.

Dee Shore (05:13):

When Walden looks ahead, he sees globalization continuing to be a factor in North Carolina agriculture.

Mike Walden (05:20):

Competition is going to continue as we become a more globalized economy and as it's easier to move products and services around the world. Again, our farmers are competing with farmers all over the world, and that's going to continue. Even with a little bit of pushback on globalization with COVID, I think globalization is here to stay.

Dee Shore (05:42):

Another important factor is and will continue to be environmental protection.

Mike Walden (05:47):

I think that's a big challenge. By its nature, farming often produces some residuals that could potentially have adverse environmental consequences. Waste from animals is a good example, and we've had an issue with that in North Carolina. We had some issues during past hurricanes where containment ponds were broken and waste seeped into the groundwater system. So a continuing issue is how we can motivate farmers or give farmers an incentive to manage that waste in an environmentally friendly way, yet, on the other hand, still allows them to make a profit.

Dee Shore (06:24):

A third factor that Walden mentions is urbanization. North Carolina's population is about 10 million now, and it's projected to grow to over 13 million by 2050. Growth in residential areas and the commercial areas that serve them could drive up land prices to the point that farmers decide to sell their land.

Mike Walden (06:50):

And if the farmers sell, what's that going to do the availability of high-quality land to be used for farming? So I think that's another long-run issue that our farmers, as well as our public decisionmakers, will be facing in coming decades.

Dee Shore (07:03):

Another challenge that Walden mentioned is the possible increase in the production of alternative protein sources.

Mike Walden (07:11):

That could be a big challenge for North Carolina's farming, since we do earn most of our farm dollars from the meat sector. If real meat goes by the wayside and we're talking about artificial meat or plant-based meat, that could cause a big shift. Now, presumably, North Carolina could participate in that, and that might very well cause a shift from meat to crops farming.

Dee Shore (07:33):

In addition to his knowledge of agricultural economics, Walden is in tune with changes in food consumption. He says that it's changing across the nation.

Mike Walden (07:45):

When we're talking about food at the consumer level, the big change that we've seen nationwide is where people consume their food. And it used to be, again, 1978, when I came here, people consumed most of their food at home; that is, they prepared meals at home. Now it's flipped. Now the majority of food consumption – now this was pre-COVID. Things have changed since COVID – but I have no doubt that it'll switch back. But pre-COVID, people were consuming the majority of their food out away from home, restaurants, et cetera.

So that's been a big change. I think it's all tied in the chain to the dynamics of the household, the rise of dual earners in a household. So time is much more constrained, and people come home from work and they say, "Let's go out and eat," or increasingly now, order it and have it delivered. That's going to be a change, I think, that we've seen during COVID and probably will continue after COVID, where you're still buying the prepared food and have it delivered to you.

So that's been one of the big differences. I think another shift has been greater focus on nutritional aspects of food, health aspects of food. I think that's going to be a big area of continuing concern as we move forward with an aging population and more concern on keeping health-care costs as low as we can, because if people are healthy, they won't use the health-care system as much.

Dee Shore (09:12):

The change over time in food prices has been another factor affecting both consumers and farmers.

Mike Walden (09:20):

A long-term trend that's actually helped our standard of living, but on the other hand makes farming very challenging, is food prices. Especially when you compare food prices to other prices, food prices in what economists call real terms, meaning that we're adjusting for average inflation, have gone down continually in the last four or five, six decades.

Dee Shore (09:44):

When it comes to long-run food trends, Walden points back to the nutritional and environmental concerns he mentioned earlier, and he notes challenges with people being able to afford healthy food.

Mike Walden (09:57):

Obviously, there are people in our state who are challenged in terms of the resources to be able to afford a healthy diet of food. So we'll have a continuing challenge there in terms of providing the funding through things like the food stamp program, as well as programs that are run out of schools, et cetera, to make sure that individuals, especially young individuals, are adequately nourished.

Dee Shore (10:20):

In final thoughts on what he's seen and sees ahead, Walden stresses three things: the importance of teaching North Carolina's young people about food and agriculture, the enormous economic pressures that farmers face, and the need for continued technological innovation.

Mike Walden (10:40):

My wife, Mary, taught in public schools for 32 years. When she taught in the classroom, first grade through fifth grade, one of the things she used to do, she took her class to farms so that kids understood where does their food come from? A lot of kids don't learn that. They just, "Where's food come from? Well, it comes from the supermarket. You go in the supermarket and get it." So I think it's always useful for people, especially when they're in school, when they're ready to learn or they're interested in learning, to understand our economic system and, in this case, to understand that farmers are the ones who produce the food that you're eating – supermarkets may sell it, but the farmers produce it – and to understand a little bit about some of the issues those farmers face.

Farming, especially for small farms, family farms, has always been a challenging economic enterprise, because food products can be interchangeable. The bread you're eating, the wheat could have come from a foreign country and not necessarily from North Carolina, or it could come from a state outside of North Carolina. Food products, farm products, can be interchanged, which means that any individual farmer really can't control the market, as opposed to if there's some tech device that you like, and I won't any brand names, but if there's a particular smartphone you like from a particular manufacturer and you only want that kind of phone, then that manufacturer is really in the driver's seat, because they can probably jack up the price, since people only want that kind. It's not the same with farming.

So that's always going to be a challenge for the smaller farmer. The corporate farms, the bigger farms, can manage that a little better, but the smaller farmer always has a challenge there of turning a profit. And of course, farmers are always subject to the whims of the weather – too hot, too cold, too wet, too dry, et cetera. That's an ongoing challenge for farmers. My friends in the production departments on campus, they have long been trying to develop ways for our North Carolina farmers to deal with that. We now have drought-resistant crops. We have technology. For example, modern farmers, if they irrigate, they just don't go out there and irrigate the entire field. They have technology that tells them what parts of the field are dry. How much irrigation did they need? And so it's become much more specific. So that's an ongoing challenge for people at the university, to develop new technology, new ways of farming that can help those farmers manage their costs.

Dee Shore (13:05):

Though Walden retires this week at age 70 from his post in NC State's Department of Agricultural and Resource Economics, he's not leaving his economic pursuits. He'll continue to write the You Decide column that he's been distributing to North Carolina news media for decades. He's also writing a book on the changes he predicts in family life in the post-pandemic economy. I'd like to wish him all the best in these and other pursuits and thank him for his decades of service on behalf of NC State, NC State Extension, and North Carolina's people.

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Dee Shore (13:49):

Thanks for listening today, and we hope you'll join us again for the next episode of Farms, Food, and You. To learn more about the College of Agriculture and Life Sciences and our podcast, visit go.ncsu.edu/farms. While you're there, share your thoughts. We'd love to get your ideas and to hear what topics you'd like for us to explore in the future.

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About Our Guest

Mike Walden is a William Neal Reynolds Distinguished Professor and Extension specialist with NC State University's Department of Agricultural and Resource Economics. He teaches and writes on personal finance, economic outlook and public policy. An award-winning economist known for his accessible explanations of complex economic concepts, he's given some 2,500 presentations, produced thousands of episodes of a daily radio show and written 11 books – including four suspense novels as well as nonfiction works on North Carolina's economy.