



As Minnesota's farm population ages, new farm bill seeks to lure young farmers



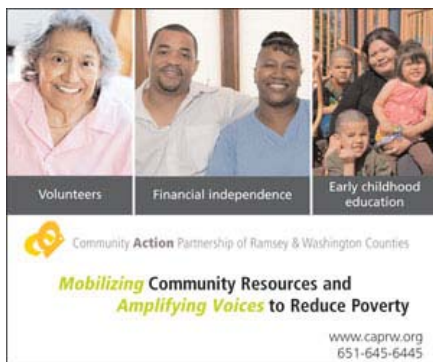
Courtesy of Matt WolleFarmer Matt Wolle: "If farmers don't make money, no one is going to work that hard."

By Lauren Knobbe | Thursday, July 15, 2010

WASHINGTON — Looking out at over 800 acres of wheat and soybeans in south central Minnesota, Matt Wolle sees a "graying industry" that's failing to draw in young, new farmers.

The average age of farmers is 53 in Minnesota, according to the state Department of Agriculture, and farmers like Wolle worry it's getting more difficult for young farmers to enter the industry.

An aging agricultural industry is one of many issues that will be addressed in the next farm bill in Congress. Though many of the changes in the 2008 farm bill are only just getting implemented, lawmakers have already begun looking ahead to 2012 with a series of hearings across the nation.



"This dialogue with farmers, ranchers and others who use farm bill programs is an important part of our effort to be sure that we write a useful and responsive bill," House Agriculture Chairman Collin Peterson said following a [May hearing in Troy, Ala.](#)

On the table: Scrapping or overhauling the expansive farm subsidy system in favor of crop insurance, incentives for edible produce over

commodity crops, a focus on organics, conservation and getting more new blood like Wolle to put down roots in America's farm country.

"For Minnesotans, the next farm bill should have a sufficient safety net so our farmers can continue to produce a safe, secure and reliable food supply for the United States and the world," Peterson said. "We also need to be sure the farm bill continues to encourage participation in conservation programs, provide support for specialty crop and organic production and encourage growth in local food systems."



REUTERS/Mike TheilerRep. Collin Peterson

Peterson hopes to shepherd through legislation that will minimize direct checks to farmers from the federal treasury and replace them with crop insurance programs.

"What I'm interested in is having a safety net for agriculture that works," said Peterson at a meeting with wheat organization boards in January. "We should provide the underpinning to let you do what you do best — and that is produce."

For crop-insurance proponents, it provides the best of both worlds: an elimination of government hand outs to farmers and a way for beginning farmers to get financing and enter the industry.

"Many young farmers with less collateral would be unable to obtain financing without crop insurance," said Bob Skow, a crop-insurance agent who testified at an April House Agriculture hearing in Iowa. "Protection provided by the program gives a lender much more confidence in extending credit."

Pros and cons of subsidy system

At its best, the current subsidies program provides income to beginning farmers who have no track record of earnings so they can secure financing. Additionally, supporters argue that subsidies protect farmers during a failed harvest.

As Wolle put it, there is a lot of unknown when you literally rely on the "sun and the rain" in a world where the weatherman is right only 50 percent of the time.

"People grapple with [the question], 'Why do we have federal farm programs?'" said Wolle, 32, who lives in Madelia, Minn. "People who are one or two generations separated from farming don't understand. If farmers don't make money, no one is going to work that hard."

As the system is structured now, the USDA acts as a last resort for funding after farmers have already been turned down for a loan.

"It's a very reactive process now," Wolle said. "I would like to see it be more of a pro-active process."

At its worst, however, critics say the subsidies system essentially forks

over money to farmers who may not need it.

"Direct payments go to farmers regardless of how much they farm or even if they farm at all," said Sallie James, policy analyst at the libertarian Cato Institute in Washington.

"It's obvious that our food and farm system is broken," agreed Don Carr, senior communications and policy adviser at the Environmental Working Group.

Critics argue that subsidies are wasteful and too big of a federal expenditure with nearly \$30 billion spent on average annually and nearly \$5 billion going to the corn industry alone in 2005.

"The first inequity is we only subsidize five crops" and they get 90 percent of subsidies, Carr said. "They need to find a way to stop lavishing the farm industry with billions of taxpayer dollars."

Crop insurance

The theory behind crop insurance is simple: Instead of subsidizing farmers based on their acreage, farmers would be insured based on their projected production.

Ranking fifth among states for annual farming income and having received over \$14 billion in federal subsidies over the past 15 years, a lot is on the line for Minnesota farmers.

"Maybe it's time we're going to have different programs for different crops. We've got to think outside the box. Are we spending our money the best way? That's why I'm starting these hearings so early," Peterson said at a hearing in Macon, Ga.



REUTERS/Yuri GripasRep. Tim Walz

"There's a real desire to rework some of the payment structures away from direct payments towards crop insurance and risk management programs," agreed Rep. Tim Walz, an Agriculture Committee member who recently attended a hearing with Peterson in Sioux Falls, S.D.

About 70 percent of payments nationwide go to about the top 10 percent percent of producers of commodity crops like corn, soybeans, wheat, cotton and rice, according to the Environmental Working Group.

Wolle said that in an ideal world farming would include both subsidies and crop insurance, but if you can only have one, crop insurance is all around the most beneficial for the most farmers.

"You want and need both just because of the way agricultural products are marketed," Wolle said. "There's a reason subsidies exist because some agricultural products are sold for less than their cost of production."

Politics of policy

It's a double-edged sword. On the one hand, a multi-year authorization bill requires years of planning, and the best are done with the sort of vast outreach that is beginning now.

In addition to House hearings across the country, the Senate Agriculture Committee, on which Amy Klobuchar serves, held its first hearing last week.

But the problem with jumping back into the ring this early is that continuing implementation of the 2008 bill makes it difficult to gauge how well those programs are working.

"It's too soon to tell what we would change from the 2008 farm bill for 2012 because we haven't been utilizing the 2008 farm bill for that long," Wolle said. "It takes time to define the rules and establish how the exact programs will be and many of the programs last longer than a calendar year."

Peterson has already made it clear that he will not ask for budgetary increases for this next round of legislation.

"The fiscal situation facing this country is serious and we are going to have to live within the budget we currently have when we write the next bill," Peterson said. "I will not ask for money outside of the farm bill budget. In Minnesota, we live within our means and pay our bills on time. Congress should do the same."



REUTERS/Jonathan Ernst Sen. Blanche Lincoln

And while Peterson, Walz, Klobuchar et.al. are knee deep in policy, politics will play a large role in the shaping of the bill.

Peterson's Senate counterpart, Blanche Lincoln, is in the fight of her political life to save herself in Arkansas. Most polls have her [down to Republican Rep. John Boozman](#) with less than four months until Election Day.

And what if Republicans capture the House or Senate this fall? Then both committee chairmanships — and the direction of agricultural policy — would flip party control.

All of that is to say that much remains up in the air. But with hearings already underway, the eventual shape of the 2012 farm bill is beginning to take form.

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