



## ..... STRAIGHT FROM THE HORSES MOUTH

**Duane A. Lienemann, Nebraska Extension Educator, Webster County**

**February 17, 2017 Edition**

There has been a lot of talk lately about the Farm Bill, and with that talk is the worry about the next Farm Bill. Most everyone that knows me will find that this has been an interest of mine over the years. I have tried to keep up with legislation and the dynamics of each Farm Bill over the years. I, like many others, found this last Farm Bill confusing, difficult and quite frankly dubious on its help to farmers in the down turn we have seen in commodity prices. It may interest you that the House Committee on Agriculture held its first full Committee hearing of the 115th Congress on February 15. I read with interest the openings by Committee of Agriculture Chairman, K. Michael Conaway, entitled “Rural Economic Outlook: Setting the Stage for the Next Farm Bill”. I will highlight what he says in this column some of the things that I picked up from his talk.

This coming couple of years could have far reaching effect on agriculture and particular our farmers. One thing that piqued my interest was that Conaway indicated that Congressman Frank Lucas, General Farm Commodities and Risk Management Subcommittee Chair, will kick off a series of subcommittee hearings on February 28. Folks that is just around the corner and we better pay attention to what attention our Congressmen give to the problems we are currently facing. What is significant about that is that this is also the first Farm Bill hearing as the House begins to develop the next Farm Bill. And I don't think people will disagree that it is timely! We need help if our farmers are going to stay in business!

It is not a secret that America's farmers and ranchers are facing very difficult times right now. We in Nebraska certainly are aware of that and fortunately this is something that the Federal Reserve, the Agricultural & Food and Policy Center, the Food and Agricultural Policy Research Institute, USDA, and even The Wall Street Journal agree on. The most obvious and telling statement is that our farmers and ranchers have endured a 45 percent drop in net farm income over the last three years, the largest three-year drop since the start of the Great Depression. In fact the most recent ERS report now tells us that net farm income will be down again in 2017. Overall, ERS is forecasting a 50 percent drop in net farm income since 2013. It's hard for any of us to imagine our income being sliced in half, but it certainly has that look and that feel.

We are being told that 1 in 10 farms are now highly or extremely leveraged. Nominal debt levels are at all-time highs and real debt levels are approaching where they were prior to the 1980s farm financial crisis. I was teaching agriculture education in the 1980's and it certainly was not a good time for agriculture and the only real difference I see is that we don't have the double digit inflation and high interest rates for either savings or loans. Yes, interest rates are lower and that certainly is a mitigating factor that differentiates our situation from the 80s. But, as a recent Wall Street Journal article stated: “There is real potential here for a crisis in rural America.”, and that includes us right here in South Central Nebraska.

You can say what you want about politics and the obstruction that is now happening, but we need to take stock that this is and will have a huge effect on our farmers and ranchers. We have yet to have Sunny Perdue to be confirmed as the Secretary of Agriculture along with the people who he will put in place to help negotiate the agriculture waters. Even as our legislators will get to work on developing a new Farm Bill, the Secretary of Agriculture may well be called upon to help struggling farmers and ranchers. Let's all pray that a good crop and better prices this year will make that unnecessary. But I think most every farmer I have talked to are not the eternal optimists that I have known them to be in the past. Count me in on that too. It is hard to see any real bright future with the uncertainty in the political arena and especially with trades with other countries. I am hoping that we will see a big thrust into the potentially dramatic changes in exports with the reworking of NAFTA and the TPP. This is where we need to contact our Federal Law Makers and any advisory groups that can have a bearing on these decisions. We have come to learn that we produce locally but market globally and our prices reflect that. We must act.

As the House and Senate begin consideration of the next Farm Bill, current conditions in farm and ranch country must be front and center. But there are other important considerations as well. Chairman Lucas' strong admonition during the last Farm Bill debate that a safety net is supposed to be there to help farmers in bad times, not in good times, is one that Congress might better take to heart this time around. Every hole in the current safety net that now requires mending is the result of them not fully heeding that wisdom. Had they followed his counsel more closely, I doubt that there would be anywhere near the current urgency in writing a new Farm Bill. That wisdom isn't just from a guy who's been around the block a few times in writing Farm Bills. It's from a guy who actually farms and ranches, and that is a good thing! This time listen!!

Another context that will likely be taken into account when writing the next Farm Bill is deficit reduction. I think Congress would be hard pressed to admit it, but the critics of the Farm Bill were absolutely right. They didn't save taxpayers \$23 billion as advertised, they saved them \$100 billion. They saved more than four times what they had promised under the last Farm Bill and achieved these savings despite a very severe and sharp downturn in the farm economy. All on the backs of our famers! Because they fashioned the last Farm Bill, when times were good, to cut twice before measuring once, in the upcoming Farm Bill debate, they will need to measure our requirements first and then determine what kind of a budget they will need to meet these needs. President Trump has stated that our farmers and ranchers deserve a good Farm Bill and one that is passed on time. This will require resources, bipartisanship, and unity in farm country. I just hope they can find that!!

The preceding information comes from the research and personal observations of the writer, which may or may not reflect the views of UNL or Nebraska Extension. For more further information on these or other topics contact D. A. Lienemann, Nebraska Extension Educator for Webster County in Red Cloud, (402) 746-3417 or email: [dlienemann2@unl.edu](mailto:dlienemann2@unl.edu) or on the web at: <http://extension.unl.edu/statewide/webster>