



Effects of Farm Successions on Rural Communities

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Some observations

- Age distribution of farming is probably not much different on farms than what exists on main street in many Iowa small communities.
- We have evolved from a nation of self-employed to one of employees. The question of succession is broader than farming, it needs to be raised in terms of other forms of small businesses...grocery stores, farm supply, banking, service stations, equipment dealers, furniture stores, etc.



Business Succession

- Raises questions about what can or should be done to create opportunities for the next generation
- Highly mobile, energetic, well-educated young people will migrate to areas to where there are better opportunities.
- Hence, it is critical that we think in terms of creating opportunities for future Iowans.



How many beginning farmers?

Under 25	1,468	1.6
25-34	7,554	8.3
35-44	20,841	23.0
45-54	21,513	23.7
55-64	19,200	21.1
65+	20,216	22.3
	90,792	100

1997 Census of Agriculture



Landownership

Percent of Farmland

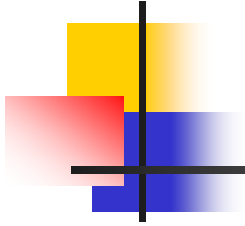
Under 25	.01
25-34	5.8
35-44	23.6
45-54	26.7
55-64	24.7
65+	18.2

1997 Census of Agriculture



Learning about the Marketplace

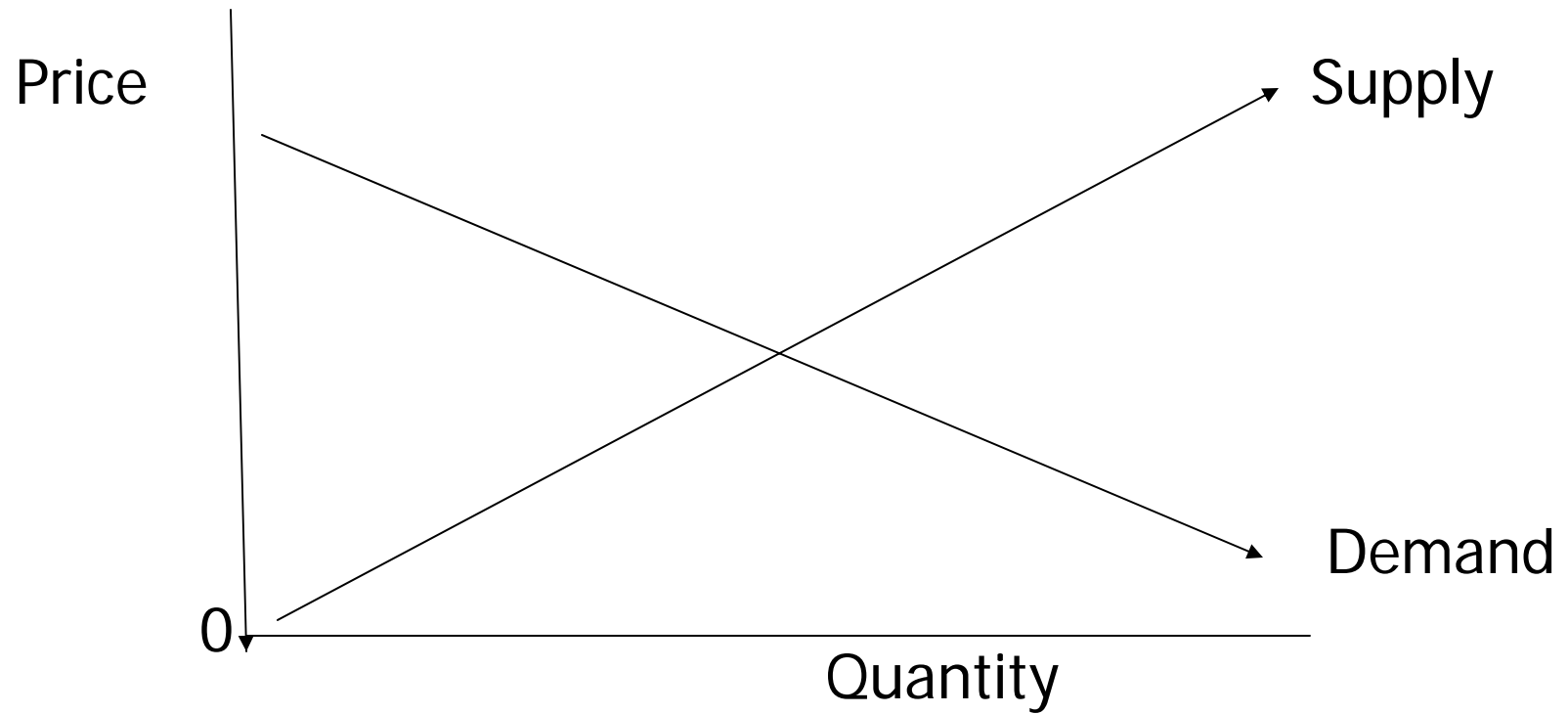
- What is the market telling us about the demand for the following?
 - Hula hoops
 - Kerosene lanterns
 - Slide rules
 - Black and white television sets
 - 8-track tape players

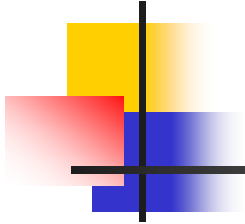


- #2 yellow corn
- Organic vegetables
- Cars without air conditioners
- Outdoor experiences
- Free range meat animals
- Fur coats



The Forces of Supply and Demand





"Entry into farming is a process not event."



Why young people choose farm?

- What values shape this career decision?
 - Freedom and independence
 - Be own boss
 - Family—good place to raise children
 - Being able to work outdoors
 - Living in the country
 - Family tradition
 - Enjoy working with nature



The social values vs economic reality

- Decision to farm must reflect both the social values of wanting to farm with the economic realities of the marketplace.
- “Good place to live, if you don’t have to make your living from it.”



Farm Plans in Next 5 years

1999 Farm Poll (n=2583)

- 15% quit farming
- 13% take son or other family member into farming operation
- 12% quit raising cattle
- 21% quit raising hogs



Community Attachment

- 81% agreed this community is a good place to raise children
- 48% the future of this community is bright
- 42% this community has more things going for it than other communities
- 59% I can't think of another community where I'd rather live



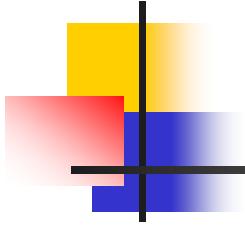
Stress Levels 1999 Farm Poll

- 57% reported stress had increased in past 5 years
- 44% on day-to-day basis, stress has increased
- 81% reported that stress among farmers in their community has increased
- 53% stress within their families had increased



What are Farmers Predicting for the Next 10 years (1999-09)?

- 99% likely that farm number will continue to decline
- 95% low farm prices will put many out of business
- 96% more reliance on off-farm income
- 82% cost of living will prevent many from retiring at age 65

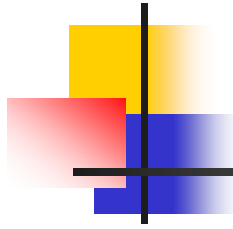


- 18 % Contracting in farming will provide farmers with better incomes
- 5% more young people will enter farming



Directions in Economic Development (2001 Farm Poll)

- 67% tax incentives for employers who hire Iowa graduates
- 69% emphasize production agriculture and related industries
- 76% raising wages is needed to attract and retain people
- 67% emphasize main street development



Threats to Rural Iowa

Loss of family farmers	76% (severe)
Loss of small businesses	64
Illegal drugs	57
Decline in work ethic	54
Changes in family	51



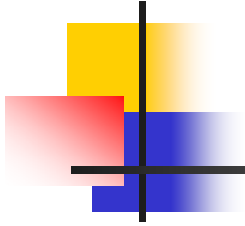
What is farming?

- Farming is not about driving a tractor
- Farming is increasingly about:
 - Reading the market
 - Financial management
 - Marketing
 - Producing for a market segment
 - Negotiation of contracts



What do farmers enjoy?

- Crop and field work
- Working with livestock
- Purchasing equipment
- Marketing
- Exploring new idea
- Record keeping/paperwork



“It is hard to make a living
doing what others will do for
free.”



Don't discount part-time farming

- Of the 90,792 farms reporting in 1997
 - 56,256 (62%) reported farming was their principal occupation
 - 40,767 (45%) were full-time farmers (no off-farm employment)
 - 45,408 (50%) reported some off-farm work
 - 28,673 (31%) reported working off the farm 200+ days



Why we need farmers

- Support of local economies and communities
- Natural resource protection
- Food security
- Agriculture is source of food, fuel, fiber, feed and industrial components



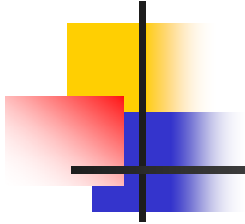
Why should society be concerned about the structure of local business?

- Population retention and quality of life reflects opportunities
- The life blood of many of Iowa's 839 rural communities depends upon farming and rural population
- The viability of social institutions depends upon opportunity structure



What are the implications of unabated consolidation in business and industry?

- Quality of products or service
- Changes in the occupational structure
- Attachment to place
- Environmental consequences of consolidation
- Vulnerabilities of consolidation
- Changes in opportunity structure



- Changed stratification system—access and ownership of land is one of the key factors in understanding rural stratification system throughout the world.
- What can be done to prevent the formation of a two-class system—landowners vs hired labor (tenants)



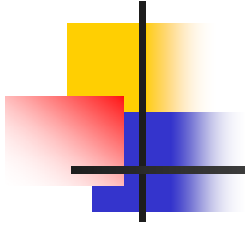
Competing visions of rural

- Family farm vision
 - Large number of small to mid-sized units, none with sufficient volume to influence the market
 - Resulting in dispersed production
 - Dispersed ownership of land
 - Rural culture of small towns, farmers, and economic democracy

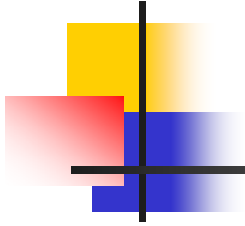


An alternative vision

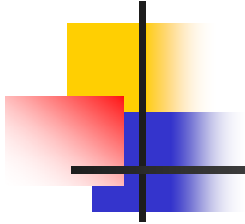
- Large-scale production
 - Plantation system in the Southern States producing export sensitive crops, eg cotton, tobacco, rice
 - Hacienda system—a descendent of Mexican land grants throughout much of the Southwest, including much of California
- Land extensive agriculture--



- Family farm system was created through a series of land policies from the First Land Ordinance of 1785 (orderly measurement of land) through the Homestead Act of 1862.
- Land was used to first entice immigrants to this country, service in the military, incentives for building the nation's infrastructure, railroads, and Land-Grant Universities



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- In more recent times, the competition has heightened between farming as a way of life to farming as a business.
 - Farming a business—"market orientation"—let the market decide—few or no restraints on farm size



- Now we have a very mixed structure—dual agriculture—composed of a few, large-scale farms (industrial, vertically-integrated) along side of large number of small farms.
- Left to market forces, without public intervention, either to assist new beginning farmers, or to regulate size and scale of existing farms, what type of structure will emerge?



The Future Debate

- Public good vs. individual benefit
- What are the “public goods” of beginning farmer?
- Social planning vs marketplace
 - Values, beliefs, about the nature of the economy and importance of rural social structure.



THANK YOU
