

One Less Thing to Worry About

By John Hart

John Halick, a wise man who worked as a cereal chemist for Uncle Ben's Rice for a number of years, was instrumental in the formation of USDA's rice quality laboratory in Beaumont, Texas, in the 1950s. Dr. Halick is quoted as saying: "Man has many problems, but a hungry man just has one."

With those profound and powerful words, Dr. Halick, who devoted his career to improving the quality of rice varieties produced in the United States, crystallized the important role agriculture plays in feeding a hungry world. Today's headlines are filled with a constant stream of bad news and the president is telling us that we are in the most perilous economic times since the Great Depression. It is hard not to be discouraged. Indeed, man has many problems.

But thanks to the productivity of America's farmers and ranchers, most Americans don't have to worry where their next meal comes from. American agriculture is profoundly successful in feeding the hungry of our country and the world. But these are perilous times for hard-working farm and ranch families.

For a number of years, federal farm programs have helped many farmers manage risk in a very difficult, capital-intensive business. President Barack Obama's 2010 budget proposal would over three years phase out direct payments to producers with sales exceeding \$500,000. Before a joint session of Congress and a national television audience Feb. 24, President Obama pledged to end "direct payments to large agribusinesses that don't need them" as one means to trim \$2 trillion in spending over 10 years.

For hard working Americans, \$500,000 certainly sounds like a large sum of money, and these \$500,000-per-year-in-sales farms certainly sound as though they would be large operations, but what is critical to remember is that this is gross income. When a farmer factors in the cost of land, equipment, labor, fertilizer and supplies, the net income or take-home pay is a very small fraction of the sales figure.

Moreover, a single farm with more than \$500,000 in sales could be supporting multiple generations of a farm family, such as parents, their adult children and adult grandchildren. In today's environment of rising costs and falling commodity prices, the critical support of direct payments is a vital part of the farm safety net since most other farm program payments don't kick in until prices fall below the break even point.

Eliminating direct payments for any farm with sales more than \$500,000 puts 75 percent of U.S. food production at greater risk of financial instability. These operations represent a minority of farms in the United States, but they produce the vast majority of our nation's safe, abundant and affordable food supply. And the vast majority of these targeted farms are family-owned and operated, not what we typically think of as being "agribusinesses."

According to the most recent data from the Agriculture Department, more than 12 percent of farmers who are part of a farm operation with greater than \$500,000 in gross sales still have negative household income. Agriculture input costs have increased 40 percent in the past five years, making means testing based on sales even less relevant than a means test based on farm profitability.

Finally, USDA has noted that farm income is expected to drop 20 percent this year, and the prices farmers receive for their goods have dropped significantly. Farm families are sharing the economic pain felt by other Americans, so now is not the time to cut the economic safety net offered by farm programs.

Dr. Halick's dictum that "man has many problems, but a hungry man has just one" rings true in these difficult economic times. The farm safety net helps secure America's food supply, which is all the more vital in hard times. Now is not the time to breach a program that helps farmers feed a hungry planet. Thanks to America's farmers, food availability is one less problem to worry about in this time of uncertainty.