

Vilsack's Mission: Transform Rural America

But some worry that the Agriculture secretary's focus slights the hand that feeds us

BY ELLYN FERGUSON

FOR DECADES, when agriculture secretaries talked about rural economic development, they really meant crop subsidies, farm loans and other policies to aid large-scale farming. What was good for agriculture was good for rural America.

Nowadays, when Agriculture Secretary Tom Vilsack and his team discuss rural development, they mean developing broadband, small-town businesses, renewable-energy industries and retail markets for smaller farmers. All are part of Vilsack's drive to create broad, healthy rural economies.

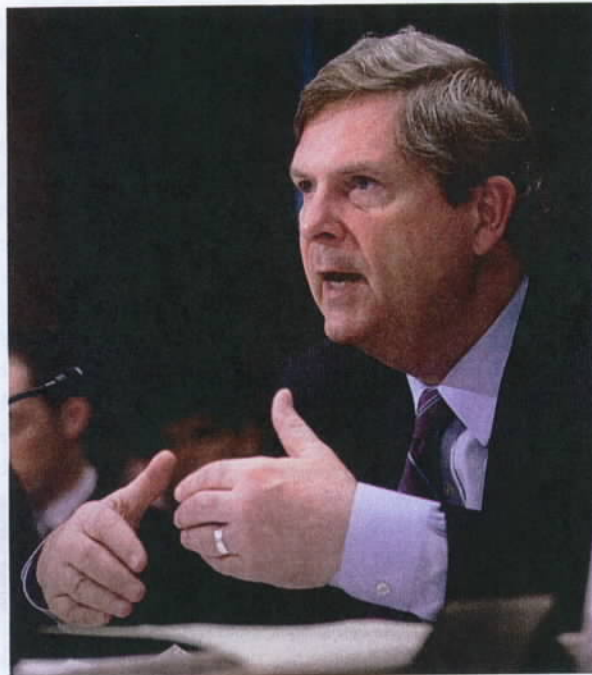
Now, what's good for rural America is good for agriculture.

To those in the ag business, this shift of emphasis is disturbing. As Congress begins the monthslong process of setting priorities for the 2012 farm bill, they wonder if it's a sign of trouble ahead for large-scale agriculture.

Many in the industry already feel under siege by critics who use emotionally charged labels such as "Big Ag," the "agricultural-industrial complex" and "factory farms." Persistent opponents in and out of Congress continue to attack subsidies and other programs that farmers consider part of their financial safety net.

"Movies, magazine articles, undercover videos, all have sown seeds of doubt," American Farm Bureau President Bob Stallman told the organization's annual conference earlier this year. "Some members of our society question the values behind our tools and processes."

Vilsack says: "Sixty million people call rural America home; 2.2 million of them are farmers. What are you going to do about the other 58 million?"



RURAL DEVELOPMENT: Agriculture Secretary Tom Vilsack's push for broader rural economic development worries some supporters of traditional production farming.

He spoke in a telephone interview from North Carolina, where he was announcing loans and grants for alternative-energy and broadband projects.

"It's not a circumstance where we're ignoring production agriculture, but we also recognize a substantial percentage of those engaged in production agriculture need off-farm income in order for their operations to survive," he added. "We don't have the luxury previous secretaries may have had of focusing on just production agriculture."

Some farm-state lawmakers and their constituents wonder how staunch an ally they really have in Vilsack, a two-term governor of corn- and pork-producing Iowa, and how much the administration is behind them.

In the past, Vilsack was nicknamed the Man from Monsanto for his ties to the biotech industry and its genetic engineering; now his deputy at the USDA is Kathleen A. Merrigan, a strong supporter of small and organic farming.

Farm groups also worry that a White House that dotes on the first lady's organically grown garden is starting to favor niche farming over production agriculture. And they question Vilsack's vision for transforming rural America and whether it's a prelude to diverting resources from programs that promote large-scale, conventional farming.

"It caught some of our attention at least that the secretary had virtually nothing to say about commodity programs," House Agriculture Committee member Jerry Moran, a Kansas Republican, said of Vilsack's testimony earlier in the year about the 2012 farm bill. "What I worry about is there is now a suggestion that we don't have to worry so much about the financial success of production agriculture because there is something else, that lifestyle farming is going to take its place. It is going to repopulate rural America."

Lifestyle farmers, Moran explained, work day jobs somewhere else and return home to dabble in agriculture.

PREPARING THE GROUND

Moran's comments represent an early skirmish in a clash over competing visions of the Agriculture Department's role and the purpose of government spending on rural America.

House and Senate Agriculture committee members are warning of a tight budget and tough battles just to maintain the status quo in farm programs. Direct payments based on past crop production are expected to be the big tar-

get, because they go to the owners of farmland regardless of market conditions. In addition, specialty-crop producers — those who grow vegetables, fruits, nuts and nursery plants — will try to increase their share of federal assistance as they did in the 2008 farm law.

More than two-thirds of the next farm bill's spending will be largely untouchable because it is mandatory money for federal nutrition programs, including the Supplemental Nutrition Assistance Program, formerly known as food stamps. These are the programs that help pass farm bills, because they draw support from urban and suburban lawmakers.

Vilsack, in shaping the administration's message, is promoting what he calls the USDA's five pillars: local and regional food systems, broadband, renewable energy, the great outdoors and ecosystem markets.

Some farm leaders who have criticized this new direction in rural development say the public doesn't fully appreciate the importance of large-scale agriculture, that 12 percent of U.S. farms — a mix of large family-owned operations and non-family corporations — produce 84 percent of the nation's food.

RURAL AREAS IN FLUX

Vilsack's pitch to Congress is that agriculture alone will not save the economies of small towns and rural areas or slow the flight of young people to suburban and urban places for jobs. What's needed, he says, is a new approach to reviving these areas.

The assumption that agriculture programs and rural America are one and the same has "gotten us a century of declining populations and gotten us a situation where midsize farmers are having a hard time."

Although agriculture is still the dominant economic engine of rural areas, better farm technology and economies of scale mean the number of small to medium-sized farms and ranches has been shrinking as family operations consolidate into larger family-run corporations.

The consolidations ripple through communities in the form of fewer farm equipment dealers, fewer grain and seed suppliers and fewer businesses dedicated to agriculture. Fewer than half of farmers and ranchers now list agriculture as their primary occupation; many rely on income from off-farm jobs they or their spouses hold to provide the majority of the family income.

The result is that one in six Americans lives in a rural area, where residents tend to be older, poorer and less educated than their suburban and urban counterparts. Nearly 90 percent of the most persistently impoverished counties in the United States are rural.

Vilsack said he's trying to spur discussion about long-term goals as his department and Congress turn to the farm bill.

"If we have more off-farm jobs, you have greater opportunities for people on the edge to keep their farms," he said. "If you've got more people living in rural communities, you've got more economic vitality and you've got more young people who will think about staying and being part of that experience, which means that you may not have the threat of farmers aging out at such a rapid rate that there's nobody left to farm."

Among Vilsack's proposals are beefing up manufacturing in small towns and cities, making it easier for small and medium-size

The department also identified a shortage of slaughter facilities that makes it expensive for livestock and poultry producers to get their products to market. It is helping to finance mobile slaughter units — specially outfitted tractor-trailers where, under federal inspection, livestock are transformed into retail-sized pieces for sale to local markets.

REPLENISHING FARMERS

Vilsack also says there is a need to replenish the pool of farmers, since about a quarter of them are retirement age. He wants to add 100,000 new farmers and ranchers over several years.

Last week, Merrigan announced the first step toward that goal, with the award of \$18 million in grants to state and regional groups to work with newcomers who desire to be part of agriculture but lack the credit, land, market access and technical know-how to survive.

Steady and persistent investment in small-scale projects in rural efforts can produce jobs and stability, Vilsack said. Future farm bills should reflect that reality.

Iowa is his guide for rural development. "When I was governor we made a concerted effort to expand broadband," he said earlier this year. "We made a real effort to become a biofuel producer and became No. 1 in the country. We made a concerted effort to promote renewable energy and as result Iowa as of today is the No. 1 state in the country for wind-generated energy on the grid."

Vilsack said that, before he left office in 2007, "we had added manufacturing jobs and reversed a seven-year decline of out-migration." It was "a test case of a strategy that absolutely works."

Vilsack has his supporters in the farm community who agree with him that the direction of policy should change.

Roger Johnson, president of the National Farmers Union, said Vilsack is trying to reverse trends that are slowly killing rural areas. As a former North Dakota agriculture commissioner, Johnson said he knows Vilsack faces major challenges.

"We've spent decades trying to figure out how to do this, how to do that, how to get rural areas that as a rule are economically at lower levels than urban areas," Johnson said. "You do it by bringing good paying jobs. You do it by bringing the kind of companies, industries that are sort of logical extensions of agriculture."

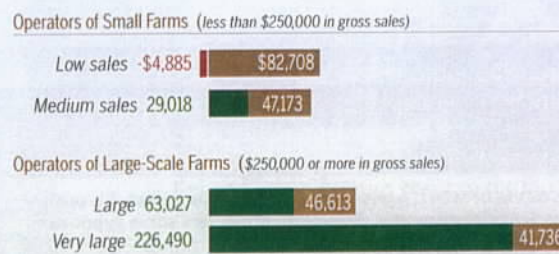
The resistance to Vilsack's plan is coming from farm-state lawmakers worried that his

Living Off the Land

Agriculture is hardly a lucrative enterprise for small operators, who generate most of their income from non-farm earnings. Large and very large farms generate the lion's share of earnings from agriculture.

Annual average earnings of farming households

■ Farming losses ■ Farming earnings ■ Non-farm earnings



Note: "Low sales" includes farm operators who report that they are retired or have a major occupation other than farming.

SOURCE: Agriculture Department

farmers and ranchers to market their produce in urban areas, and investing in ethanol and other renewable fuels. He also wants to give rural landowners an opportunity to earn money by opening lands to hunters and anglers and connecting America's out-of-the-way areas to broadband Internet service to make it easier to retain and attract businesses.

All this isn't just talk. The USDA used stimulus money last year in a mix of loans and grants to expand existing businesses in rural communities, extend broadband service to remote areas and recreation areas and renovate medical facilities.

effort to help smaller producers and create specialty markets threatens financial support for big producers. It is much the same argument that big power producers use against renewable-energy subsidies — wind and solar power are fine, but they can't support America's needs.

"Feeding this world is not about niche farming," said Steve Baccus, president of the Kansas Farm Bureau. "You get the impression that production agriculture is being pushed aside for this niche farming."

In April, three Republican senators, including the ranking member of the Senate Agriculture Committee, Saxby Chambliss of Georgia, took issue with the Agriculture Department's "Know Your Farmer, Know Your Food" outreach campaign on behalf of local farm products. They said the campaign focused too much on organic and small farmers and not enough on bigger, conventional farmers.

Vilsack responded in a letter that the "Know Your Farmer" initiative was a "communications mechanism" his department used to announce and distribute money through programs already authorized by Congress.

There's no money allocated for the initiative, Vilsack wrote, so it is not taking away funds from programs conventional farmers rely on. Also, he said, the program is a way to educate a public that is divorced from agriculture.

members' concerns that commercial agriculture is not getting the respect "the backbone of the agriculture industry" deserves.

Vilsack, Nelson said, told him he's not emphasizing large-scale conventional agriculture. But Nelson said USDA's "Know Your Farmer" campaign seems to contradict him. Nelson said he's been told he can't merge the initiative, which falls largely under Merrigan, into an Illinois conventional-farming program in the schools.

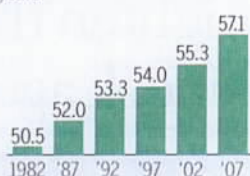
Vilsack says critics wrongly accuse him of giving production agriculture short shrift. He likens farm country and rural areas to his two sons, saying he loves each of them and doesn't ignore one for the other. Agriculture interests, he said, benefit from rural development programs beyond conventional farm subsidies.

"People shouldn't be fearful of this," Vilsack said. ■

Farm Population Grows Older

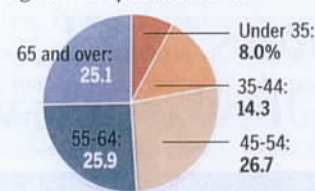
Farming in America is increasingly an older person's profession. The average age of principal farm operators has steadily risen, and just 22.3 percent of farm operators are younger than 45.

Average age of principal farm operator
In years



SOURCE: Agriculture Department

Age of farm operators in 2007



But the Senate letter reflects concerns that the Agriculture Department is drifting away from its roots. They say Vilsack should be more focused on defending production agriculture from attacks on subsidies and crop insurance, resisting EPA regulations that increase operating costs and building support for trade agreements that could open more foreign markets.

Philip Nelson, president of the Illinois Farm Bureau, has shared with Vilsack his

FOR FURTHER READING: *Farm policy, CQ Weekly, p. 1918; difficulties in cutting farm subsidies, p. 766; changing face of rural America, 2009 CQ Weekly, p. 2228; 2008 farm bill (PL 110-246), 2008 Almanac, p. 3-3.*

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