

June 2008

CENTER *for* RURAL AFFAIRS



A newsletter surveying national events affecting rural America.

VALUES. WORTH. ACTION.

What Would it Look Like if Rural Mattered

A small farm renaissance is taking place, and cynics in Washington don't recognize it

About a year ago I wrote a letter to Senator *Tom Harkin* on behalf of my family expressing our concerns about the future of Dougherty and Sheffield, Iowa – the small, rural communities around which I grew up. In particular, I pointed out that, absent real payment limits and livestock market reforms in the farm bill, the family farms and rural communities around our small farm will continue to decline.

I pointed out that when I graduated from Sheffield-Chapin High School 25 years ago there were 11 active farms on the seven mile stretch of road between our farm and Sheffield – today there are three. I pointed out that we farm some of the best land in the world, and there should be lots of families with kids, farms with livestock, and lots of building for the future.

However, the final farm bill does not include meaningful payment limits. Nor does it go far enough in restoring competition in livestock markets. The cynicism about these reforms during the farm bill debate leads me to conclude that most senators and representatives have written off family farmers and ranchers and their rural communities. They write public policy in ways that assume there will not be another generation of family farmers and ranchers in rural America.

Thankfully, many rural Americans do not share that cynicism. There is a great and growing demand for information, advice, and assistance from the

many people who seek a life and career in farming and ranching. Lately, that demand has increased dramatically.

From Linden, Alabama, to Roaring Spring, Pennsylvania, and from Palermo, California, to Friend, Nebraska, people contact us because they want to begin farming or ranching.

Heidi, of Elkhart, Indiana, wrote, "My husband and I are so thrilled to find your website! We often hear that such resources and support exist, but had no idea where to look. ... We hope to explore the potential for a small-scale, sustainable farm for CSA, etc." Like many others, they want to be part of the small farm renaissance they see happening around them.

This farm bill debate demonstrates that the most fundamental answer to the recurring question of these essays can be found in the hopes and dreams of the would-be beginning farmers and ranchers that contact us every day. When farm and rural policy in this country is based on those hopes and dreams and not merely on Congressional cynicism – that is when we will know... "What it looks like when rural really matters."

Contact: John Crabtree, johnc@cfra.org or 402.687.2103 x 1010 with your comments, questions, and for more information on this article.

Development Matters

At times we lament how 35 years of growth and maturation constrain us – concerns that *Don Ralston* and *Marty Strange* did not have in the early days. Established organizations run the risk of becoming complacent.

That is why we plan to double annual revenues from individual contributions within five years. We will have to get to know a lot more people and have the courage, audacity, and imagination to engage them (and you) in ways we've never thought of before.

Last summer's successful "15 by 15" campaign (\$15,000 by June 15th) challenges us to go even further. In May we launched our "35 for 35" campaign to raise \$35,000 this summer in honor of our 35th year.

I urge you to contact me (*John Crabtree* at johnc@cfra.org or 402.687.2103 x 1010) and tell me how we can meet these lofty goals, and how you can help. I'm serious; if you are reading this, I want to hear your thoughts.

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**35
Years!**

Rock of Ages

The Center for Rural Affairs is marking its 35th anniversary, a time for celebration and reflection. But perhaps we should also ask ourselves why we bother to note such occasions at all.

We, as a society and as individuals, tend to place value in things that have existed for some time. We assume with age comes wisdom and other qualities that impart individual and social well-being. Usually, this is true. And that progression of time tends to afford us certain privileges and opportunities – the right to vote, the right to consume alcohol, etc. The underlying principle seems to be that as we age, we are ready for increasingly greater responsibilities.

And if that is true of individuals, does that make it true of organizations as well? On the 35th anniversary of our founding (one that, if a person, would allow the Center to run for President), we can look back and acknowledge that the Center has indeed taken on greater responsibility and a wider variety of roles as years passed. However, the Center did not automatically assume that it should do so; rather we took the time to develop staff and expertise in areas where we believed a need existed. Those conscientious efforts, not the passage of time, allowed us to assume greater organizational and social responsibilities.

Reading *The Center for Rural Affairs in the First 20 Years* (www.cfra.org/about/history/early) I am struck by the early, freewheeling nature of the Center, which was not all that dissimilar from a young adult finding her or his way in the world:

The Center's working space had the character of an old-fashioned news room – crowded, cluttered, noisy, ugly. We shared two phone lines on three telephones, one of which was for the receptionist and the other two of which were placed on small tables between desks.

The clock meant nothing to us. We started early, worked late, came and went as we saw fit, and washed down each day's events with beer at Brown's Derby (later named the French Quarters, and now the Horseshoe Lounge).

All of this constituted a culture of shared commitment, but it should not be mistaken for a culture of sacrifice. There was no feeling of deprivation or hardship. We were hungry for the action, and the Center invariably attracted VISTA volunteers, employees, and hang-arounds who were there for the cause.

It occurs to me the original staff of the Center had enormous freedom, unbound by a legacy and the weight of organizational history. Yet they used that freedom judiciously, guided by a deep-seated sense of social justice and a shared commitment to serving the common good. The balancing of freedom and responsibility, the beliefs of liberty, equality, and fraternity – those are the reasons the Center for Rural Affairs has existed for these 35 years.

When I came to work in Lyons two years ago, I had little conception of the Center's history and legacy. That legacy is a comfort, a tool to utilize, a reservoir of credibility to rely on. Over the past two years, I have felt an ever-increasing sense of responsibility towards honoring and maintaining that legacy. I hope to contribute to it myself.

Contact: Dan Owens, dano@cfra.org or 402.687.2103 x 1017 with comments. Read more of Dan's work on the Center's Blog for Rural America, www.cfra.org/blog.

On the Blog: My Town

Working on the farm bill made this week a long one, but walking home after dark one night I remembered why we do it. It was a peaceful walk on a calm spring night. As I walked down our sleepy rural Main Street, past our small public library and onto a dark residential street, I thought about the farm bill. Farm and rural policy could do something for my town. I really believe that, but for too long conscious policy decisions made in Washington have hurt my community rather than help it.

So we fought to make this farm bill better. We fought to limit commodity subsidies to the biggest farms who do little good and much harm. We fought for meaningful investment in rural small business development. We fought to limit corporate control over family livestock farmers and ranchers.

It is a fight that can be frustrating and mentally draining. But my town is worth it, and rural America is worth it. And that is why the effort to bring fundamental reform to the farm bill is not wasted effort.

We can do better for farmers and rural people, and I rest well knowing we are standing up for a just cause. We – many readers of the Blog for Rural America and this newsletter included – stood up for what was right. And we gave them a hell of a fight. In the end that is the only way we will win.

Contact: Brian Depew, 402.687.2103 x 1015, briand@cfra.org, with your comments. Visit <http://www.cfra.org/blog> to read the full post and others.

SARE Position Available

The National Outreach Office of SARE is now accepting applications for a Communications/Outreach assistant. This position will be housed at the Beltsville Agricultural Research Center in Beltsville, Maryland. **Applications will be accepted until June 27, 2008.** See www.sare.org/jobdescription.htm.

Getting Started in Organic Farming or Ranching



Getting started in organic farming/ranching requires a mind set and determination to do things differently than the conventional. Organic production is all about working with nature rather than trying to force our goals and expectations on the land. *Building Soils for Better Crops*, a Sustainable Agriculture Network (www.sare.org) publication by *Fred Magdoff* and *Harold van Es*, provides an easy-to-read description of soil functions and processes and is a great foundation.

The difference between conventional and organic production is all about how products are raised. Section 205.202 of the National Organic Program rule states that no prohibited substances can be applied to land for a period of three years preceding the harvest of the crop. So, document when the last prohibited substance was applied, add 36 months, and this is your first opportunity to sell organic products.

A prohibited substance is anything that is genetically changed (GMO), synthetic, or altered from its natural state. The three major prohibited farm inputs are pesticides, chemical fertilizer, and GMO seeds. If you intend to sell more than \$5,000 of product to anyone but an end-user, you need to be

Contact: Martin Kleinschmit, martink@cfra.org or 402.254.6893 for more. Martin is also an organic farmer raising grass-fed beef.

certified by a USDA accredited certifying agency. This agency should be contacted before applying any substances, even during the transition phase.

Documentation is key to organic production. Develop a field history sheet that lists historical inputs and crops. Define field boundaries and buffer zones if adjacent to conventionally managed land. Identify contamination risks such as chemical drift and runoff threat to see if your field can produce an organic crop that meets the requirements. Field identification also enables the product or crop to be traced back to its origin.

The transition period is a time for the land to adjust to its natural production capabilities and cleanse itself of synthetic inputs. It is also a good time for the operator to develop a written Organic System Plan concerning all aspects of agricultural production. Components of the plan include: Practices & Materials, Recordkeeping, and Monitoring. You can find more resources for organic farming in the online version of this article. Visit www.cfra.org, and choose current newsletter.

C O R P O R A T E F A R M I N G N O T E S

⇒ **The farm bill was pretty good for corporate farms.** No farm program payment limits, of course, but, just as disconcerting, the conference committee also stripped a provision from the Senate farm bill that would have prohibited meatpackers from owning livestock.

We have often written about the importance of banning packer ownership to foster competition in livestock markets and remove the driving force behind the rapid expansion of massive, vertically integrated, industrial livestock operations and the environmental nightmares associated with them.

Several members of the conference committee endeavored to put the ban on packer ownership of livestock back into the farm bill conference report. Most notably, Senator *Chuck Grassley* (R-IA) offered an amendment to include the provision with the vocal support of Senate Agriculture Committee Chairman *Tom Harkin* (D-IA), and Representative *Leonard Boswell* (D-IA).

However, that support was not enough to overcome the opposition lead principally by House Agriculture Chairman *Collin Peterson* (D-MN) as well as Representatives *Cardoza* (D-CA), *Hayes* (R-NC), *Etheridge* (D-NC), and *Goodlatte* (R-VA).

The largest corporate “farms” in the country – Smithfield (the largest pork producer and packer in the U.S.) and JBS (the largest cattle feeder and beef packer in the U.S.) – will continue to wreak havoc among family farmers and ranchers and throughout rural America, for now.

⇒ **As in 2002, the U.S. Senate showed vision and courage by prohibiting packer ownership of livestock in their farm bill.** In fact, support for this provision was actually stronger this year, including greater support within the Senate Agriculture Committee. But, in the end, Chairman Peterson and others who publicly declared their opposition to fair access to competitive live-

stock markets for family farmers and ranchers won the day on vertical integration.

However, thanks to the tireless efforts of a core group of family farmers, ranchers, and like-minded organizations, combined with the persistence of Senator Harkin, the farm bill conference report did include one meaningful livestock market reform for which the Center for Rural Affairs has long advocated. It requires the Secretary of Agriculture to write rules that define an “unreasonable preference” as prohibited by the Packers and Stockyards Act.

If well written, rules defining “unreasonable preference” could help stop price discrimination against family farmers and ranchers and breathe life and competition back into livestock markets.

Contact: John Crabtree, 402.687.2103 x 1010 or johnc@cfra.org for more information on the Center’s Corporate Farming Notes.

Overview of the 2008 Farm Bill

The Center for Rural Affairs opposed passage of the new farm bill because it commits the federal government to subsidizing the destruction of family farming for another five years and invests little in the future of rural communities.

The bill does have some good provisions – including a rural microenterprise program, livestock reforms, beginning farmer provisions, grants for value added agriculture, and strong conservation programs. Those positive features are overwhelmed, however, by subsidies for mega farms to drive smaller operations out of business.

No Real Payment Limitation Reform

Congress created the illusion of farm payment limitation reform by eliminating the three entity rule that allows mega farms to receive double the limit by drawing payments through several legal entities. But that will have little impact because mega farms are still allowed to instead double payments by dividing them between spouses. Under current law, mega farms can use either the three entity rule or the spouse rule to get double the limit, but they cannot use both.

Consequently, only unmarried farmers take any cut. Our detailed analysis of the largest payment recipients in seven major farm states (GA, IA, KY, MN, MT, ND, and OK) could identify only five farms that will take any cut in payments. Closing one gate while leaving another open won't keep the hogs out of the trough.

The bill also denies commodity payments to individuals with non-farm income of more than \$500,000. Individuals can have up to \$750,000 in net farm income before direct payments are cut off. There is no limit on net farm income for recipients of countercyclical and loan deficiency payments.

These limits are not effective. Here's why:

1) **High-income investors will divide income between spouses to keep at least one below the limit** and be able to claim payments. For example, *Nancy Pelosi* is the 15th richest member of Congress, but according to her financial disclosure reports she'd be eligible for payments. That is because most of the couple's investments are not in her name.

2) **Forty percent of those who would lose farm payments due to the income limits are landlords** – who will just switch to cash rent arrangements and capture the payment indirectly through high dollar cash rents.

3) **Large farms that approach the income limit will get around it by expanding their operation** – purchasing land and other assets to create deductions for interest, depreciation, and inputs.

U.S. Department of Agriculture Secretary *Ed Schafer* got it right when he said "If there is a farm in America that can't meet a \$500,000 hard cap, they need a new accountant."

Livestock Reform – USDA Forced to Act

USDA is directed to establish rules governing "**undue preferences**" by meatpackers, such as volume premiums to mega livestock producers. The 1921 Packers and Stockyards Act prohibits "undue preferences" but has not been enforced.

We have long opposed volume premiums that are not based on verifiable cost savings to the meatpacker. Sweetheart deals for mega producers place family farmers at a competitive disadvantage.

The farm bill leaves the wording of the regulations to USDA, so they could be strong or do nothing. But the farm bill does force USDA to act, and that gives us a fighting chance to make the case and build grassroots pressure for effective rules. Senator *Tom Harkin* (D-IA) won passage of this provision.

Strong Beginning Farmer/Rancher Provisions

The farm bill has strong beginning farmer and rancher provisions. The **Beginning Farmer and Rancher Development Program** provides \$15 million of competitive grants annually for education, extension, and outreach initiatives to help beginners get started. The Center for Rural Affairs has long been a champion of this idea.

The **Conservation Reserve Program Transition** provides an extra two years of payments on land enrolled in the Conservation Reserve Program that is sold or rented to a beginning farmer who returns it to production under a conservation plan.

The **Beginning Farmer and Rancher Individual Development Account Program** is authorized but not funded. If we can secure funds through the annual congressional appropriations process, USDA will launch a 15-state pilot program to provide matching funds to limited-resource beginners saving money to get started.

The nationwide **Beginning Farmer and Rancher Contract Land Sales Program** offers USDA loan guarantees, such as those available to banks, to individuals who sell land on contract to beginning farmers. The **Conservation Loan Program** will prioritize loans to beginning farmers and ranchers converting to sustainable and organic agriculture.

Senator *Tom Harkin* (D-IA) and Representatives *Tim Walz* (D-MN), *Stephanie Herseth-Sandlin* (D-SD), and *Collin Peterson* (D-MN) were instrumental in passage of the beginning farmer provisions.

Rural Development Wins, but Funding Needed

The farm bill established a new **Rural Microenterprise Assistance Program** to make \$4 million of competitive grants each year to assist rural businesses with 10 or fewer employ-

(Continued on page 5)

Farm bill overview: conservation provisions generally strong, but not on sodsaver ...

(Continued from page 4)

ees in acquiring skills, loans, technical assistance, and support networks. The program will support existing efforts like the Center's Rural Enterprise Assistance Program in Nebraska and fund organizations in other states to start new programs and expand existing programs to foster small business-based rural development.

Nebraska Senator *Ben Nelson* sponsored the program and worked tirelessly to win it funding. Representative *Bob McIntyre* (D-NC) championed it in the House of Representatives. The microenterprise program is one of only three programs to receive funding in the rural development title of the farm bill, and the *only* new program to receive funding. We will seek additional funding through the annual congressional appropriations process.

The **Value Added Producer Grants Program** will for the first time prioritize projects that strengthen small and mid-size farms, due to the efforts of Representative *Jeff Fortenberry* (R-NE), Representative *Collin Peterson* (D-MN), and Senator *Tom Harkin* (D-IA). The program makes grants to producers, including cooperatives, for value added marketing and processing.

The bad news is that farm bill funding for the program has been scaled back to \$15 million per year, compared to the \$40 million provided by the 2002 farm bill and about \$25 million actually available after budget cuts. So get ready to work the members of the Appropriations Committee to secure money for the program.

New and Improved Conservation Provisions

The **Conservation Stewardship Program**, the new and improved Conservation Security Program, received funding to enroll 115 million acres by 2017. Known as the CSP, it will be available nationwide and no longer limited to a few watersheds at a time. The program pays producers according to how well they manage the land to enhance the environment. It includes special payments for resource conserving crop rotations and provisions to encourage enrollment by organic farmers. Senator *Tom Harkin* (D-IA) championed the program.

The **Environmental Quality Incentives Program**, a conservation cost-share program to assist farmers and ranchers to implement conservation practices on their agricultural land, includes payments for practices related to organic farming systems as well as for transitioning to an organic farming system along with the development of an organic system plan. The limitation on incentive payments under the program was lowered from \$450,000 to \$300,000, unless USDA rules that the project is of "special environmental significance

(including methane digesters)". Though a step in the right direction, the change will be of limited impact because USDA allows up to that amount to be paid to each investor in a operation – so one large operation can get many times the limit.

The **Cooperative Conservation Partnerships Initiative** will provide supplemental grants and payments for area-wide conservation projects involving multiple landowners enrolling in the Conservation Stewardship Program, Wildlife Habitat Incentives Program, and the Environmental Quality Incentives Program. Though it is a good program, we are disappointed that Congress dropped language that would have placed a priority on projects that address conservation and rural community development opportunities simultaneously.

However, most of the project funding decisions will be made at the state level by the State Conservationist with input from the public through what is called the State Technical Committees. This will allow communities and farmers and ranchers to provide input to fund projects that address both conservation and rural community development.

That is important. Public access to natural space can be a development asset for communities. It can draw young families to start businesses, populate schools, and revitalize communities. It also provides a basis for new tourism-related self-employment opportunities involving bed and breakfasts, hunting, horseback riding, hiking, biking, and wildlife viewing, for example.

Sodsaver - The biggest failure in the conservation title is the elimination of the Sodsaver Provision. It will loom large as long as commodity prices remain high. Both the House and Senate bills would have denied federal crop insurance and disaster program payments on native sod converted to cropland.

But the final legislation denies them only in the Prairie Potholes portions of MT, ND, SD, MN, and IA and only if the governor acts to put it in force. Expect marginal grasslands to be destroyed for production of high-priced commodities – and the federal government to pick up the tab when much of the land proves marginal and drought prone.

A Word of Thanks to You and our Allies

Thanks to the thousands of you who embraced the responsibilities of citizenship to write letters, make phone calls, send emails, and go to meetings to help achieve a better farm bill. This bill is not all we would like, but your work made it better. And finally, a word of thanks to the staff of the Sustainable Agriculture Coalition and the 25 other member organizations. The coalition played the pivotal role in winning many of the good provisions of this bill.

Beautification Projects Can Serve to Show a Little Community Pride

In community development, we sometimes find ourselves dealing with small rural communities that resemble rotten apples. They appear shiny on the outside, but need a lot of work on the inside. We use terms like leadership, entrepreneurial development, youth attraction, and others to work from the inside to make the community better. But what happens when the apple is fairly good on the inside, yet the skin could use a little work?

Beautification is a key aspect of community development, and it can be an easy way to bring people together. The dictionary defines beautification as a process of making visual improvements in a town or city. This often involves planting trees, shrubbery, and other greenery. It may involve decorative or historic main street development.

Contact: Michael L. Holton, michaellh@cfra.org, 402.582.4915, for more information on our rural community development work.

Towns and villages often undertake beautification projects to refurbish their downtowns and boost tourism and other commerce.

One of the best kept secrets in small communities is Master Gardeners. The Master Gardener program developed through state extension services to provide volunteers with research-based horticulture knowledge. In Nebraska, the training program began at the University of Nebraska-Lincoln in 1976. Volunteers receive training on landscape management, soils, fertility, plant selection, and other topics. Classes in Nebraska generally start in February or March and require a minimum of 40 hours of education.

A key component of this training is



that it requires participants to give 40 hours of volunteer service during their initial year of involvement. Master Gardeners retain the title through annual training and volunteering. Many communities could draw on this resource as a way of beautification. A few well placed shrubs and trees often accentuate the positive and help look past the negative.

In addition to planting a few strategically placed plants, picket fences and a little paint go a long way to showcasing the community. Spring weather provides a good opportunity to clean up as well. If each community member takes responsibility to enhance the beauty of the community and diminish any eyesore, the shiny apple will emerge from looking dull and drab.

Brain Drain Lowers Per Capita Income Returns to Rural Education

Rural America's best export is its young people. Demographic patterns for decades show that the better a rural community educates its children, the more likely they are to seek jobs, careers, and a life elsewhere. K-12 education across the nation is substantially financed by local property taxes. A community does not gain a return on their tax-funded investment from graduates who leave to work and pay taxes elsewhere. The returns to the educational investment made by rural residents accrue largely in areas that are not rural.

How the Returns to Education in Rural Areas Vary Across the Nation, a Penn State University study, finally measures how much this population shift harms rural areas (and benefits urban areas). It quantifies how little rural communities get in return for their contribution to the education of their children. Focusing on per capita income in rural and urban counties for those 25 and older with a high school diploma or a higher degree, **the study finds that returns to education are over three times higher in urban areas than in rural areas.**

In other words, increasing the number of people in a rural



community with a high school diploma or higher brings about less than one-third the increase in income as does the same increase in educated people in an urban area. Returns to education were lowest in rural areas of the Midwest (and highest in rural areas of the West). This is particularly ironic since rural schools in the Midwest have among the highest performance measures of any schools in the nation.

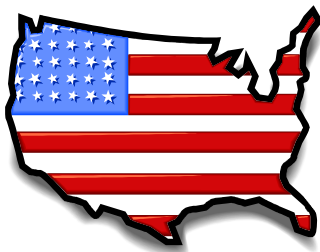
These findings have significant consequences. If rural communities get less return for their school property taxes, there is potentially less support for public education as the tax burden is placed on fewer people. If returns to an individual's educational investment are so much higher in urban areas, the pattern of educated young people leaving rural areas is sure to continue and accelerate.

Communities deprived of educated residents also face challenges in workforce attraction, retention, and economic development. The magnitude of the gap in returns to education shown by the report demonstrates the magnitude of the problem and challenges faced by rural communities. Public policy should place more emphasis on the need to develop rural economic opportunities, particularly those that pay enough to provide a return on the community and individual investment in education.

Contact: Jon Bailey, jonb@cfra.org or 402.687.2103 x 1013 for more information on the Center's research and analysis program.

ACROSS THE NATION

Iowa: A report by the *Des Moines Register* finds that rural students are at least as well prepared for college as urban students. The quality of education at small schools has been under scrutiny by state officials, but the new analysis shows that on every metric examined rural students do as well as urban students.



well. When loans on mobile and prefabricated homes are included in the calculation, rural foreclosure rates may be higher than urban rates.

Kentucky: Eastern Kentucky University is launching a new graduate degree program aimed at improving the quality of rural education in the state. The program seeks to train people who will become researchers working on developing new models that help rural schools meet their unique challenges.

Kansas: Climbing prices for crude oil are making low-yielding wells in rural Kansas profitable again. Many of the wells scattered across rural Kansas yield as little as 10 barrels per day. But with oil at \$100 per barrel, they are not only profitable to operate, but the wells are generating meaningful economic activity in some communities.

Nationwide: News coverage of the nationwide foreclosure crises is focused on the impacts in urban America. New research indicates, however, that rural foreclosure rates are on the rise as

Tennessee: Previously fallow land is coming into production in Tennessee and across the South as the price of corn and soybeans remains high. In addition to putting fallow land into production, land previously in conservation programs as well as land in cotton production is all being shifted to more commodity grain production. In Tennessee soybean acres are expected to rise by 139 percent in 2008.

South Dakota: Grasslands in the state and across the nation are under pressure due to rising demands for grain production. Much of this land, currently in the Conservation Reserve Program, is being put into grain production as the land becomes available. This includes an estimated 300,000 acres in South Dakota this year and 2.5 million acres nationally.

Oregon: The state-funded Office of Rural Policy is set to lose its yearly appropriation from the state. The move has set off a firestorm of controversy over politics, policy, and rural development in the state.

Contact: Brian Depew, briand@cfra.org, 402.687.2013 x 1015 for more information.

Farm bill payment limits reform — administration talked a good line ...

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payment limitations in forming an alliance with Georgia Republican *Saxby Chambliss*. When the Dorgan Grassley payment limitation bill came before the full Senate, Conrad brought along former payment limitation supporters *Ken Salazar* (D-CO) and *Debbie Stebenow* (D-MI) to provide the margin of victory for the opposition. Several prairie Democrats supported the Dorgan Grassley reform, and several of the region's Republicans opposed it. But the difference was the defection of Democrats who had previously supported family farm reforms.

Administration – The administration talked a good line on reform but in many respects undermined the effort. It refused to support the one true reform on the table – the Dorgan Grassley bill. Instead, the administration deflected the focus to its ineffective proposals that purported to deny payments to high income individuals but in reality did little. Worst of all, the administration refused to implement the recommendations of the Government Accountability Office to use its administrative authority to close payment limitation loopholes.

Agree or disagree? Send your questions and comments to Chuck Hassebrook at 402.687.2103 x 1018 or chuckh@cfra.org.

This newsletter is available both electronically and in print. To receive it online, sign up at the Center's website, www.cfra.org, or email us at info@cfra.org.

You may also correct your mailing address and fax the back page to 402.687.2200, or call *Kim Kaup* at the Center for Rural Affairs, 402.687.2100.

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MarketPlace Is Coming to Colorado and Nebraska

The Center for Rural Affairs is collaborating with the Colorado Rural Development Council (CRDC) as the Supporting Sponsor to hold the *First Colorado Entrepreneurship MarketPlace* on October 10, 2008, at the Otero Junior College in La-Junta, Colorado. The Colorado event will be a similar format to Nebraska's MarketPlace, with a series of information sessions, trade show exhibits, and networking opportunities. Find out more about CRDC at www.ruralcolorado.org.

Our own *3rd Annual Nebraska MarketPlace: Opening Doors to Success* will be held on February 25, 2009, at the Sandhills Convention Center in North Platte, Nebraska. We are looking for sponsors, exhibitors, and teach-in session suggestions. We'd love to hear from you. Contact *Joy Marshall*, joym@cfra.org or 402.614.5558.



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Farm Bill Payment Limitations: Rural America Deserves the Truth

This farm bill was an opportunity to stop subsidizing mega farms to drive family farms out of business and instead invest in the future of rural America. The stars were aligned. The House and Senate Agriculture Committees were led by Midwestern policy makers rather than diehard Southern payment limitation opponents.

Two things had to happen.

- 1) Congressional supporters had to fight as hard to protect family farms as opponents fight to protect large farms, and
- 2) Supporters had to embrace payment limitation calibrations to treat southern commodities equitably – to kick in at comparable acreages to northern commodities and affect comparable percentages of farms. That's good policy, and it would have enabled southerners to vote for a farm bill that strengthens family farms.

But none of that happened. Instead Congress crafted an illusion of reform

that does little more than provide political cover. (We explain the payment limitation provisions in the farm bill feature on page 4.) The people of rural America deserve the truth about why it happened.

Commodity groups, American Farm Bureau and most southern policy makers opposed reform, as they always have. However, the decisive blow came from those who claimed to support family farm reforms but this time dealt them a blow.

National Farmers Union –
The prairie/plains based Democratic leaning farm organization was positioned to play a big role with Midwestern Democrats chairing both the House and Senate Agriculture Committees. But in 2006, National Farmers Union President *Tom Buis* called payment limitations a red herring, said they were

no priority, and spoke against committing farm bill resources to rural development. That view carried the day.

Farmers Union historically favored activist government to strengthen family-size farms. Farm Bureau historically opposed “interference” in markets and the structure of agriculture. This time, the ideological adversaries came together in support of maximizing farm payments with no regard to their impact on family farming. They quibbled only over the form of payment.

Prairie/Plains Populists –
Democratic congressional candidates scour the countryside for votes by proclaiming themselves the champion of the little guy. But the House farm bill increased the payment limitation with no significant resistance from prairie/plains state representatives who had promised support for tighter limits. They supported the bill enthusiastically.

In the Senate, North Dakota Democrat *Kent Conrad* pledged to oppose

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