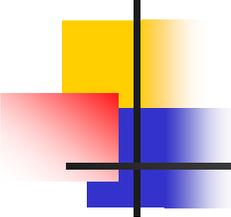


# Recent trends in the structure of agriculture

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- Farm consolidation
- Larger farms
- Decline in farm numbers
- Specialization in production
- Movement from general farms to very specialized farm types



# Consequences

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- Vulnerabilities of specialization
- Less labor needed
- More capitalization of existing farms
- Increased efficiencies resulting in chronic surpluses
- Government program costs to support farm income → higher land values



# Consequences

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- Loss of farm population (out migration)
- Rural neighborhoods vacant during the day, owing to larger numbers of part-time farms
- Aging of farm population
  - Fewer opportunities for beginning farmers
  - Technology enables farmers to continue farming longer
- Increase in rural nonfarm residences and land speculators and investors

# Overall economic prospects for Iowa farmers will improve in the next five years

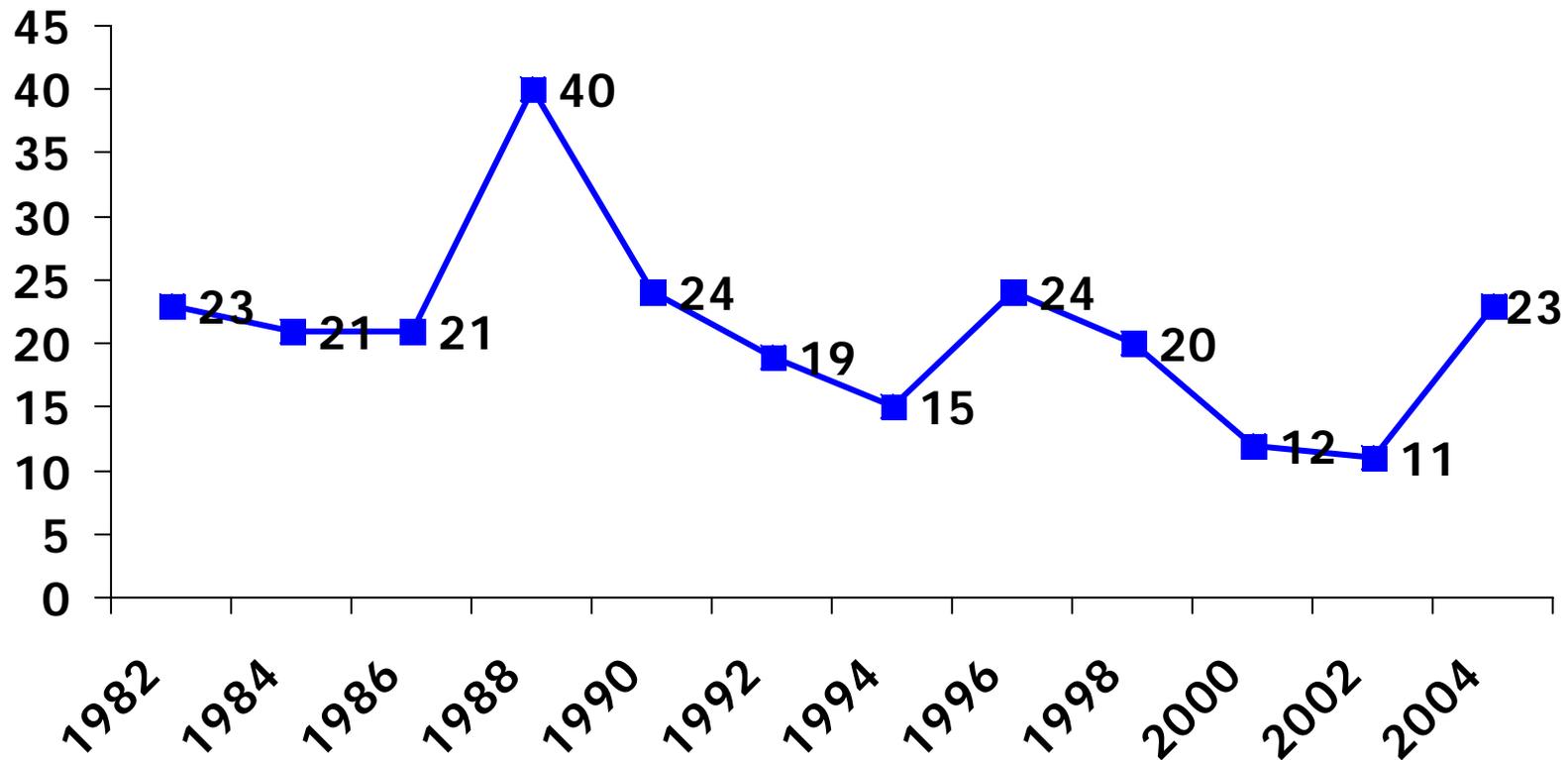


Fig. 4



## Stress Levels 1999 Farm Poll

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- 57% reported personal 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)?

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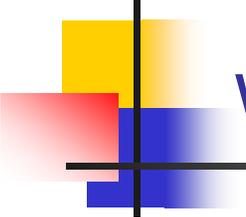
- 99% likely that farm numbers will continue to decline
- 95% low farm prices will put many out of business
- 96% more reliance on off-farm income
- 82% cost of living will prevent many from retiring at age 65
- 5% more young people will enter farming



# Trends in Post 1980s Farm Crisis

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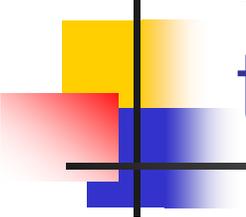
- Quite similar to the post-Depression years of the 1930s
- Many farm families are tired of economic hardship and are encouraging their children to look elsewhere
- Young people that are selecting careers in 2000s are the products of the 1980s farm crisis. They grew up in a climate characterized by tough economic times and pessimism.



# For farm youth born since 1980, what have been dominant messages?

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- *Hard times, economic hardship*
- *We can't afford this*
- *Limited opportunities*
- *Get an education and find something else to do*
- *There are better opportunities elsewhere*
- *There is no future in family farms*
- *Get big or get out*
- *Good place to live, poor way to make a living*
- *It's a tough way to make a living*



# Media Messages about farming in the post 1980s farm crisis

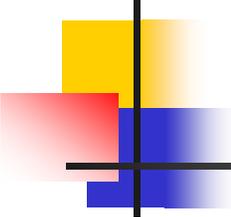
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## Movies

- Country
- The River
- Places in the Heart
- Troublesome Creek

## Literature

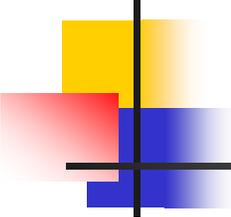
- A Thousand Acres
- Broken Heartland: The Rise of America's Rural Ghettos
- Lone Tree



# How these trends are reflected in Iowa farm entries

	<u>&lt;25</u>	<u>25-34</u>	<u>35-44</u>	<u>45-54</u>	<u>55-64</u>	<u>65+</u>	<u>Total</u>
1982	2,852	17,458	21,282	21,744	25,287	16,557	105,180
%	2.7	16.6	20.2	20.7	24.0	15.7	
2002	869	5,282	17,331	24,555	20,227	22,391	90,655
%	0.1	5.8	19.1	27.1	22.3	24.6	
1982-2002 Change	-1,983	-12,176	-3,951	+2,811	+5,060	+5,837	-14,525
% Change	<b>-69</b>	<b>-70</b>	<b>-18</b>	<b>+11</b>	<b>+25</b>	<b>+26</b>	<b>-13.8</b>

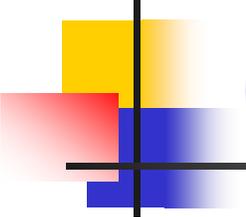
Fig. 10



# How these trends are reflected in national numbers

	<u>&lt;25</u>	<u>25-34</u>	<u>35-44</u>	<u>45-54</u>	<u>55-64</u>	<u>65+</u>	<u>Total</u>
1982	62,336	293,810	443,420	505,412	536,402	399,596	2,240,976
%	2.8	13.1	19.8	22.6	23.9	17.8	
2002	20,850	128,455	371,422	466,729	427,354	497,029	1,911,859
%	1.1	6.7	19.4	24.4	22.3	26.0	
1982-2002							
Change	-41,486	-165,355	-71,998	-38,683	-109,048	+97,433	-329,117
% Change	<b>-66.6</b>	<b>-56.3</b>	<b>-16.2</b>	<b>-7.6</b>	<b>-20.3</b>	<b>+24.4</b>	<b>-14.7</b>

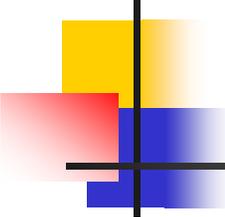
Fig. 11



# Desires about Succession (1996 Farm Poll, n=1982)

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- 75%... would like farm to remain in family when they retire
- 68%... if they had it to do over, they would still choose farming
- 63%... would continue if suddenly became rich
- 55%... would like children to take over farm when they retire (21% were undecided and 24% replied "no")
- 30%... would recommend farming to a friend (24% were not sure, 46% said "no")



# What will happen to your farm when you retire?

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- One of my children will take it over and eventually inherit..... 25%
- I will cash rent to a tenant..... 20%
- Don't know..... 15%
- Crop share to someone..... 11%
- Not applicable—don't own land..... 11%
- Sell to one of my children..... 10%
- Sell to a nonfamily buyer..... 8%

Fig. 13

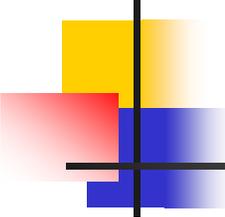
# 2004 Iowa Farm and Rural Life Poll

(n=1,514)

- **57%** would not encourage young people to enter farming

## WHY?

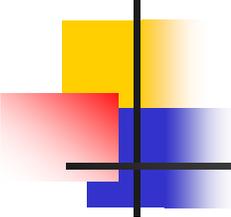
- **87%** young people cannot afford to buy the equipment, land, crop inputs, etc.
- **73%** farm profits too low
- **73%** there is too much risk
- **65%** land is not available
- **20%** requires too much manual labor
- **15%** young people not interested in living in country



# Needs of Beginning Farmers

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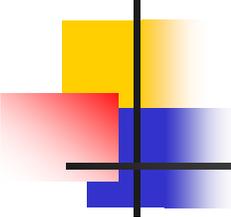
- 95%... agreed that beginning farmer's spouse needs to have an off-farm job
- 92%... agreed beginning farmer needs to have an off-farm job
- 86%... agreed assistance from family or other farmers will be necessary
- 68%... beginning farmers will be limited to sons and daughters of current farmers
- 58%... beginning farmer should live on farm
- 36%... beginning farmer should buy land



# Business Succession

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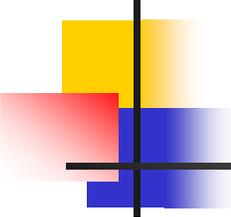
- Raises questions about what can or should be done to create opportunities for the next generation
- Highly mobile, energetic, well-educated young people will migrate to areas where there are better opportunities
- Hence, it is critical that we think in terms of creating opportunities for future Iowans



# Some observations

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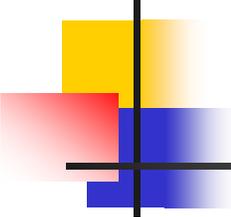
- Age distribution of farming is probably not much different on farms than what exists on main street in many Iowa small communities.
- Work force has evolved from a nation of self-employed to one of employees. The question of succession is broader than farming, it needs to be raised in terms of other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



## What are the implications of unabated consolidation in business and farming?

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



# Recognition that Entry into Farming is a Process not an event

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- Most studies of succession have focused on the legal, financial and public policy aspects
- More attention should focus on the family processes, hence the title, *“All in the Family: the decision to take up farming”*
- Too often in ignoring the role of the family, we have saved the farm and lost the family
- Small business succession, whether a farm or nonfarm enterprise is a **family affair**