

# Cow Country Reporter



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News from your CEO

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### News from your CEO

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When I think about the month of April, I am reminded of the old adage "April showers bring May flowers. Well this year Ma Nature got ahead of herself and March rains have left many in a very bad situation. Flooding pastures and cropland have left many cow/calf producers in a real mess. Can they get hay to feed their cattle and some are still faced with just getting to their cattle. I am always proud to be a part of agriculture and especially in critical times like these. To see farmers and ranchers assisting one another- moving cattle, providing hay and generally just "coming along side" their neighbor and saying, "How can I help?". We live in a time when agriculture is not very high on people's radar, so anything you can do to "tell your story" to others will help. The cattle markets are about in the same shape as the weather. Unpredictable! The wheat graze-out market is still showing good demand and our fall born calves will fit the bill just right. If I can give you any marketing advice, it would be know your calf breakevens, add a profit and if the market hits that mark or higher then "put wheels under them". Demand for good replacement females is still good and profitable. If you have not done so already, check with your marketing agent and get posted on the market TODAY! Speaking of sales, don't forget the Superior Livestock Auction sale in Natchitoches, LA at the Civic Center Friday April 22. We will have two CPL information meetings this month, one at LA Tech, April 26 and Amite Stockyards, April 28. More information to come. We pray that the grass will grow and return where flood waters were.

*Dave Foster, CEO*

## YOU DON'T KNOW WHAT YOU DON'T KNOW

By: Derrell S. Peel Oklahoma State University  
Extension Livestock Marketing Specialist

It is all too easy for producers and even more so for consumers to underestimate the value of the market data that helps ensure efficient agricultural markets and a steady supply of affordable food. Unfortunately, political decision-makers also increasingly see only the immediate cost savings from cutting data while overlooking the long-term consequences of less and poorer quality data on the nation's food and fiber sector. The result in recent years has been a constant battle to fend off repeated and pervasive attempts to chip away at a wide variety of agricultural data.

The latest example is the recent decision by USDA's National Agricultural Statistics Service (NASS) to suspend the July Cattle report. The argument is made is that is only one piece of data, arguably of lesser quality than the January Cattle report; and even some industry participants would suggest that by itself is not that important. However, it is part a bigger set of data to help understand the enormously complex and dynamic cattle industry. How many struts can you knock out from under a bridge before it fails? The U.S. beef cattle industry is in the midst of the first significant herd expansion in over 20 years. Producers are desperately trying to assess the status of the expansion to anticipate market conditions in coming years. Producers need to expand enough to take advantage of market opportunities but not over-invest in herds and set themselves and the industry up for excess production and a market crash. The current NASS decision means that producers will get no update on the size of the 2016 calf crop, the status of heifer retention or feeder cattle supplies for nearly a year. Meanwhile decisions have to be made.

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## **YOU DON'T KNOW WHAT YOU DON'T KNOW**

The quantity and quality of U.S. agricultural data is generally very good; very easy to take for granted and yes, is a significant public investment. The agricultural data system is large and complex. In addition to the two primary data agencies in USDA; NASS and the Agricultural Marketing Service (AMS), data originates from a variety of agencies and is used by an even wider array of agencies. The value of agricultural data depends on who is using it and how it is used. There seems to be a feeling among some politicians that highly aggregated national data available annually is sufficient to track the status of U.S. agriculture. However, data is used by producers and other market participants on a daily and weekly basis in specific locations. Indeed, the quality of data highly aggregated over time and space depends on starting with comprehensive and timely grass-roots level data. Comprehensive data from a variety of sources increases the value of all data by permitting more synthesis and validation of the entire set of data. I know from many years of working outside the U.S. with limited and poor quality data that U.S. data is vastly underappreciated and undervalued by many in the U.S.

There have been recent movements to do away with voluntary market price reporting using the argument that it can all be done by the private sector. This ignores the public good value of agricultural data which recognizes that the value exceeds that which can be captured by private markets. It is ironic that this view should emerge when there is continuing and, indeed, growing concern about changing industry structure; potential impacts of concentration; and the ability of smaller producers to compete in modern agriculture. Monitoring and analyzing these concerns depends on having more, not less data. Simultaneously, there is emphasis on promoting and supporting local and specialized agricultural markets making the need for additional market information imperative to help specialized and niche market producers succeed.

Often overlooked as well is the use of agricultural data for research and long-term analysis. U.S. agriculture has undergone profound impacts in the last decade and the resulting structural change will continue for many more years. Losing or interrupting long term data series seriously hampers many types of fundamental agricultural analysis. An interruption in time series data, even when reinstated on second thought, creates data holes that diminish the research value of the data for many years.

Agricultural producers and industries must remain vigilant to political decision-makers' short sighted attempts to trade the political expediency of budget challenges for the long-term health of U.S. agriculture. The persistent gutting of agricultural data is like a slow growing cancer whose impacts on the body are not apparent until the damage is widespread. You can drive a pickup a long time without doing any maintenance or putting in oil but when you finally realize you have a problem it's a big problem with severe impacts which will be very costly to remedy. Consumers, who may never directly use agricultural data, are the ultimate beneficiaries of agricultural data and the ultimate losers when lack of data results in less efficient markets and higher food prices. You don't know what you don't know...until it's too late.

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## **SUMMARY OF DISASTER ASSISTANCE PROGRAMS AVAILABLE THROUGH THE FARM SERVICE AGENCY**

By: Kurt M. Guidry

The Farm Service Agency (FSA) has programs that may be able to assist producers recover from the economic hardships resulting from the recent flooding. Some programs require that the parish in which the producer operates be declared a primary or contiguous disaster area through either a Presidential or Secretarial Designation. To this point, the following parishes have had a Presidential Disaster Designation: Bossier, Claiborne, Grant, Morehouse, Ouachita, Richland, and Webster. The FSA is currently collecting information to identify other parishes in which a Secretarial Disaster Designation may be warranted. Additional parishes could be designated as more information on the extent of the damage in the parish is collected. Producers interested in participating or learning more about these programs are highly encouraged to contact their local FSA office.

**Emergency Loan Program** – Producers in parishes designated as a primary disaster area or contiguous to a primary disaster area may be eligible for emergency loans. To be eligible, producer must be able to verify that they have suffered at least a 30 percent reduction production or physical losses. Among other uses, these funds can be used to restore or replace essential property, pay all or part of production costs, pay essential family living expenses, and refinance certain debts. Loans can be made on up to 100 percent of the actual production and/or physical losses up to a maximum of \$500,000. Typical loan lengths for crop or livestock losses are 1 to 7 years but can be authorized for up to 20 year. Loan lengths for physical losses to real estate are normally repaid within 30 years but can be authorized in certain cases for up to 40 years. The interest rate for the Emergency Loan Program was 3.625 percent as of February 1, 2016.

**Disaster Set-Aside Program** – Producers in parishes designated as primary disaster area or contiguous to a primary disaster and have loans with FSA may be eligible for the Disaster Set-Aside Program. The Disaster Set-Aside Program allows producers to delay their scheduled payment to FSA to allow the operation to continue. Producers who may be eligible for the Disaster Set-Aside Program will be contacted by FSA.

**The Emergency Conservation Program (ECP)** – The ECP provides assistance to producers in making repairs to farmland caused by natural disasters. In addition to other assistance eligible, the ECP can provide assistance in removing debris from land and repairing fencing. The ECP is a cost share program in which FSA can provide up to 75 percent cost share to implement emergency conservation practices.

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## THE ROLE OF AGRICULTURE IN EARLY ECONOMIC DEVELOPMENT

By: Harwood D. Schaffer

The key characteristic that distinguishes food from the production of other items is its importance for life. Without access to food, human life cannot be sustained, and other products cannot be produced.

While not wanting to push the imagery too far, it is clear that although we can have some level of agricultural production without industrial production, we cannot have industrial production in the absence of the production of food, either by agriculture or hunting and gathering. This is important when we look at the structure of modern industry.

Over the millennia, it has been the surplus production of agriculture that has freed up labor for the production of the wide variety of items that people have enjoyed. Most nations in history have begun by developing and improving on an agricultural economy. In the ancient Near East and elsewhere, it was the ability to produce more food than was required in the production process that led to the systematic development of an irrigated agriculture.

In turn, the surplus production of irrigated agriculture then led to the development of civilizations that produced writing, large walled cities, armies of conquest, and monumental architecture. Without surplus agricultural production, none of that would have been possible. Armies of conquest, in turn, allowed a small group of people to control the agricultural and industrial production of a much larger area. But in every case these empires depended upon the production of a surplus of agricultural commodities. And in each case, without a coherent agricultural policy that managed and directed that surplus production, the spread of ancient civilizations would not have been possible.

Similarly, the US began by developing a robust agricultural economy through a variety of mechanisms including land distribution, the development of a transportation network, the availability of improved public seed varieties from Land Grant colleges and universities, market information, and a patent process that encouraged the development and spread of implements that helped farmers increase their production while reducing the labor required for additional units of production.

As US agriculture increased its ability to bring about surplus production, farmers experienced long periods of low prices. Frustrated with low prices, farmers began to agitate for a change in the direction of agricultural policy that would allow them to be profitable as well as productive. With the New Deal, the US established a set of policies that allowed farmers to become more profitable.

Those policies had consequences for employment. With a more stable farm income, people living in rural communities were able to establish educational facilities that provided their children with an education comparable to their more urban counterparts. Farmers were able to send their children to college and those children who wanted could afford to remain on the farm, eventually establishing farms of their own.

Rather than being driven off the farm and into urban poverty, US farm children were able to remain on the farm until they were drawn off the farm by higher wages, more benefits, and fewer working hours.

In designing agricultural policy for developing countries with rapidly growing populations and a large number of people who cannot meet their daily need for food, the policy for much of the last 60 years has been to look at the endpoint of agriculture in the global North and try and transplant it in areas that are more like the US of the eighteenth and nineteenth centuries than the twentieth and twenty-first. Ignored is the process that countries throughout history and those of the global North have used to reach their potential.

Over the decades, in many developing countries there has been massive migration from poverty in the countryside to even more concentrated poverty in urban centers. People move voluntarily or are forced to migrate to urban centers in hope of securing jobs that are usually not there. In these parts of the world the strategy of industrial-led development has fallen far short of expectations.

The historical role agriculture has played in the long-term economic development of many countries, including the global North, has been largely ignored or misunderstood. Just as in the case in the US, it takes decades of time or longer and purposeful public policy to transform a country, in which two-thirds or more of its population is rural, into one in which communities can meet the economic and physical need of their residents, their children's educational needs, and the health and social needs of everyone while reducing the use of fossil fuels which release fossil-sourced carbon dioxide and exacerbate the effects of climate change they are already dealing with. The goal may not be to crowd more people into large metropolitan areas, but to make rural areas attractive places in which to live and work.

Economic development begins with agricultural policies designed to make domestic agriculture more productive and profitable, within the economic constraints of the country. When that happens rural consumers will begin to demand the kinds of industrial products and services that have traditionally been located in more urban areas. For most nations industrial development is the endpoint, not the starting point of a sound agricultural policy.

In addition it is important to recognize that agricultural policy is not a new concept, but has been crucial to the success of civilizations for more than 5 millennia. We remember that as the 1996 Farm Bill was being debated and adopted, many farmers expressed the sentiment that they wanted to "get the government out of agriculture." We understand that while farmers may be frustrated with one or more elements of a current agricultural policy like WOTUS (Waters of the United States), stable agricultural production would collapse in the absence of a coherent set of agricultural policies. The sustenance for every member of society depends upon it.

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## SUMMARY OF DISASTER ASSISTANCE PROGRAMS AVAILABLE THROUGH THE

### FARM SERVICE AGENCY

Livestock Indemnity Program (LIP) – The LIP provides financial assistance to producers for livestock deaths in excess of normal mortality caused by adverse weather. LIP payments are equal to 75 percent of the market value of the applicable livestock as determined by the Secretary of Agriculture.

Emergency Assistance for Livestock, Honey Bees, and Farm Raised Fish (ELAP) – The ELAP provides assistance to producers that have experienced losses due to eligible adverse weather or an eligible loss condition, including blizzards, disease, water shortages, and wildfires, as determined by the Secretary of Agriculture. ELAP covers losses not covered by other disaster assistance programs. ELAP can provide assistance for livestock death losses caused by an eligible loss condition and for livestock feed and grazing losses not due to drought.

Assistance under ELAP can be provided for:

- Losses of purchased forage or feedstuffs;
- Losses of mechanically harvested forage or feedstuffs;
- Additional costs incurred for transporting feed to eligible livestock because of eligible adverse weather or loss condition;
- Additional costs associated with purchasing additional feed above normal quantities required to maintain eligible livestock during an eligible adverse weather or loss condition until additional feed becomes available.