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As USDA forecasts farm income down, Vilsack plans help

By Jon H. Harsch

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Thursday's "Farm Income and Costs" report from USDA's Economic Research Service shows that:

- "[Net farm income](#) is forecast to be \$71.2 billion in 2009, down \$18.1 billion (20 percent) from the preliminary estimate of \$89.3 billion for 2008. Still, \$71.2 billion would be 9 percent above the average of \$65 billion earned in the previous 10 years."
- "[Net cash income](#), at \$77.3 billion, is forecast down \$16.1 billion (17 percent) from 2008 but still 7.6 percent above its 10-year average of \$71.8 billion. Net cash income is projected to decline less than net farm income primarily because it reflects the sale of \$1.8 billion in carryover stocks from 2008. Net farm income reflects only the earnings from production that occurred in the current year."

Commenting on the report, Agriculture Secretary Tom Vilsack said the projections for lower income "are still higher numbers than 2006." He pointed out that "We had a record year in 2008, so it is not unusual that we would see potentially some slippage." But he said the forecasts cause concern at USDA and that "There are a number of producers that are stressed and we are in the process of determining what assistance we can provide." He said dairy producers have been especially hard hit by the current recession "and we hope to have something for them in the next week or so to send a message that we care and are concerned about what's happening."

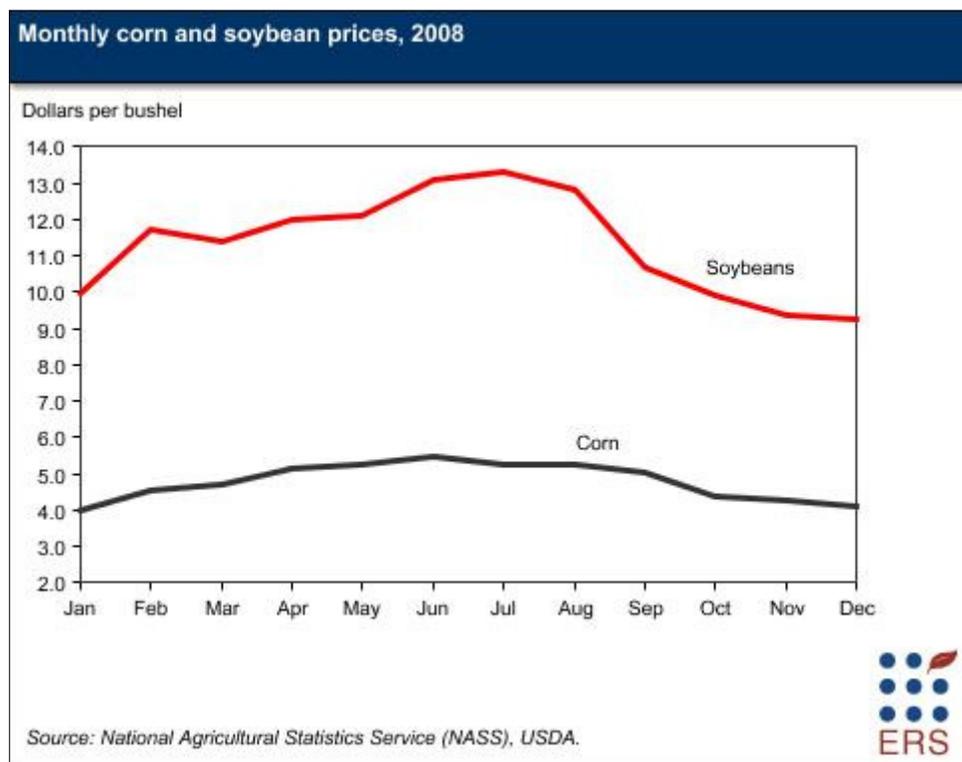
Vilsack hopes the stimulus bill that Congress is expected to deliver to President Obama within a few days will help the dairy industry and rural communities. He explained that the stimulus bill "provides some degree of hope and assistance, in the following respects. First of all, it increases significantly our commitment to food assistance, which will help, as I've said before, stimulate global economies. For every \$5 that's spent, we generate over \$9 of economic activity. That's going to help reduce some of the surpluses, maybe increase the prices a bit and help some of those producers out. It also creates rural jobs." He added that he expects "significant investments in bioenergy" and "a focus on the energy title of the Farm Bill to provide additional help." As well, he said, USDA will

“work very hard to institute the Conservation Stewardship Program which will also provide other income opportunities.”

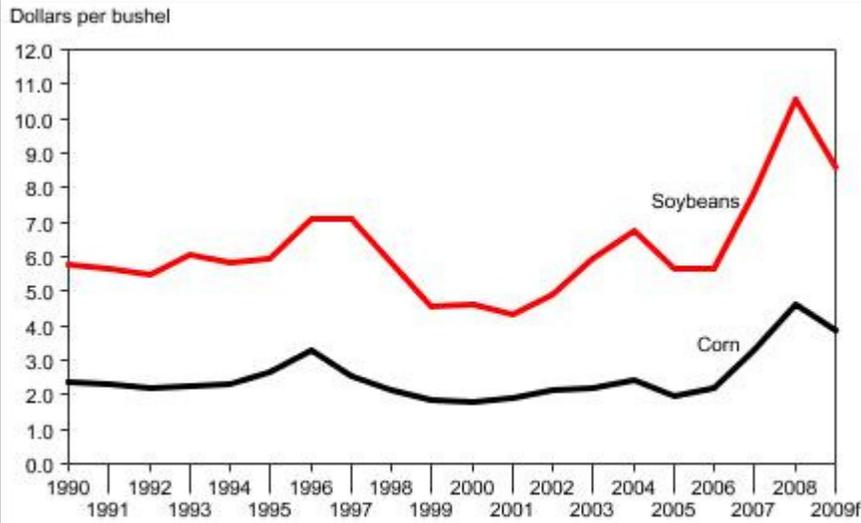
Vilsack said USDA has been working with the dairy industry to provide additional credit “so that we don’t have a significant sale of dairy cows that would create some difficulties overall for beef producers.” He said USDA is working on reducing surpluses by sending more to food banks and pursuing export opportunities. After telephoning a California widow now running her family dairy operation, Vilsack said her husband’s suicide “is representative of the stress that people feel and it is an unfortunate and tragic reminder that this economy impacts people personally and in a very real way and we need to be sensitive to that.”

“Obviously what we need is stability and predictability,” Vilsack said. “It makes it a lot easier to manage the risk that is associated with farming if there is a greater degree of predictability. . . So what I hope to be able to do, as I’ve said before, is to try to provide diverse income opportunities and hopefully by doing that and by helping people through these difficult times, we can restore some degree of stability as opposed to volatility.”

For explanations of the following ERS charts and to read the USDA Economic Research Service report on “Farm Income and Costs: 2009 Farm Sector Income Forecast,” go to: <http://www.ers.usda.gov/Briefing/FarmIncome/nationalestimates.htm>



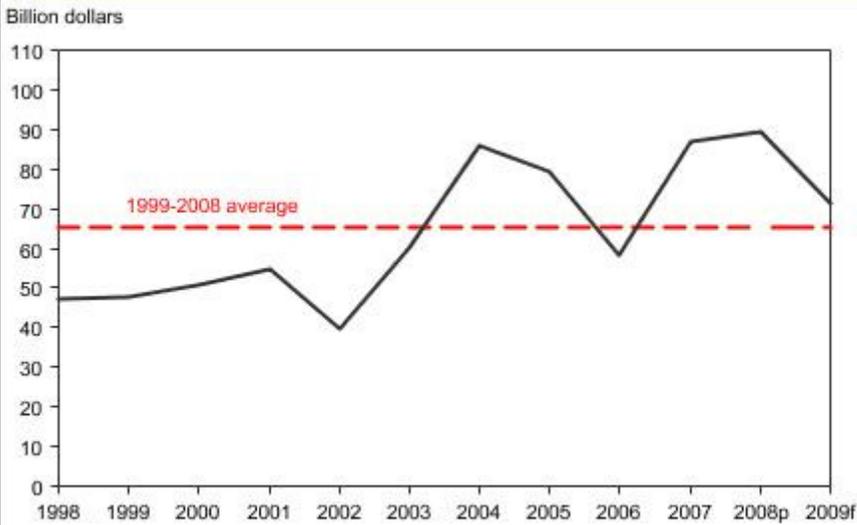
Annual average prices for crops, 1990-2009f



Source: National Agricultural Statistics Service (NASS), USDA.



Net farm income, 1998-2009f



Source: Economic Research Service, USDA.

