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# Farming

## MAGAZINE

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## Field Notes from An Iowa Farm

—Walter P. Falcon

My wife and I are spending the summer of 2012 at our farm near Cedar Rapids, Iowa. It is a relatively small corn, soybean, and cow/calf operation in the east central part of the state. We are surrounded by other farmers, many of whom are getting on in years, who typically farm between 500 and 1,000 acres. A few also feed cattle and there is one confined pork operation nearby.

For someone interested in agricultural price volatility, this summer has been a three-month seminar in real time. There was an early spring in Iowa, and record acres of corn and beans were planted. Some of our neighbors even brought conservation-reserve land back into production. Plantings were fencerow to fencerow—although fewer fences line the landscape as farmers move out of the livestock business and fences are removed to accommodate the larger 12- and 16-row equipment that is now commonplace. Early commodity prices were good, but not spectacular in April and May, and with prospects for a large crop, many of our neighbors made forward contracts to deliver large quantities of corn and beans to local ethanol and bean-crushing plants.

Temperature and rainfall at the time of pollination and grain-filling dramatically affect corn yields—and this year the combined effect was dreadful. The corn crop literally curled up and died before our eyes.

The corn on sandy hills burned up first, but the crop on deeper, blacker soils soon followed. National corn prices followed the thermostat. Cash prices of corn went from about \$6 per bushel in May to more than \$8 in early August. During June and July, national reserve stocks of corn were very low, so price stability was dependent on average or better weather. Instead, extreme weather came in all forms. Average temperatures at the Cedar Rapids weather station for June, July, and the first week of August were the highest in recorded history. Maximum temperatures for 22 of the past 70 days exceeded 90 degrees. Total rainfall was only 1.1 inch, compared to an historical average of 8.1 inches. It is the driest summer since 1910.

With the corn crop currently denting, and thus “fixed” (more rain would not now improve yields), all attention turned to soybeans. Beans have a resilient character to them, with the capacity to shed blossoms until growing conditions “are right.” Having lost much of the corn crop, our neighbors are busy reassuring each other that “the bean crop is made in August”—but only if rains arrive. Unfortunately, there is little moisture predicted in the medium-term forecasts.

Worst hit of all have been the livestock producers. Pastures are toast, and watering holes and rivers are drying up. The sizeable creek that runs through our farm is now the tiniest of trickles. The likelihood of having to move the cows and calves is growing daily, and the question of whether our farm well

will have enough capacity to supply both the animals and us is now a critical issue.

The problems of cattle feeders are even more dire. Prices for fed cattle are down, and the extreme heat is taking its toll—quite literally. Fat cattle weighing 1,400 to 1,500 pounds do not gain weight well, nor do they even breathe well. Farmers who own the two operations nearest us report that they dare not sort and ship steers to market because of the heat. They each report having lost two animals from heat-related respiration problems, each animal valued at about \$1,600. Moreover, even without heat losses, they are faced with extremely high feed costs. And high prices do not end with corn and soybean meal.

Forage and hay prices have been even more affected by climate variability. The large round bales that weigh upwards of a ton and typically sell for \$60 are now selling for \$250! The price is partly driven up by truckers from Missouri and Arkansas, locations hit earlier and even more severely, coming to eastern Iowa to purchase forage. So tight is the forage market that farmers are baling grass from the Conservation Reserve (recently permitted by the government), waterways, and even ditches. Plants with any sort of green tint to them are being mowed and baled.

The talk among farmers is, as always, most interesting. About four miles from home is the small town of Waubeek—a tiny burg in a part of Iowa made famous by Grant Wood, best known for painting “American Gothic” and other scenes of the rural Midwest. Each morning at about 8:30, locals gather in a limestone building called (perhaps miscalled) a restaurant to have watery coffee and rolls, to trade stories, and to establish bragging rights on a variety of issues from yields, to prices, to number and sizes of tractors. Conversation over the years has always centered on the dreadful nature of weather, prices, and the government, though this year there are nuances in the stories being told. They range from the very happy, “I sold a load of old-crop corn this morning for \$8.14, the highest price in my whole life as a farmer;” to the “I walked my cornfields this morning. Where I got 220 bushels last year, I don’t think the crop will make 80 bushels this year.” No one at the table thought their corn crops would yield more than 120 bushels; and everyone noted that virtually all of those yields would be discounted in price because of low test weights.

Talk then turned to new seed varieties, mostly from Pioneer and Monsanto, which have transgenic drought resistance built into them. Bags (80,000 kernels) of seed—enough to plant about 2.5 acres—range in price from \$300 to \$400. There is hope, but not much confidence, that the new seeds will help compensate for the low rainfall. The farmers report that the companies, which are far from loved because



*Fertility, 1939 by Grant Wood; Lithograph. Spencer Museum of Art, Univ. of Kansas.*

their seed prices are perceived as being too high, are backing away from yield claims. The conversation also took up the pros and cons of “green” chopping the stalks and immature corn to make silage. It turns out that this strategy is fraught with nitrate problems arising mainly from this year’s weather. The laughing summary comment was, “Anyway, we have way too much standing corn and way too few cattle to make that solution work.” Laughter continued as they talked about those 10,000 “crazy folks” who were riding bicycles across Iowa in the heat as part of the annual ride across Iowa.

Most surprising to me is the fact that the conversations are not gloomier. What I had not realized was the increased role that crop insurance was playing in most farmers’ operations. Upon checking, I found that about 90 percent of the land is covered by a joint public/private insurance program, in which private companies offer insurance, with the government and farmers sharing in the premium. Many of these policies provide for both price and yield protection and cover losses in excess of 25 percent. For most crop farmers, therefore, the year 2012 will not be good, but it will be far from a disaster.

But there were also some truly downcast faces at morning coffee. Livestock producers curse the cost of corn and the fact that they are getting little program assistance from the government. They choose their words carefully, but the livestock producers would also be delighted if somehow the ethanol industry went away. Similarly, crop farmers who have no crop insurance, and/or who contracted forward to sell what they expected would be a large harvest at modest prices,

now are facing the costly prospect of having to buy high-priced corn on the market to fulfill their delivery contracts.

After more assurances to each other that “the bean crop is made in August,” conversations turned to the future. Will marketing be totally messed up because of low flows in the Mississippi River and disrupted barge traffic? What, they ask, will the heat and drought do to land prices? The local area has seen a rapid run-up in land prices, a 32-percent increase between 2011 and 2012, with land sales for the county now averaging \$8,000 per acre for medium quality land. And what will happen to cash rents for farmland now averaging \$270 per acre? Most of all, they ask what will happen weatherwise in 2013. Most of them can see their way through one year of really difficult weather; their primary concern is what happens if there are two 2012s in a row. Opinion divides on whether next year will return to normal, or whether 2012 is a good predictor of many years to come.

One thing, of course, never changes: their views of the government, which range from dismay to disgust. The fact that the current Congress seems unable to pass either a new farm bill or a special bill covering drought, especially for livestock producers, is the subject for special derision.

Meanwhile, everyone watches the markets, waits, and prays for rain. 🌧️

*Walter P. Falcon, Farnsworth Professor of International Agricultural Policy (Emeritus), Deputy Director, Center on Food Security and the Environment, Stanford University.*

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