American Farm Bureau Federation

Labor shortages unlikely to ease

By MATEUSZ PERKOWSKI
Capital Press

ATLANTA — Labor shortages will likely continue afflicting farmers for the foreseeable future as the U.S. recovers from the coronavirus pandemic, a top agricultural economist predicts.

The U.S. is facing a confusing labor situation, with people "sitting on the sidelines" despite plentiful employment opportunities, said Veronica Nigh, an economist with the American Farm Bureau Federation.

"Where are the workers? Why isn't everyone back?" Nigh said Dec. 10 during AFBF's annual convention in Atlanta, Ga.

The answer appears to be a fundamental shift in priorities for many Americans due to the coronavirus pandemic, she said. "The last two years have changed people in a lot of ways."

While there is a stereotype about young people who prefer to play video games than to work, federal statistics don't necessarily bear that out.

In reality, the percentage of people in their mid-20s to their mid-50s who are employed has returned to pre-pandemic levels, Nigh said.

However, the percentage of older "baby boomers" returning to the workforce has not recovered — and they represent a large chunk of the total population, she said.

The virus likely provided a "reality check" for many older workers, who decided they don't want to "die at their desk," she said.

Apart from older people who haven't gone back to work, there's also been a surge of interest in self-employment, Nigh said.

The number of applications for new businesses has spiked sharply during the pandemic, she said.

Workers who faced lay-offs at the onset of COVID-19 realized that "their employment is not guaranteed," she said.

That led to the realization that "maybe I can do this," in terms of starting new companies, she said.

Veronica Nigh, economist for the American Farm Bureau Federation, speaks Jan. 10 about labor shortages.

The rise in business applications is partly driven by people who've taken so-called gig jobs, driving people or delivering food, but Nigh said there's more to the story.

There's been a similar surge in "high propensity businesses," which employ multiple people, she said.

"We've got a lot of business applications for folks who are going to employ others," Nigh said. "We've got a lot more competition for those workers who are out there."

More young working-age people are pursuing education beyond high school, which ultimately bodes well for the U.S. economy, she said.

People with degrees beyond high school tend to weather economic downturns better, Nigh said. "More resiliency in the workforce means more resiliency in the economy."

While that outcome would be positive in the long term, it's unlikely the farm industry will be able to employ as many workers as it needs, she said.

"I don't see that going away any time soon," Nigh said.

For the farm industry, the problem of insufficient workers isn't new — and some growers will probably be forced to adjust.

Farmers who grow labor-intensive specialty crops aren't likely to stop, but they may shift to plants that are more easily cultivated and harvested mechanically, she said.

"We're no strangers to labor shortages," Nigh said.

Crop prices competing with farm input inflation

By MATEUSZ PERKOWSKI
Capital Press

ATLANTA — Increased crop and livestock revenues surpassed rising farm expenses last year, but growers can't count on a repeat in 2022.

While strong crop prices and federal relief money kept farm profits healthy in 2021, inflation poses a credible threat in the coming year.

"Even though we have high commodity prices, high input costs are going to weigh on that," said John Newton, chief economist with the U.S. Senate Agriculture Committee.

Farmers earned about $117 billion in net income in 2021, the second-highest profit since the $124 billion they generated in 2013, he said at the American Farm Bureau Federation's annual convention in Atlanta, Ga.

However, crop prices are not guaranteed to outpace the inflation of fertilizer costs and other inputs during 2022, Newton said.

"You don't know what that crop's going to be worth until you take it out of the ground," he said Jan. 9.

Last year, growers spent $388 billion on inputs, which was also the second-highest amount in history, Newton said.

The hike in nitrogen prices and other expenses is foremost in farmers' minds in the upcoming growing season, and will likely affect planted acreage and fertilizer investment, he said.

Crop prices have benefited from the surge in exports to China, which topped $30 billion last year, he said.

"The question that remains is what happens now," Newton said. "How strong will they continue to be?"

Federal assistance is another area of uncertainty.

The COVID-19 pandemic prompted the federal government to spend $34 billion to offset farm losses, Newton said.

Federal aid for agriculture will likely be winding down but Con-

John Newton

gress is still expected to spend another $10 billion on coronavirus relief in 2022, he said.

"We do expect that to continue," Newton said. "We know there will be new disaster funding coming."

While the Biden administration's "Build Back Better" legislation includes hefty spending on agriculture, it hasn't won over the American Farm Bureau Federation.

The organization is opposed to the bill, which also aims to invest in social and environmental programs, due to its cost and associated tax revisions that are intended to raise federal revenue.

The proposal includes about $90 billion for agricultural conservation programs, rivaling the $119 billion spent on such investments in the 2018 Farm Bill, Newton said.

The problem is the spending hasn't been vetted by agricultural committees in Congress, he said. Farmers should also be allowed to weigh in on the proposal.

"They're attempting to pass the equivalent of a farm bill without any stakeholder engagement," Newton said.

The bill currently appears to be stalled but elements of the agricultural plan may survive in a scaled-back future version, he said.

Newton said he'd want such a proposal to be fully scrutinized by lawmakers of both parties as well as the farm industry.

"We need to get back to bipartisanship," he said. "We need to get back to working together."

Vilsack vows 'voluntary and incentive-based' climate strategy for farms

By MATEUSZ PERKOWSKI
Capital Press

ATLANTA — Farmers have a role to play in fighting climate change but they shouldn't be coerced, according to USDA Secretary Tom Vilsack.

Agriculture has the potential to profit from reducing carbon emissions through "climate smart" conservation practices, Vilsack said Jan. 10 during the American Farm Bureau Federation's annual convention in Atlanta, Ga.

"We know it has to be voluntary and incentive-based," he said. "It can't be regulated."

The USDA is using the Environmental Quality Incentives Program, or EQIP, and the Conservation Stewardship Program, or CSP, to help farmers use methods such as cover crops to sequester carbon.

While the USDA plans to encourage such farming practices with money from the federal Commodity Credit Corporation — which disburses farm support dollars — it will not

U.S. Secretary of Agriculture Tom Vilsack

deprive other programs of funds, Vilsack said.

Likewise, the USDA isn't planning to take an active role in creating markets for carbon credits, such as those growers could earn for reducing emissions, he said.

Such efforts should occur in the private market, Vilsack said. Even so, the USDA wants to help growers tap into that potential.

"This is about creating new revenue streams, additional revenue streams," he said. "We can be the first agriculture in the world to do so, which would give us a market advantage."

Vilsack has returned to the role of USDA secretary under the Biden administration after previously serving in that capacity during the Obama administration.

Zippy Duvall, AFBF's president, said he considered Vilsack a friend and appreciated his responsiveness to the organization's concerns.

"When I text the secretary, he texts me back," Duvall said. "When I call the secretary, he calls me back."

The USDA is poised to speed the farm industry's adoption of new technology with the passage of a major federal infrastructure bill last year, Vilsack said.

"We finally got the job done," he said.

The bill will improve the farm industry's ability to get products to port but it's also going to expand access to broadband internet, Vilsack said.

Faster data upload and download speeds will allow farmers to take full benefit from precision agriculture tools, he said. "I'm excited to get this technology in the hands of farmers."

Farmers collectively earned strong profits last year but that doesn't reflect the experience of every grower, Vilsack said.

Specific crops and regions may not fully gain from the industry's successes, he said. "Income doesn't necessarily go up in every part of the country."

To that end, USDA is deploying disaster relief dollars to help growers affected by wildfires and other problems, he said.

Exports are crucial for the farm industry, which is why the federal government is focused on clearing up port congestion.

For example, the government is creating incentives for ocean shippers to fill containers with Asian-bound farm exports, he said.

While farm goods typically rely on empty containers once filled with imported Asian products, current supply chain problems have changed that dynamic.

Ocean carriers are now taking back more empty containers without waiting for them to be filled with U.S. farm goods, since they're needed to bring products back to America.

"We are working on the areas where we have control," Vilsack said, referring to the container program and advocacy to extend port operating hours, among other efforts.

Ensuring that ports and other transportation facilities work effectively is critical for agriculture but so is the enforcement of trade deals, he said.

Exports to China, for example, have been strong under a phase one trade agreement but that doesn't mean the U.S. will look past phytosanitary restrictions that needlessly restrict shipments, Vilsack said.

"We are going to press China on the need for complete enforcement and complete implementation," he said.