



# 1999 Summary Report

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## Introduction

In 1982, the Iowa State University Agriculture and Home Economics Experiment Station and the ISU Extension Service, in cooperation with the Iowa Department of Agriculture and Land Stewardship-Division of Statistics, made the decision to annually survey a sample of Iowa farm families on major farm and rural issues. Every year the Iowa Farm and Rural Life Poll is conducted to examine major public policy issues and make farmers' opinions known to decision-makers in state government and at the national level. The poll has emerged as a useful source of information to public officials, farm press, and ISU extension staff and researchers. Each of us who benefit from the findings of the survey is indebted to the hundreds of farm families who took time to complete the questionnaire.

## Methodology

Questionnaires were mailed to a statewide random sample of 4,947 farm operators in mid-February. The primary focus of this year's survey was how farm families are coping with current conditions and what they expect in the next decade. Usable questionnaires were received from 2,583 operators yielding a response rate of 52 percent.

## Highlights from the 1999 Poll

A major finding that emerged in this year's survey is the extent and magnitude of economic risk and uncertainty that is contributing to significant stress among farm families. Current financial hardship, along with perceptions that risk and uncertainty in farming will likely increase, have resulted in numerous adjustments or planned changes on Iowa farms. The most common adjustments were those to either reduce expenditures, reduce costs of production, or alternative ways to earn more money. Some of the key findings include:

- 87 percent of Iowa farmers expect the level of risk to increase in farming in the next five years, and 89 percent reported that risk levels had increased in the past five years.
- 67 percent reported that risk had increased in their own farming operations over the past five years.
- 77 percent reported plans to pay closer attention to marketing decisions.
- 63 percent indicated intentions to buy crop insurance.
- Reducing both short-term and long-term debt was planned by slightly over one-half of the respondents.

- Reducing family living expenses in the past 12 months was prevalent throughout the sample. Some examples of household adjustments include: 71 percent reported shopping at discount stores or centers, 61 percent have switched to generic drugs, 52 percent buy used furniture, clothing and machinery, and 51 percent have cut back on social activities and entertainment expenses.
- Perceptions that more risk is likely have contributed to elevated stress levels among farm families. Fifty-three percent reported that stress levels in their family had increased in the past five years.
- Related to the mounting risk in farming and personal stress levels are declines in the proportion of producers reporting being satisfied with their farm's profitability. Only 30 percent reported being satisfied with their farm's profitability this year compared with 58 percent in 1991—nearly a 50 percent decline.
- The current pessimism in farming is projected into the future with 98 percent indicating that low prices in the next 10 years will put many farmers out of business, and 85 percent predicted that the number of farms will continue to decline.
- The deterioration in the farm economy is responsible for the decline in the proportion of producers reporting being satisfied with farming as their occupation. In 1991, 71 percent reported being satisfied with their occupation compared with 47 percent this spring.
- Current economic conditions have contributed to a general malaise that was evident in the attitudes of producers. For example, 83 percent agreed that farmers are being left out of many

important agricultural decisions, and 81 percent expressed agreement that they cannot count on government assistance to solve their marketing and price problems.

## Findings

### Farm Plans

Some clear patterns of adjustments and responses to current conditions are evident in producers' farm plans for the next five years (1999-2004). The most frequently cited responses to current conditions included doing a better job of marketing, using crop insurance, and reducing debt loads (Table 1). On the other hand, few producers are planning expansion or making new investments. Least likely responses (shown at the bottom of Table 1) include: selling land, building or extensively remodeling their home, building new grain storage, making a major equipment purchase, or buying additional land. Based upon data shown in Table 1, it appears that the majority of Iowa producers are in a maintenance mode, making few plans for expansion of their operations, and are attempting to keep expenses down.

### Stress Levels

Fifty-seven percent of Iowa farmers reported that their personal level of stress has increased in the past five years (Table 2). Forty-five percent reported that their level of concern about stress has increased in the past five years, and on a day-to-day basis their stress has increased (44 percent). Eighty-one percent indicated that stress levels among farmers in their community have increased in the past five years, and 53 percent reported that levels of stress in their family had increased during the same time period.

**Table 1. Farm Plans for the Next Five Years (1999-2004)**

	<u>Yes, Definitely</u>	<u>Yes, Probably</u>	<u>Not Sure</u>	<u>No, Probably Not</u>	<u>No, Definitely Not</u>	<u>Not Applicable</u>
	percent					
Pay closer attention to marketing decisions .....	28	49	9	6	3	5
Buy crop insurance .....	31	32	11	9	10	7
Reduce short-term debt .....	18	38	11	5	3	25
Reduce long-term debt .....	18	36	10	6	4	26
Keep land base the same .....	15	41	21	15	5	3
Explore ways to add on-farm value to existing enterprises .....	4	28	27	23	14	4
Reduce or quit raising hogs .....	13	8	8	7	8	56
Reduce or quit raising cattle .....	7	5	11	21	13	43
Adopt computerized record keeping .....	7	18	19	22	23	11
Buy a new car or pickup .....	5	24	22	24	23	2
Raise crops under a market contract .....	2	9	29	25	26	9
Quit farming .....	6	9	26	28	26	5
Rent fewer acres .....	3	5	16	31	24	21
Raise livestock under a market or production contract .....	2	3	12	19	37	27
Take son or daughter or other family member into operation .....	3	10	17	28	29	13
Expand current livestock operation .....	2	11	14	26	31	16
Diversify farm by adding new crops .....	1	8	29	34	24	5
Rent more land .....	3	14	18	26	35	4
Buy additional land .....	3	11	20	30	33	3
Make a major farm equipment purchase, e.g., tractor or combine .....	2	11	14	27	40	6
Build additional grain storage .....	1	9	16	29	39	6
Build a new home or extensively remodel existing home .....	2	8	13	30	44	3
Sell some land .....	1	3	11	26	49	10

## Perceptions of Risk

Without a doubt, the stress levels reported in Table 2 are related to overwhelming recognition that risk in farming has greatly increased. According to 89 percent of the respondents, risk in farming has increased during the past five years (Table 3). Nearly the same proportion (87 percent) expect risk to increase in the next five years. Two-thirds (67 percent) re-

ported that risk in their farming operation had increased in the previous five years.

## Family and Farm Adjustments

In the context of perceptions of greater risk and uncertainty in farming and personal financial stress, it is not surprising that significant proportions of farm families are actively seeking ways to reduce expenditures and increase income (Table 4).

**Table 2. Perceptions of Stress**

		<u>Greatly Increased</u>	<u>Somewhat Increased</u>	<u>Remained the Same</u>	<u>Somewhat Declined</u>	<u>Greatly Declined</u>
		percent				
Over the past five years, has your personal level of stress	1999	21	36	30	10	3
	1994	17	43	31	8	1
	1989	11	33	30	21	5
Has your concern with your level of stress	1999	12	33	43	9	3
	1994	11	37	43	7	2
	1989	5	28	44	18	5
On a day-to-day basis, has your stress	1999	10	34	42	11	3
	1994	10	38	41	9	2
	1989	4	25	42	23	6
Over the past five years, have stress levels among farmers in your community	1999	27	54	17	2	0
	1994	NA				
	1989	NA				
Over the past five years, the level of stress in my family has	1999	13	40	36	9	2
	1994	NA				
	1989	NA				

**Table 3. Perceptions of Risk**

	<u>Greatly Increased</u>	<u>Somewhat Increased</u>	<u>Remained the Same</u>	<u>Somewhat Decreased</u>	<u>Greatly Decreased</u>
	percent				
Over the past five years, has the level of risk in farming .....	49	40	10	1	0
In the next five years, the level of risk in farming will .....	46	41	10	2	1
Over the past five years, the level of risk in my farming operation has .....	26	41	25	6	2

**Table 4. Family Living Changes in the Past 12 Months**

	<u>Yes</u>	<u>No</u>
	— percent —	
Have reduced living expenses by:		
a. shopping at discount stores/centers .....	71	29
b. switched to generic drugs .....	61	39
c. buying more used or second-hand goods such as clothing, furniture, and machinery .....	52	48
d. avoid name brand products .....	51	49
Cut back on social activities and entertainment expenses .....	51	49
Postponed major household purchase(s) .....	47	53
Cut back on charitable contributions .....	45	55
Postponed a major farm purchase(s) .....	45	55
You or another family member has taken an off-farm job .....	37	63
Used savings to meet living expenses .....	36	64
Changed food shopping or eating habits to save money .....	35	65
Have experienced a declining standard of living due to financial situation .....	34	66
Have delayed retirement plans .....	33	67
Reduced household utility use .....	32	67
Changed transportation patterns to save money .....	30	70
Have explored ways to increase income such as:		
a. working more over-time, if applicable .....	28	72
b. started a home based business .....	12	88
c. expanded farm operation .....	21	79
Purchased more items on credit than we used to .....	23	77
Have borrowed money from lender to meet living expenses .....	22	78
Postponed medical care to save money .....	21	79
Sold possessions or cashed in insurance .....	16	84
Have borrowed money from family members .....	10	90
Let life insurance lapse .....	8	92
Have sold land or other assets to reduce debt load .....	7	93
Have not been able to pay property taxes .....	6	94
Forfeited a land contract or mortgage .....	1	99

The most frequently cited responses have been in reducing expenditures and cash outlays. Shopping at discount stores, buying generic drugs, buying used merchandise, and cutting back on social activities and entertainment expenses were commonly reported adjustments. However, some financial adjustments that individual farm families have made are prudent but they can have important negative impacts on local businesses and may have negative long-term consequences on family living. Shifting purchases to discount stores or delaying purchases may result in financial stress among family-owned independent mainstreet businesses. Forty-seven percent reported postponing major household purchases, and 45 percent have delayed a major farm purchase. Cutting back on charitable contributions (45 percent) may contribute to financial stress among churches and other organizations that are dependent upon voluntary contributions. Many of the frequently cited adjustments including such things as a family member taking an off-farm job (37 percent), using savings to meet living expenses (36 percent), borrowing more money (22 percent),

or delaying retirement plans (33 percent) have important implications for quality of life and are related to judgments about one's life satisfaction. One-third of the respondents acknowledged they have experienced a declining standard of living due to the current financial situation. Satisfaction levels are shown in Table 5.

### Satisfaction Levels

Fifty-one percent of the respondents reported they were either very or somewhat satisfied with the financial conditions in the state; this compares with only 16 percent in 1991 (the last time these questions were asked). Satisfaction levels with financial conditions in their local community have remained unchanged since 1991 with about 40 percent expressing approval. Not surprising, given the previous findings, are the declines in satisfaction levels with their own farm's profitability. This year only 30 percent reported being satisfied compared with 58 percent in 1991. A similar decline is noted among the proportion of producers that reported being satisfied with farming as an occupation. This spring, 47 percent reported being satisfied compared with 71 percent in 1991.

**Table 5. Satisfaction Levels**

		<u>Very Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Uncertain</u>	<u>Somewhat Dissatisfied</u>	<u>Greatly Dissatisfied</u>
		percent				
Financial conditions in the state	1999	8	43	27	16	6
	1991	1	15	34	32	18
Financial conditions in your community	1999	4	36	28	25	7
	1991	3	34	31	24	8
Your farm's profitability	1999	3	27	15	32	23
	1991	10	48	8	25	9
Farming as your occupation	1999	16	31	19	23	11
	1991	32	39	12	13	4
The level of neighborliness In your community	1999	24	47	12	13	4
	1991	NA				



Neighborliness received the highest satisfaction score of the items included with 71 percent being satisfied. Satisfaction with neighborliness is reflected in farmers' assessments of their communities (Table 6).

## Community Satisfaction

Table 6 shows that even though rural Iowa and especially farming is experiencing difficult times, farmers are generally quite satisfied with their communities. Eighty-one percent agreed with the statement that "this community would be a good place for future generations to raise their families." While 48 percent agreed that "the future of this community looks bright," one out of five disagreed. Almost six out of ten agreed that "I can't think of any other community where I'd rather live." About four out of ten agreed that "this community has more things going for it than other communities in this area."

## What's Ahead for the 21st Century

While no one can accurately predict the future, it is informative to assess what producers see as likely to occur in the next decade. Table 7 presents (in descending

order) farmers' predictions for the next 10 years. The number of farms will continue to decline according to 98 percent of the respondents. Other likely events include more farm families relying upon off-farm jobs (96 percent), low prices will force many producers out of business (95 percent), and gaps between the rich and the poor will increase (89 percent). Food safety issues will become more important predict 89 percent of the farm operators, and 81 percent expect the cost of living to prevent people from retiring at age 65.

Approximately three-fourths expect land use planning will become necessary, environmental groups will become more influential, consumers will become more concerned about food quality, and farmers will be forced to accept contracts to ensure market access.

## The Role of Government

Over eight out of ten farmers agreed that they are being left out of many important agricultural decisions (Table 8). About the same proportion agreed that farmers cannot count on government assistance in

**Table 6. Farmers' Community Satisfaction**

		<u>Strongly</u> <u>Agree</u>	<u>Agree</u>	<u>Uncertain</u>	<u>Disagree</u>	<u>Strongly</u> <u>Disagree</u>
		percent				
This community would be a good place for future generations to raise their families	1999	30	51	13	4	1
	1994	22	57	13	7	1
The future of this community looks bright	1999	12	36	32	17	3
	1994	8	32	35	22	3
This community has more things going for it than other communities in this area	1999	9	33	33	21	4
	1994	6	31	31	28	4
I can't think of any other community where I'd rather live	1999	19	40	25	13	3
	1994	17	40	24	15	4

**Table 7. What's Ahead for the 21st Century**

	<u>Very Likely</u>	<u>Somewhat Likely</u>	<u>Uncertain</u> percent	<u>Somewhat Unlikely</u>	<u>Very Unlikely</u>
The number of farms will continue to decline .....	82	16	1	1	0
More farm families will rely on off-farm work .....	63	33	3	1	0
Low prices will put many farmers out of business .....	71	24	4	1	0
Gaps between the rich and the poor will increase .....	55	34	8	2	1
Food safety issues will become more important .....	40	49	9	2	0
Consumers will become more concerned about the origins and quality of their food .....	28	55	12	4	1
The cost of living will prevent many people from retiring at age 65 .....	39	43	12	5	1
Land use planning and zoning will be necessary to assure fairness between farmers and non-farmers .....	31	46	18	4	1
Environmental groups will have a greater influence on setting farm policies .....	28	46	20	5	1
Farmers will be forced to accept production and marketing contracts to ensure market access .....	20	51	25	3	1
Changing food buying and eating habits will result in new opportunities for farmers to produce for new markets including organic, farm fresh, range fed, etc. ....	18	52	24	5	1
Producers will join cooperatives or other bargaining associations to countervail the market power of food processors .....	16	53	24	6	1
Increased numbers of rural non-farm people moving to the country will result in the urbanization of rural places .....	21	47	21	9	2
Farmers will increasingly turn to value-added processing	15	52	29	3	1
Control of agriculture will increasingly shift to input suppliers that control germ plasma and seed stock .....	27	39	32	2	0
There will be intense competition for water rights .....	25	39	31	4	1
Housing costs will prevent many people from buying a home .....	26	37	26	10	1
More producers will rely upon global positioning systems (precision farming) for nutrient and crop management .....	12	47	30	8	3
Global population growth will result in greater demand for U.S. food products .....	13	40	35	10	2
Federal and state governments will become more aggressive in regulating the marketplace to ensure farmers are treated fairly .....	14	39	33	11	3
Increased numbers of minorities will greatly add to the diversity of rural Iowa .....	18	33	33	13	3
Biotechnology will enable farmers to become less dependent upon agricultural chemicals .....	12	39	31	12	6
Animal welfare groups will have a greater influence in the livestock industry .....	14	35	33	15	3
Global climate changes will contribute additional uncertainty and risk .....	14	34	32	15	5
Increased numbers of farmers will use sustainable farming methods .....	8	38	40	12	2
Trade liberalization will result in new market opportunities	7	32	45	13	3
Rural communities will enjoy new growth and prosperity as people seek out places to enhance their quality of life .	4	25	39	26	6
Contracting in farming will provide farmers with better incomes .....	3	15	43	23	16
More young people will enter farming .....	1	4	14	42	40



**Table 8. The Role of Government**

How do you feel about the following statements? Please circle the number that best represents your opinion.

		<u>Strongly</u> <u>Agree</u>	<u>Agree</u>	<u>Uncertain</u>	<u>Disagree</u>	<u>Strongly</u> <u>Disagree</u>
		percent				
Increasingly, farmers are being "left out" of many important agricultural decisions	1999	33	50	13	3	0
	1995	35	51	9	4	1
Farmers cannot count on government assistance in solving their marketing and price problems	1999	28	53	13	5	1
	1995	32	52	10	5	1
Government agricultural policies are the primary cause of the present price problems	1999	21	33	30	14	2
	1995	20	34	31	14	2
Farmers will always need a govern- ment price support program	1999	14	35	31	15	5
	1995	6	19	33	30	12
Marketing power of farmers can best be achieved by the use of the market price system	1999	5	27	51	12	4
	1995	6	36	44	11	3
Replacement of family farmers by large-scale farmers using hired labor will have undesirable consequences for the nation	1999	54	33	8	3	2
	1995	51	33	11	4	1

solving their marketing and price problems. Farmers also agreed that the replacement of family farms by large-scale producers using hired labor will have undesirable consequences for the nation. Less agreement existed on the statement as to whether government policies are the present price problems (54 percent), and whether farmers will always need a government price support program (49 percent). Least agreement among this set of items existed for the statement about whether the marketing power of farmers can best be achieved by the use of the market price system (32 percent). Producer reservations about the efficacy of the market price system are evident in Table 9.

### Government Regulation of the Marketplace

Producers were in general agreement that there is too much economic power in a few large agribusiness firms (89 percent) (Table 9). Meat packers should continue to be prohibited from owning/feeding livestock according to 88 percent of the producers. Eighty-five percent agreed that if things continue, in a few years farmers would be treated like employees on their own farms. Respondents were in general agreement that the federal government should do more to ensure competitive markets (81 percent). Seven out of ten producers supported more regulation of contracts to ensure fairness. Sixty-two

**Table 9. The Role of Government in Regulating the Marketplace**

How do you feel about the following statements? Please circle the number that best represents your opinion.

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
	percent				
There is too much economic power concentrated in a few large agribusiness farms .....	53	36	9	1	0
Meat packers should continue to be prohibited from owning/feeding livestock .....	58	30	9	2	1
If things continue as they are now, in a few years farmers will be treated like employees on their own farms .....	46	39	11	4	0
The federal government should do more to ensure competitive markets for farm production .....	42	39	14	3	2
With the proliferation of contracts in farming, more regulations are needed to ensure fair terms for all parties .....	29	41	25	4	2
In order to ensure competitive markets, there should be mandatory price reporting for all crops and livestock sold to processors .....	32	30	25	9	4

percent supported mandatory price reporting for crops and livestock sold to processors.

### Home Food Production

Respondents were asked what practices or technologies they use to reduce spending and gain a sense of self-reliance (Table 10). Seventy-one percent reported growing a garden, and 73 percent of those indicated it was moderately very effective in reducing expenditures. Sixty-seven percent reported they can, freeze, or dry vegetables, of which 83 percent indicated it was moderately to very effective in reducing cash outlays. Baking bread, buying fruit and vegetables at farmers' markets, and having their own fruit trees were reported by about four out of ten

farm families. One-third raise their own beef for butchering; about one-fifth raise their own hog for home consumption. Other less frequently used practices included owning a root cellar, trading home produce with neighbors, and using wood for a primary heat source.

### Potential for Local Food Systems

In recent years there has been much discussion about the need to diversify Iowa agriculture by adding food crops. Farmers in this survey predict that in the next ten years food safety issues will become more important and that consumers will become more concerned about the origins and quality of their food (see Table 7). Yet the data in Table 11 suggest that farmers are skeptical of the market poten

**Table 10. Farm Families' Food Self-Reliance**

	Percent that have or use	How effective is this practice/ technique in reducing spending and gaining a sense of self-reliance?		
		Very Effective	Somewhat Effective	Not Effective
		———— percent ————		
Garden .....	71	27	48	25
Can, freeze, or dry vegetables .....	67	17	47	36
Bake bread .....	47	34	42	24
Buy vegetables or fruit at local farmers' market .....	43	30	52	18
Fruit trees .....	40	43	43	14
Raise own beef for butchering .....	32	27	39	34
Raise own hogs for butchering .....	23	21	38	41
Root cellar for food storage .....	17	34	43	23
Trade or barter surplus with neighbors .....	14	37	41	22
Chicken for meat .....	13	40	34	26
Wood heat as primary source .....	12	41	32	27
Chickens for eggs .....	9	49	29	22
Do own butchering at home .....	8	42	29	29
Have own cow for milk .....	3	57	28	15

tial for food crops. For example, three-fourths agreed with the statement that "the problem with locally produced fruit and vegetable crops is that it is such a small market." Similar sentiments were expressed in the large proportion that agreed that "most producers selling through farmers' markets could best be described as hobby farmers" and "farmers' markets have a very limited potential in Iowa because of the short season." Almost two-thirds (62 percent) agreed that farmers and consumers would benefit from more direct contact and interaction. Fifty-

six percent agreed that direct marketing can be more profitable for producers, and the same proportion expressed support for encouraging farmers to sell meat directly to consumers, although one-half of the respondents felt that "most people don't care where their food is produced." Another seeming contradiction in the data is the 49 percent that agreed that direct marketing takes too much time in dealing with fussy consumers. The data suggests an ambivalent attitude about the prospects and potential of local food systems.



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**Table 11. Opinions of Local Food Systems**

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
	percent				
The problem with locally produced fruit and vegetable crops is that it is such a small market.....	15	58	21	5	1
Most of the producers selling through farmers' markets could best be described as hobby farmers .....	11	58	21	10	1
Farmers' markets have a very limited potential in Iowa because of the short season .....	9	57	21	12	1
Farmers and consumers alike would benefit from more direct contact and interaction.....	12	50	34	3	1
Direct marketing can be more profitable for producers .....	7	49	39	4	1
Iowa farmers should be encouraged to produce meat and meat products that could be sold directly to consumers .....	10	46	33	9	1
Most people don't care where their food is produced .....	11	40	19	25	5
Direct marketing takes too much time and dealing with fussy consumers .....	8	41	42	8	1
State-supported institutions such as schools, nursing homes, hospitals, and prisons should be required to buy locally produced farm products whenever they are available such as vegetables, meat, eggs, milk, etc. ....	9	36	37	15	3
Iowa farmers should be encouraged to diversify production to include fruit and vegetable crops .....	6	37	44	12	1
Iowa farmers should develop strategies to sell fresh fruit and vegetables to urban areas throughout the Midwest such as Minneapolis, Omaha, Chicago, Kansas City, etc. ....	6	37	49	7	1
Farmers' markets that sell locally produced farm products can play a significant role in the economic viability of rural communities .....	5	34	41	17	2
Farmers' markets have much to offer as an alternative for farmers to increase their incomes .....	3	30	43	21	3
Increasingly, consumers are interested in returning to diets based on regionally and seasonally available foods .....	3	26	53	16	2

Prepared by Paul Lasley, extension sociologist, with assistance from Steve Padgitt, Clare Hinrichs, and Kathlene Larson. Joan Steffen-Baker and Del Marks provided valuable layout assistance to the questionnaire and this report. The Iowa Department of Agriculture and land Stewardship, Division of Statistics, assisted in the data collection.

[B] File: Communities 9-3

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12 — IOWA STATE UNIVERSITY EXTENSION