



Safeguarding technology

By PAULA MOHR

AMERICAN Farmers for the Advancement and Conservation of Technology is dedicated to conserving existing safe management practices and supporting existing and future on-farm technologies.

Led by co-chairs Liz Doornink, Baldwin, Wis., and Carroll Campbell, Winfield, Kan., AFACT's mission is to:

- safeguard the image of modern agriculture products in the marketplace

- provide consumers with safe, valuable and wholesome products

- advocate for producers' freedom to choose production technologies and practices for the benefit of all

- support the development of agricultural technological advances required to feed a growing global population

"We're increasing membership every time we go to meet-

Key Points

- AFACT is a national pro-technology farm group.
- Consumers are concerned about milk price, quality.
- Some retailers say they want to hear from farmers.

ings," Doornink says. "We're getting people rallied behind our cause. As we do, we're learning, too, that we haven't lost the consumer. But we will if we don't get our face and story in front of them. A lot of us already do ag education in our communities and in our schools. But it needs to be much bigger."

To learn about consumer shopping habits and what consumers know about farm technology, Doornink says that AFACT has been holding meetings of focus groups with eight to 12 shoppers across the U.S. When it comes to milk, "rBST [a growth hormone] is not on their radar," she says.

"Consumers are concerned about milk price, quality and fat content," she says. Some consumers choose to buy more-expensive milk, thinking that it is the healthier choice for their families. However, when Doornink had the opportunity to visit with focus groups after they were surveyed, and explain that all milk is the same in terms of quality and freshness, focus group participants were disappointed and somewhat angry at being deceived by false claims.

"They told us 'we don't want to be lied to' and that they want to hear from us producers," Doornink says.

Educating Wal-Mart

AFACT has five key tactical teams to guide the organization's activities: education, allied relations, communications, focus groups and labeling. Right now, members have been sending letters to retailers, asking them if AFACT

may visit and talk with them about rBST. Doornink has been trying to get an appointment with Wal-Mart executives for more than a month. "We heard back from Wal-Mart in an e-mail and were told 'you're contacting the right person and your letters are circulating in the home office.' I am hopeful. We need that dialogue with Wal-Mart and other retailers."

Doornink says AFACT has already received feedback from some retailers.

"They asked us where were we before. They needed to hear from us before [they made the decision to stop buying rBST milk]. We made a mistake as dairy producers. We need to take the time to make a difference," she says.

For more information on AFACT, contact Doornink at lizdoornink@jonbefarm.com; Greg Jans, Grove City, 320-857-2381, cojo@hutchtel.net; or visit AFACT's Web site at www.itisa.fact.org.

Where's the rBST milk?

IT'S out there, but you have to look for it.

Some Minnesota milk processors and cooperatives are following in the steps of other out-of-state food companies when it comes to picking up milk produced from cows given recombinant bovine somatotropin. They are telling their producers to sign affidavits saying they will not use Posilac, Monsanto's rBST product.

Some producers receive a premium for signing; some do not.

Clint Fall, president at First District Association, Litchfield, says the cooperative has some fluid milk customers who have requested rBST-free milk for about the last decade. Recently, there has been an increase in rBST-free fluid milk sales. Some of the co-op's farmers use rBST and some don't.

"We've asked those members who don't use rBST to become certified," Fall says. He adds that the co-op has not taken sides on the issue.

Dairy farmer George Bakeberg, Waverly, a Bongards' Creameries board member, says some milk suppliers asked for rBST-free milk by Feb. 1.

"We had enough farmers on hand to sign letters of intent [not to use rBST]," Bakeberg says. After receiving the request, the creamery had less than 48 hours to respond or lose its market. Then Bongards' officials had about 10 days to obtain affidavits and refigure routes for more than 400 patrons.

Bakeberg, who also is an AFACT member and past president of Minnesota Milk Producers Association, says the whole rBST issue is unfounded.

"There is nothing unhealthy with rBST milk," he says.

"Activists are backing us into a corner, and it's wrong. What's next, Roundup Ready corn?"

House farm bill payments about the same

ANALYSIS

By KENT OLSON and MATT DALSANTO

THE mid-February announcement by the House Ag Committee of a framework for an alternative farm bill may help push the negotiations to an end after more than a year of debate.

Perhaps.

Compared to the 2002 Farm Bill, the framework announced by Chairman Collin Peterson, D-Minn., and Rep. Robert Goodlatte, R-Va., leaves most aspects of the commodity title the same, adds an optional revenue protection program for commodities, and sets a lower Adjusted Gross Income limit on receiving payments.

In our analysis of the impact on government payments to example Minnesota farms, we estimate total government payments to be very similar under all of the current major proposals. The nationally based revenue protection program provides very similar payment levels to the current price-based system.

This similarity in projected payment amounts is primarily due to current market forces, which have pushed commodity prices to historically high levels. These high prices have reduced the countercyclical payments to virtually zero under any of the alternatives. But the direct payments will be paid at their fixed-payment rate regardless of the current price level. Thus, the projected total government payments, given the current commodity prices,

are almost entirely attributed to the fixed direct payments.

That is, even though current market prices are more than \$4 per bushel for corn, \$10 for soybeans, and \$10 for new-crop spring wheat (well-above their historical levels and their target prices — \$2.63 for corn, \$5.80 for soybeans and \$3.92 for wheat), the direct payments of 28 cents per bushel for corn, 44 cents for soybeans, and 52 cents for wheat will be paid anyway.

Fundamental changes

These high price levels are forecast to remain high into the future due to fundamental changes in the marketplace, such as more affluent consumers demanding more meat, which translates into higher demand for feed grains, and the rise in production of corn eth-

anol and soy diesel, which has increased the demand for corn and soybeans. Higher wheat prices are due to a worldwide decrease in wheat production, as well as a decrease in domestic production caused by farmers shifting land from wheat to corn and/or soybean production.

The market-based revenue system being supported by the corn growers would provide a better safety net given the forecasted higher price levels. But this market-based revenue system is not in the House alternative, which proposes the current, lower price levels or a revenue system based on those lower price levels.

Another change in the new framework is lowering the eligibility limit based on AGI. Under the current \$2.5 million rule for three-year average AGI,

less than 50 Minnesota returns (0.1% of all Minnesota individual farm returns) would have been ineligible for farm-program payments. We estimated this using publicly available Internal Revenue Service data tables for 2004, the most recent year with data available, and assuming the 2004 incomes accurately reflected three-year AGI averages.

The proposed hard AGI limit of \$900,000 is estimated to impact less than 350 Minnesota returns (0.5% of all Minnesota individual farm returns). The proposed soft cap of \$500,000 could impact less than 1,200 Minnesota returns if less than two-thirds of their AGI was from farm-related income.

Olson and Dalsanto are with the University of Minnesota's Department of Applied Economics.