

Testimony Before The US Senate Committee On Agriculture,  
Nutrition & Forestry  
Presented By  
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Good Morning Madam Chairwoman, Distinguished Senators and Honored Guests

My name is Barry Mumby and I thank you for the opportunity to share my views of American agriculture, the pending farm bill and the role we as American farmers are required to play in feeding an ever growing world.

First allow me to provide a brief background of my experience as a lifelong farmer located in South Western Michigan, in St Joseph County adjacent to the Indiana state line.

My father, Robert Mumby purchased our home farm consisting of 330 acres in 1933 with the aid of his Father-in-law Frank Shellenbarger. I mention these names as a reference for comments I will make later in my presentation. Our family farm, Wakeshma Farms LLC, now cultivates about 2200 acres each year and provides a livelihood for three families.

Agriculture does not plan in weeks, months or quarters but rather in years, decades and generations. I am a third generation farmer and am in the process of transitioning the land to my sons David and Sean and daughter Kate. They have all achieved a higher level of formal education than I but they continue to look upon "The Farm" as their roots. I have been and continue to be a mere caretaker of the land during my lifetime, working to secure the benefits of production agriculture for my family. As I move toward retirement I will remain close to the soil that has provided a good living and an opportunity to prosper for three generations and hopefully the fourth fifth and beyond.

I have witnessed innovations in production agriculture that combine information, genetic, mechanical and environmental technology that my father, who started farming with mules, could never imagine. As you begin to consider a new farm bill I believe it is important to remember the

successes and failures, of past bills and to address the needs of a hungry growing world population that demands a better balanced diet.

American growers can and will do their part in this endeavor because we have the land, the economic incentive, the technology, the infrastructure, the machines and genetic knowledge that is readily available to all US growers. Our farm now utilizes management practices such as GPS grid soil testing, GPS variable rate application of fertilizer and lime, GPS controlled guidance systems to ensure there is no duplication of land tillage that wastes time and energy, and yield mapping by the GPS system in our combine to provide hard data for yield, test weight and harvest moisture every five seconds.

This data is supplemented by the same technology for our field sprayer which records the weather, time of day, wind speed and direction, temperature, name and rate of herbicide that is being applied, all required for every pesticide we use. The sprayer also has the swath width managed by the GPS unit on the 90 ft. wide boom to avoid lapping or gapping fertilizer and pesticide applications. The corn planter monitor records seed corn kernel spacing to a tenth of an inch for sixteen 30 inch rows every two seconds. All this information flows into a computer chip that can be downloaded into our laptop computers for future reference in planning and record keeping.

As a Founding Director and ten year member of the United Soybean Board I traveled to 27 foreign countries reviewing projects and in-country office performance. The projects and country offices were funded by US soybean farmers through the National Soybean Check Off and administered by the American Soybean Association in conjunction with the USDA Foreign Agricultural Service. Some of those countries had one, two or several components of our production advantages mentioned above but none of them had all the pieces to the puzzle.

American farmers must be allowed to do what we do better than anyone and that is produce food. I believe American growers can continue to improve crop yields and maintain the highly productive quality of our nation's soil and do it in an environmentally sound fashion. Earlier in my comments I mentioned my Father and his Father-in-law and indicated I would revisit them later. My farm now consists of large fields that 40 or 50 years ago were individual farms. Field names such as Nichols, Addison's, Churchill's or Shellenbarger's were all family farms at one time. The Shellenbarger farm is now three generations removed from the original owner but remains under

cultivation by my son, Sean and I. Entire family farms have become a single field name with the descendant of those family farms scattered far and wide.

My Grandfathers cleared timber and prairie ground into “horse” sized fields and picked a lot of rocks by hand making piles of rocks and stone walls to contain their livestock. My father continued improving the land by making the small fields into twenty and forty acre fields large enough for small tractors. He also buried four miles of rock fences and over 240 stone piles on the home farm of 330 acres to improve the land on his watch. My contribution has been to complete clearing stones and fence rows, the installation of drainage tile and irrigation in addition to utilizing deeper tillage with chisel plows burying crop residue and improving the organic matter and depth of the soil profile and improving the general fertility and soil composition.

There are those that frown on big or corporate agriculture and dream of returning to the old days of small farms with small fields and the simple life. That is not the type of agriculture that will feed a world population that has grown 32% since 1990 creating crop demand curves that are very aggressive. While world population grew 32%, demand for soybeans has risen 151%, corn 81% and cotton 40%. The demand for rice has grown 36% while wheat demand has increased 21%.

I believe that the 1990 farm bill authorizing the creation of the United Soybean Board (USB) with the intent of market promotion for US soybean farmers played a significant role in creating a strong demand base for our products. The USB focused on the inclusion of more and better quality sources of protein for feed rations as is witnessed by the increased consumption of Chinese soybean meal from 2 MMT in 1990 to 48 MMT in 2010. USDA projects the 2011/2012 world soybean production will equal demand at about 263 MMT including a record soybean crop in South America. In 2000/2001 world soybean production totaled 176 MMT with consumption of 172 MMT.

US farmers have about 236 million acres to plant to crops each year with many of those acres interchangeable between cotton, corn, soybeans and wheat. As my son and I prepared our business plan for 2011 and beyond, it was interesting to note that for the first time in my lifetime every commodity crop we considered provided a reasonable return given normal yields and weather.

The world carry out of nearly all grains and oil seeds continues to decline as poor growing conditions reduce yields while population growth and increased demand for better diets increase consumption. Commodity supplies for cotton, sugar, corn, wheat and soybeans are dangerously low. On May 18<sup>th</sup> 2011 it was reported that a livestock feeder in the S.E. US purchased corn paying \$1.20/Bu. cash price premium over Chicago July CBOT futures. This is a wide, almost panic basis that may be an indication of future cash prices needed to originate corn for feeders or ethanol plants in late summer. This will place a burden on the meat production industry in the US that may prompt a reduction in numbers of livestock on feed.

In the world of agricultural production each continent in either hemisphere has an opportune time to plant and harvest and their crops and total production are the result of the usual weather conditions both good and bad. I believe the last eighteen months of world commodity production has been limited by poor weather conditions at some point in each area of their production cycle. The spring crops in Europe suffered from a cold and wet spring, Russia and Ukraine lost many tons of wheat, rye and barley to drought prompting them to stop exports. This was the catalyst for the rapid increase in grain and oilseed prices late last summer. This was followed by a unexpectedly poor US corn crop which fueled higher prices.

Today we have a severe drought in portions of the UK, Northern France and Northern Germany while the US struggles with a severe drought in the Plains drastically reducing Hard Red Winter wheat production. Currently, the Northwestern Corn belt, Midwest and South are experiencing wet soils and floods. Corn and soybean planting progress is behind the normal pace and an early 2011 corn and soybean crop harvest is out of the question. Due to late and prevented plantings, the 2011 US corn crop is likely to come in with fewer bushels than is currently projected by USDA.

The US farmer will do everything possible to produce a big crop but the crop growing weather is a limiting factor. American farmers will adapt new technology, balance fertility and pesticide applications and work night and day to grow a big crop in an environmentally acceptable manner. We will do this because that is what we do for a living and have done for centuries, generation after generation.

I believe that the US farmer has realized that we have a moral obligation to be as productive as we can on every acre so that we can help feed the world masses. In 1990 there were about 5.3 billion people in the world to feed and now there nearly 7 billion. A new farm bill must recognize the fact that the scenario is much different than in the past. I experienced an era of encouragement to “plant fence row to fence row” followed directly with over production and dirt cheap grain prices. It is always dangerous to predict but I think this is a different situation that is driven by several rapidly growing world economies, namely India and China. As long as their economies remain strong the demand for more food and higher protein diets will continue to increase demand.

We need a safety net that buffers us from weather losses or unexpected financial meltdowns such as experienced in recent years. The crop insurance program is an important part of risk management for many farmers and offers lenders some measure of comfort. I believe it works well and should be enhanced with more help for farmers when we need it.

Personally, I would favor support to keep insurance premiums as low to the farmers as possible and yet maintain the independent free enterprise system by utilizing crop insurance agents as we do now. I believe it unlikely crop insurance could be handled as efficiently by government employees as it is by independent agents and companies. Agents are competitive for my business with four or five contacting me each year. I choose the agent that is most knowledgeable, offers 24 hour service when I am busy and utilizes personalized spread sheets for insurance comparisons as conditions change on my farm year by year. The system works well as it is and I doubt that moving it under the government’s wing will save any money.

Risk management is my business both for my farm and for client consultations which I conduct on an as needed basis. Total risk management for the American farmer is broad and complex and would take some time to explain. In general terms, risks experienced by farmers range from world weather, world economies, world politics and changing US policies regarding the rest of the world to spreading my production risks for my soybeans or corn from one farm to another so that a hail storm won’t destroy my entire crop. And in reality I can’t do anything about the world issues except, perhaps, by testifying before you today and reinforcing how your

decisions will affect me, my son's and future generations. But, there is a multitude of risk management tools that many farmers and I utilize daily.

#1 We have good crop prices offered for 2011-2012-2013 but I can't lock up my input costs nor protect against inflation of those input costs. Do I dare sell corn when I can't lock up my input costs? If so, how much risk can my balance sheet handle if I am wrong? If I hedge 50,000 bushels of 2013 December corn for \$6.00 and the price goes to \$10.00, will my banker cover the \$200,000 margin call? Will I experience a crop failure and not be able to deliver to my buyer thus incurring a penalty as well as the margin money loss? What happens if fertilizer prices skyrocket and the country we are importing it from decides they want to keep the product for their crop or that they just don't like us anymore?

#2 How will the new farm bill affect my business? Will it be so complicated that my landlords and I can't understand it? Will it be timely in honoring its commitments and not require me to wait two years for compensation from adverse market prices and weather? Will it saddle me with endless trips and paper work to an understaffed FSA office to sign up with delayed rules and regulations written some time in the future?

#3 Banks run hot and cold on agricultural loans and when they are needed most, they are no where in sight. I have utilized borrowed capital my entire lifetime borrowing \$2200 when I was 17 to buy some bred cows with calves by side. I survived \$.80 cent corn in the 1960's, made some money in the 1970's on farrow to finish hogs but was forced to sell part of my expansion acres in the 1980's when there was an arbitrary devaluation of agricultural land and assets. Appraisals plummeted and even though no payments were missed I was about to violate my loan covenants.

This reminds me of the current situation with reports that federal agencies are expecting agricultural land values to experience a "bubble." They compare it to the housing debacle of late yet it is hard for me to see the comparison. To my knowledge, lenders will not loan more than 65% of the appraisal price for farmland and it will return 3-5% in the form of rent or profits. It does not require inflation nor refinancing in a few years to remain a viable loan.

#4 Agricultural and Land Grant Colleges from coast to coast have experienced budget reductions which is very detrimental to developing a

supply of well educated young farmers that are needed to replace the aging farm owner population. Beginning or young farmers need an opportunity for a solid education to develop skills needed to utilize the higher levels of technology needed to be successful. They also need an enhanced financing program to provide the low interest capital required by agriculture.

#5 US agriculture is very diverse and one size does not fit all regions, growers, commodities or economic environments. A Farm Bill needs to be flexible because anticipating future events for five years, given the current volatility in weather, economic and political environments, is impossible. The majority of Farm Bills have focused on price supports for agriculture and nutrition programs for the underprivileged. The human nutrition portion of a new Farm Bill continues to be large and actually growing due to high levels of unemployment. Current price support levels do not recognize the increased cost of production. The farmer's cost of the seed needed to plant an acre of corn or soybeans today and the cost of fertilizer will likely exceed the support price for the entire crop produced. I would suggest that the new farm bill focus on supporting an improved insurance safety net and allow farmers to determine their crop mix from year to year as supply/demand moves from commodity to commodity.

My oral presentation will cover many more issues I believe are important to the American Farmer as we try to feed a very hungry world. Make no mistake, US farmers can no longer solve the depleted world stocks problem as we have the past. The US can be proud of all the food aid given out to poor countries for decades but now the rest of the world has to improve their yields on the amount of acres they have with out clearing more forests raising environmental concerns.

I personally believe, if given "normal" weather, the US can produce an average soybean yield of 55 bpa., not the 43 or 44 we currently produce, if farmers utilize all of the current technology today. We have accomplished this on our farm in Southern Michigan over the last five years because the risk reward relationship said \$12.00 soy prices were worth the extra trips and cost of added growth stimulants, fungicides or fertilizer. \$8.00 soybean prices were not worth the added investment risk given variable weather

Corn growers have a positive trend line yield picture yet 2009's 163 bushels per acre was followed by 2010 at about 153. The USDA currently projects about 163 for 2011. It seems the corn breeding focus is more on saleable

defensive traits to protect yield than to just to increase yields. I believe given current technology and “normal” weather average corn yields can achieve 175 bpa. Again, farmers must weigh increased input costs against \$6.50 corn prices to determine their level of risk acceptance.

In summation, I must say that this Committee has a daunting task and every farmer in the US as well as the rest of the world will be watching very carefully to analyze the effects of your Bill on their lives for the next few years.

In my travels to twenty seven foreign nations on behalf of US soybean farmers I was always greeted with friendship perhaps even admiration because I was an American farmer and in their eyes something special. I thought of myself as just another farmer trying to provide a living for my family and my employees. The number of questions about my personal and business views never ceased to amaze me. In 1996 I traveled to China as the USB Chairman to promote soybean meal in the diets of pond raised fish. The US product contained a high level of soymeal that better balanced the ration for fish and floated for a period of time so that it was more available for feeding.

In 2001 I returned to the same area and in fact to the same fish farm located in the Guangdong Municipality and owned by that entity. After introductions by my interpreter and a brief review of the current situation with the farm the farm manager, who was the same man in 1996 through the interpreter asked me to accompany him back to the travel bus. When inside the bus he bowed and shook my hand endlessly while taking out his wallet to show me a picture of his wife and children. He communicated with difficulty but said that he had achieved a very high level of fish production due to the new style US fish feed and had received promotions and increased his standing with government officials. As he spoke tears of gratitude flowed from his eyes as he continued to hold up the picture of his loved ones shaking my hand.

The impact of the Farm Bill this Committee is about to compose is monumental. The farmers and consumers of the world are confident you have the knowledge, skills and ability and we all wish you the best.

Respectfully submitted by Barry A. Mumby