



American Gothic - Iowa's Farm Economy

by Doug Stout

There are many challenges facing America's farmers as we enter the new decade. It seems the agricultural sector has become underappreciated and that their important role in the Iowa economy has been taken for granted. Iowa is still an agricultural state and while economic diversification is a positive development and one which needs to continue, we should not overlook the continuing role that agriculture plays in our economic and social structure. Like the market place for their products and the weather conditions in any given growing season, today's producers face many criticisms and challenges which are beyond their ability to control.

"American Gothic"¹ is an iconic 1930 painting of a farmer standing next to his wife, holding a pitchfork outside a rural farmstead. It has become a symbol of the ideal homespun simple life of the American farmer of the early twentieth century. It may be that the rather complex and contradictory interpretations of the painting over the years are a good analogy to the often complex and contradictory image of the American farmer today. Today, most view the painting as portraying the image of the "steadfast American pioneer spirit." However, it was seen by many at the time as a comic caricature poking fun at Iowans. When the picture first appeared in the Cedar Rapids Gazette, some Iowans were offended by being portrayed as being "pinched, grim-faced and puritanical."² The complicated view of the American heartland has never been easy to define; like Iowa itself the American farmer has always been viewed with layers of contradictions and mixed emotions by people living on both coasts of the United States. While most often viewed with a touch of nostalgia for a simpler time in America, where the people are at home with their roots and live with an eye toward more wholesome values, that image has come under attack by some who do not see the romance or intrinsic value of the rural way of life.

The American farm family is not just a part of our history, they really are our history. This is a nation which was founded by farmers, defended by farmers, and which has survived and prospered solely as a direct result of the productivity, bountiful harvests, and independent values of the farm community. In 1790 over 90 percent of the American labor force was composed of farmers.³ By 1867 the railroad reached Council Bluffs, providing year-round rail transport for the corn, wheat, beef, and pork being raised by Iowa farmers to reach Chicago, and from there the food could be shipped all over the world.⁴ The international perspective of the people of the region and the interest and understanding of world events which is common in the upper Midwest is not something new. Agribusiness, which sometimes comes under attack today as though it were a recent aberration in the normal food chain, has worked hand-in-hand with farmers to develop the Iowa economy since early in our history. In Cedar Rapids, an oats processing plant was opened around 1870; it later took the name "Quaker Oats."

Corn and soybeans are now our dominant crops, while pork and beef production lead our meat industry. There has been some concern that the growth in the corn-based ethanol industry will lead to only corn being grown on suitable land. However, Iowa currently leads the country in soybean production. Iowa Soybean Association estimates that Iowa soybean farmers contribute more than 9 billion dollars to the Iowa economy each year.⁵ In Iowa, the vast majority of farmers use a corn and soybean rotation. This means that they routinely rotate their fields between the field productions of the two crops. While this can be impacted in the short run by wide divergence in the market price between the two crops, over the longer haul the rotation is both environmentally and economically beneficial.

While Iowa's economy has diversified from its dominance by agriculture, that diversification can be overstated. According to a study by Iowa State University economists, there are still 92,600 farms in Iowa.⁶ The contribution to Iowa's economy by production agriculture and ag-related industries has actually increased since 2002.⁷

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They now provide over 27 percent of the state's economic production, an astounding \$72.1 billion.⁸ From an employment standpoint alone, 332,000 Iowans, one out of every six, are employed by the agriculture industry, and one of every 18 Iowans is a farmer.⁹

Some critics pointed to the use of ethanol as the reason for an increase in consumer food prices recently. However, the prices actually could be attributed to increased transportation costs. Ironically, those increases were attributable to the spike in imported oil prices, the very problem ethanol is helping to address. The Farm Bureau "Thanksgiving Dinner Price Survey" found that the average family could expect to pay four percent less for their Thanksgiving dinner in 2009 compared to 2008.¹⁰ Iowa Secretary of Agriculture Bill Northey said last November: "The USDA found that the average consumer in the U.S. spent only 9.8 percent of their disposable income on food and that percentage has been falling. For example, Americans spent 13.9 percent on food in 1970." He went on to compare those numbers to the 22 percent of their budget spent on food for people in the United Kingdom and the 26 percent spent by people in Japan.¹¹

Agricultural support payments have also been a source of controversy. However, Europe is far more adept at distorting the world-wide agricultural marketplace with large agricultural subsidies than the United States. A recent report said that the European Union spent more than \$71 billion United States dollars (50 billion Euros) in agricultural support payments.¹² A New York Times article from last summer calls the European Union expenditures the largest agricultural aid program in the world, and says that it is "one that provides financing to a wide variety of recipients beyond the farmers who plow the soil – German gummy bear manufacturers, luxury cruise ship caterers and wealthy landowners ranging from Queen Elizabeth II of England to Prince Albert II of Monaco."¹³ The study goes on to say: "The European Union pays out more than half of its annual budget, around 53 billion Euros, in farm subsidies, four times as much as the United States."¹⁴ While the United States has continually been a world leader in calling for a phasing out of farm price supports and continues to do so, a policy which has been generally consistent for decades and across political parties and administrations, unilateral economic disarmament would leave our farmers in an untenable position. They would not be competing against the world's other agricultural producers, but rather they would be competing directly with the international treasuries of European governments who subsidize their farm commodities. It would not be a "fair fight."

American farmers have always been entrepreneurs. They would love to have a free market system which would allow them to get a consistent and fair return on their crops and livestock. The greater utilization of ethanol, corn sweeteners, corn-based plastics, biodiesel fuels, and a host of other agricultural-based products is a great way to harness the productivity of the American farmer and create a diversified market for their products. The crops produced by our farmers are a renewable resource. They often replace petroleum-based products; petroleum supplies which at some point in the future must be finite. Even if the supply does not run short in the foreseeable future, we still bear a huge financial cost for their import.

We should celebrate the traditional rural values of family, hard work, and community that we still treasure today...and which can be traced back to the founders of our nation, who tilled the soil and built our country. Iowa is a creation and a product of those agricultural roots. We should appreciate the legacy the farm community has left us and also their essential current contributions to our economic well-being.

(Endnotes)

¹Title of 1930 painting by Grant Wood.

^{2c}"American Gothic," *Wikipedia*, http://en.wikipedia.org/wiki/American_Gothic (December 14, 2009).

^{3c}"Growing a nation," A History of American Agriculture, http://www.agclassroom.org/gan/timeline/17_18.htm (December 14, 2009).

⁴Ibid.

⁵"Soybeans are big business in Iowa," *The Fort Dodge Messenger*, September 26, 2009.

⁶Mathew Wilde, "Agriculture still king of Iowa's economy," *Waterloo Courier*, September 12, 2009.

⁷Ibid.

⁸Ibid.

⁹Ibid.

¹⁰Bill Northey, Iowa Secretary of Agriculture, "Farmers give us much to be thankful for," *Council Bluffs Nonpareil*, November 25, 2009.

¹¹Ibid.

¹²Doreen Carvajal and Stephen Castle, "European Subsidies Stray From the Farm," *The New York Times*, July 17, 2009.

¹³Ibid.

¹⁴Ibid.

Public Interest Institute's Policy Study, "American Gothic," can be viewed at www.limitedgovernment.org.

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