

**"This has been the national championship of years;
it's the best of times. Relish this year because it
may be the best year you will ever see."**

STEVEN D. JOHNSON

Expert To Farmers: Don't Get Jacked Up

Farmers Should
Lower Expectations,
ISU Specialist Says

BY LINDA WUEBBEN
P&D Correspondent

For the 10th year, Steven D. Johnson, farm and ag business management specialist with Iowa State University, presented his advice last week on the upcoming crop year for members of Farm Credit Services. His seminar was held in Yankton Dec. 2.

"Just like the Jacks, farmers need to lower their expectations for next year's crop and harvest," said Johnson as he rattled a blue cow bell with the South Dakota State Jackrabbits mascot painted on it.

He told the farmers' group he would offer insights into controlling the controllable aspects of farming while keeping an eye on the volatile market.

"This has been the national championship of years; it's the best of times," said Johnson as he compared farming to area college football teams which brought smiles across the large hall in the National Field Archery Association. "Relish this year because it may be the best year you will ever see."

As most farmers expect, Johnson predicted the end of direct farm payments from the Farm Service Agency as Congress looks at writing the next farm bill. One more payment will be received in the fall of 2012 but he pointed out, farmers didn't really need a farm payment the last few years.

"Corn opened higher today but later was trading lower," said Johnson. "You can't control the overseas influence on the volatile commodities market." This past crop year has recorded the highest net income for farmers in history and is very similar to net incomes from 1974. He looked around the room and asked if everyone had tax strategies in the works.

"We've been living in good times but now we need to get our heads around the upcoming income tax process. Do a good job of documenting bill payment and especially be careful about notations for pre-payment of crop expenses for 2012. Good farm management and knowing your business will make the tax process a much easier experience."

Part of that management is preparing for future uncertainties.

"If you need to purchase equipment to make your operation more efficient, this is a good time to do it," said Johnson. "I call it the 'John Deere Deduction'; go out and buy some paint."

He also added this was a good time to build a retirement account. Farmers are asset rich and cash-flow poor, so high profit years are a good time to generate income for retirement years.

Since Johnson feels commodity prices will be lower in 2012 due to the instability of the European debt, he also believes cash rent will drop and possibly land prices. His guideline for cash rent is 4 percent of land price per acre so land selling for \$6,000 an acre should rent for \$240 an acre. Higher cash rent values are seen in other areas because of the competition between farmers to acquire more land. If the prices drop, the competition may possibly lessen.

There definitely was a demand issue this past season for corn, with 9 million acres of farmland



Steven D. Johnson, farm and ag business management specialist with Iowa State University, discusses agricultural economic issues with Jan Jorgensen of Creighton, Neb., during a Farm Credit Services held in Yankton last week.

PHOTO: LINDA WUEBBEN

lost to flooding along the Missouri River and hundreds of thousand acres also unplanted in North Dakota. Those idle acres will probably be planted to corn this upcoming season and the increase in the corn commodity may bring the price down. Keeping a close eye on the market over the winter months will be in every farmer's best interest.

Looking to contracting corn for sale in 2012, Johnson believes the highest prices will be in the spring into summer with a forecasted high price of \$6.70. Still, he advises not to get any hopes up and, once again, lower the expectations.

Ethanol has been the corn farmer's saving grace, he said, with 40 percent of the corn commodity going to support the ethanol industry.

A forecasted price for soybeans in 2012 will range anywhere from \$11.60-\$13.60 on an extremely good day for those who watch the market closely. He reminded farmers there are two soybean crops a year and to watch the crop production in South America. The southern farmers are kicking U.S. farmers when raising soybeans and have been since 2006. He also pointed out Asian countries are price shoppers and they will look for the best deal. High bean prices may be behind farmers now.

It is volatile times right now around the world. The livestock industry in the U.S. has shrunk to the point of having the smallest num-

bers since 1950. Japan has turned to the Ukraine to buy corn and the unstable economies in European countries add to the uncertainty for the future.

The U.S. federal debt has become a monster no one can ignore and the trends indicate it will increase before going down. Everyone knows decreasing the debt will mean higher interest rates and lower expense. So, before inflation hits and interest rates increase, Johnson advises farmers to pay down debt but still maintain an adequate working capital. Be sure to take measures to ensure a successful crop year in 2012 and remember crop expenses for 2012 will increase.

An additional worry in the future will be the changes in the tax laws after 2012 including federal estate taxes Johnson said. Proponents for the new farm bill agree crop insurance will still be offered although there will be changes. There is a lot of uncertainty so farmers need to protect their profit by using federal crop insurance and revenue protection and pre-harvest crop marketing strategies.

The weather in North America needs to rally and provide another bin buster in 2012. Drought in the southern states seems to be spreading so in closing, Johnson advised if farmers pray for anything as they go to sleep, it should be for a drought anywhere else in the world (like South America) but not on their own farms.

OPINION

Roundup Redux: Monsanto Repeating Resistance Mistake?

BY RITA BRHEL
P&D Correspondent

After its public relations snafu surrounding weed resistance to Roundup Ready herbicide, I'm surprised that Monsanto isn't a little more wary of repeating that same reaction.

The U.S. Environmental Protection Agency (EPA) is calling for an expanded monitoring program at Monsanto to check for resistant rootworms in portions of South Dakota, Iowa, Minnesota, and Illinois where there have been reports of suspect fields, including formal studies from the University of Missouri in 2008 and, most recently, Iowa State University this year. But without definite confirmation of rootworm resistance, Monsanto says that while it takes the EPA seriously, the existing monitoring procedures are just fine the way they are. The EPA called Monsanto's procedures "ineffective and likely to miss early resistance events."

Sounds to me like a stand-off: Monsanto trying to maintain its reputation, and the EPA attempting to head off another environmental scare like what happened with the Roundup Ready "super weeds." Monsanto's image was badly damaged in light of the Roundup Ready incident, so I was sure that the company would recognize how now to repeat that same blunder.

Guess not.

Bt corn is genetically modified to include a certain protein that is deadly to rootworm when ingested. Bt corn has been hugely successful, and unlike a broad-spectrum pesticide, it doesn't kill most beneficial insects and leaves the environment intact. Except that it's genetically modified, there isn't widespread criticism of Bt corn and it is perhaps Monsanto's best-known achievement in agricultural science.

What Monsanto should be doing is, even if they spit at the EPA's suggestions, is to be scrambling to see what is up with the reports from those four states. Monsanto shouldn't be balking at the idea that there may be a weakness with its pride-and-joy Bt corn but instead doing everything they can do to head off any potential problems. Hopefully that's what's going on. Otherwise, this could all just blow up in Monsanto's face and it'll be even worse than it was with Roundup Ready because, well, the company should learn from its mistakes.

What Monsanto seems to be forgetting is that there are other people involved in this: the producers, the people who buy their Bt corn and whose dollars pay for Monsanto's existence. Monsanto's Bt corn makes up 65 percent of the corn planted in the United States now. If the Bt in Bt corn stops working, that's a lot of yield and profits eaten up by rootworms and Monsanto's blind eye — and a lot of angry producers. The silver lining would be that with a lower national supply, the price of corn would skyrocket — though, that would only be enjoyed by those folks not using Bt corn.

It turns out that since Bt corn's initial development in the 1990s, it has been recommended that fields planted to Bt corn should consist of a certain percentage of non-Bt corn to serve as a refuge for rootworm insects. The reason is that there has always been concern about rootworm developing resistance to Bt corn, and that by allowing the suspected resistant rootworms to mate with the rootworms not exposed to Bt corn — those in the refuge — the resistance tendency would be passed along as a recessive gene and the Bt corn would remain effective. The problem here was the division in recommendation: Monsanto told producers that 20 percent of their field only needed to be refuge; independent scientists, however, saw a requirement for 50 percent of the field. And we all know that not everyone is going to bother with a refuge at all — which, in a perfect world, would hold only themselves accountable should widespread resistance develop, but in our world, it means that those producers' carelessness costs everybody, no matter how diligent another producer is with following the refuge recommendation.

What it comes down to is that the suspected rootworm resistance is probably factual, and rather than trying to pretend it doesn't exist, Monsanto should be taking the bull by the horns, so to speak, and using a proactive approach instead of waiting for another public relations disaster.



Rita
BRHEL

Armour Family To Showcase Feedlot To Community

SIoux FALLS — Agriculture United is pleased to announce Red and Lori Sparks will be hosting an open house at their feedlot, County Line Feeders near Armour on Wednesday, Dec. 14, running from 10 a.m.-1 p.m.

A free beef lunch will be served in a heated barn during the open house. In addition visitors will be able to tour the newly expanded feedlot. County Line Feeders is a 3,000 head state DENR permitted feedlot.

County Line Feeders is located From Armour: 3 miles South on Highway 281 and a half-mile east on 284th Street (Old Delmont Oil).

From Delmont: 9 miles west on the Old Delmont Oil.

The event is sponsored in part by Ag United and the South Dakota Soybean Research & Promotion Council. Additional sponsors of the open house include: Bechen Fencing, Bob's Farm Service, Dakota Supply Group, D&J Electric, DGR & Associates, First State Bank, Grosz Drilling Company, Heavy Set Concrete, H&S Excavation, Rexwinkel Concrete, Steve's Welding, VanDer-Pol Construction, Wagner building & Supply Co. Inc and Werk Welding.

To learn more about beef production visit: www.beeffrompasturetoplate.org.

On-Farm Milk Processing Seminar Slated For Dec. 16

BROOKINGS — SDSU Extension and South Dakota Value Added Agricultural Development Center are hosting an informational opportunity for individuals interested in on-farm milk processing, Dec. 16, on the campus of South Dakota State University, Brookings.

Preregister by e-mail to Tracey Renelt at tracey.renelt@sdstate.edu or by calling 605-882-5140 and ask for Tracey Renelt, SDSU Dairy Field Specialist. Registration is \$10, payable at the door.

The event begins at 9 a.m. in the Animal Science Building, room 126.

EVENT SCHEDULE:

9 a.m. Registration — Animal Science Building, Room 126
 9:30 a.m. — On-Farm Creamery Presentations and Group Discussion — Dave and Florence Minar, Cedar Summit Farm, New Prague, Minn. and Marieke Pennerman, Holland's Family Cheese, Thorp, Wisc.

11 a.m. — On-Farm Production & Processing Rules & Regulations — Darwin Kurtenbach, S.D. Department of Ag, Regulatory Division.

Noon Lunch — SDSU Dairy Microbiology Building

12:30 p.m. — Best Management Practices — SDSU Dairy Microbiology Building, Dairy Amphitheatre Room, 200; HACCP — Food Safety Management Systems /

Good Manufacturing Practices — Anand, Sanjeev, SDSU Professor Dairy Microbiology. Food Safety, "Top Priority-We Are All Responsible" — Joan Heggerfeld-Baker, SDSU Extension Food Safety Specialist. Packaged Food Nutrition Labeling Requirements — Heather Moechnig, SDSU Food Safety Field Specialist.

2 p.m. — Developing Your Business and Your Business Plan — Cheri Rath, Value Added Ag Development Center

2:30 p.m. — Tour SDSU Dairy Processing Plant Tour

3 p.m. — Open Discussion with Presentation Panel

3:30 p.m. — Adjourn

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Farm-Flood Webinar Dec. 14

HURON — "Farming after the Flood — Farmer Perspectives and Agency Resources" will be the focus of a Dec. 14, multi-state webinar for those affected by the 2011 Missouri River flood.

The webinar will be from 1:30 p.m. to 4 p.m. Wednesday, Dec. 14, at more than 20 sites in Iowa, Kansas, Missouri, Nebraska and South Dakota.

Webinar sites include:
 • Sioux City, Iowa, at the Woodbury County Extension Office, 4301 Sergeant Road, contact Adrienne Jansen, 712-276-2157, jansena@ias-tate.edu, or Kristi Van Zanten at kvanzan@iastate.edu;

• Center, Neb., at Knox County Courthouse Annex, 308 Bridge St., contact: Ruth Vonderohe, 402-288-5611, rvonderohe2@unl.edu;

• Hartington, Neb., at the Cedar County Courthouse Annex Meeting Room, 101 E. Centre, contact Jackie Steffen, 402-254-6821, jsteffen2@unl.edu;

• Mitchell (S.D.) at the SDSU Extension Mitchell Regional Center, 821 N. Capital St., contact Heather Larson, 605-995-7378, heather.larson@sdstate.edu.

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