

- KEN FIREMAN:** I'm Ken Fireman, the managing editor for SAGE Business Researcher, and I'm speaking with Jon Broder, who has written our report on the agricultural economy. Thanks for joining us Jon.
- JON BRODER:** My pleasure.
- KEN FIREMAN:** Let me begin by asking you to paint an overall portrait of the U.S. farm economy. I gather from your report that it's a rather gloomy picture, that farmers have been struggling for some time, right?
- JON BRODER:** That's correct. Over the past five years, commodity prices have fallen, probably to their lowest level since the Great Depression in percentage terms. Farmers are now just barely squeaking by and there's now the problem of the tariffs that President Trump has imposed, and that has added another burden on top of the low commodity prices. If they were just squeaking by up until now, the tariffs will probably put them under water.
- KEN FIREMAN:** Against this backdrop, it seems, as you said earlier, that things could get even worse, because of the Trump administration's imposition of tariffs on some countries and those nations moves in retaliation. Can you give us some of the details of that?
- JON BRODER:** Crops or the farmers that would probably be hardest hit by these tariffs would be the pork farmers, the people who raise pigs, and soybeans. Mexico, in retaliation for tariffs that Trump put on steel and aluminum has placed a 20% tariff on pork. The Chinese have put a 25% tariff on pork and one official that I was talking to told me that if you add up all of the tariffs that are on pork, including existing tariffs that China already had on pork, plus value added taxes, the tariffs on U.S. pork would amount to about 80%--
- KEN FIREMAN:** Wow.
- JON BRODER:** --and that basically will take U.S. pork farmers out of the pork market in China for a loss of about \$1.5 billion.
- KEN FIREMAN:** Right, now that's a substantial stake there. One possible source of relief for farmers is the farm bill that Congress is now considering. What would that bill do for farmers and what's the status of that legislation?
- JON BRODER:** This is like an \$850 billion bill that covers basically 10 years, sort of two cycles, because the bill

is renewed every five years. Most of the money in this bill would go to subsidized food stamps for elderly, disabled, and the poor. There is, however, money in the bill for subsidies for crop insurance and also subsidies for certain crops.

Now, the Republican version of the bill, which passed the House, places stricter work requirements for the food stamps and it also cuts back on the subsidies for crop insurance and crop subsidies. The Senate version of the bill is a much more bipartisan piece of legislation, and it does not have such onerous terms. What has to happen now is a conference between House and Senate conferees to reach an agreed version of the bill, and that could be difficult.

**KEN FIREMAN:** Yeah, it sounds like there's not a lot of overlap there and a lot of points of conflict. What role does climate change play in the stresses that are on U.S. farmers?

**JON BRODER:** A big role. There has been a National Climate Assessment that came out a few years ago and it basically said that global warming and climate change is causing temperatures to rise, and that has brought on destruction of crops and livestock in many cases, also a proliferation of weeds and pests, which increase the costs for farmers to control them. One very interesting situation that I've read about is occurring in Maine having to do with aquaculture. Global warming is heating up the Gulf of Maine over the past 20 years and ironically, the heating up of the waters boosted the lobster industry, which is a big industry in Maine. It brought the temperature of the water to an ideal point for lobster reproduction.

So for the past 20 years, the lobster industry in Maine has grown fivefold, up to a \$550 million a year business. The problem, however, is that in the past few years global warming has continued to warm up the waters of the Gulf of Maine, and this has caused lobsters to shed early, but many of them to move north to the colder waters off Newfoundland. And last year the lobster catch in Maine was about 20% lower than it was the year before that.

**KEN FIREMAN:** So this is too much of a good thing, I guess would be one way to put it.

**JON BRODER:** Yeah, the good thing has now turned into a bad thing.

**KEN FIREMAN:** Yes. I've been speaking with Jon Broder, who has written the SAGE Business Researcher Report on the U.S. farm economy. Thanks for speaking with us Jon.

**JON BRODER:** My pleasure.