

Testimony of Rebecca Dostal

before the House Small Business Committee's Subcommittee on Rural Development,  
Agriculture, Trade, and Entrepreneurship

Hearing: *The Small Business Trade Snapshot: Agriculture and Workers*

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Ms. Chairwoman, Ranking Member Joyce, and Members of the Subcommittee, thank you for the opportunity to address you today. My name is Rebecca Dostal, I am a farmer from Tama County, Iowa. Our operation is around 700 acres just outside of Traer, Iowa where we raise three boys, corn, soybeans, Berkshire hogs, and cattle.

I am honored to have the opportunity to submit comments regarding trade and how it impacts agriculture, and rural America. Rural America and the rural way of life is something I am deeply passionate about. I am active in our community as a member and former President of the Tama County Farm Bureau, a 4H Leader, and I am actively involved in an ag women's group called Women, Land and Legacy. In addition to farming, I am also a substitute teacher for both the South Tama and North Tama School districts.

Agriculture and rural communities provide a lifestyle and value system that is very important to me and my family, and I believe that without international trade, that lifestyle is not sustainable. Our way of life deeply depends on foreign consumers and international markets. In order for us to operate in Tama County Iowa, we must be able to feed those living in Hong Kong, Mexico City, and Cairo, or our farm will not survive.

As I am sure you are all aware, agriculture is tremendously important to Iowa. We rank 1<sup>st</sup> in the nation in corn and hog production, and 2<sup>nd</sup> in soybean production. In our state, agriculture directly employs 330 thousand jobs, and in the last census of agriculture, total production agriculture and ag-related industries accounted for \$11 billion in output, or more than 33 percent of Iowa's total output.

Last year Iowa produced over 2.5 billion bushels of corn, and 698 million bushels of soybeans. That's a lot of grain. Ultimately, we need to find somewhere for that grain to go. On average, the US has exported 42% of our soybeans and 14% of our corn. Our top export countries have been Mexico, Japan, and South Korea for corn, and China, Mexico, and the Netherlands for our beans. Historically, we have relied on foreign markets to export our grain, and those foreign consumers have allowed agriculture, including farms like mine to grow. When 95% of the world's consumers are outside of our borders, you have to find ways to sell to them.

However, this year, that dynamic has not been as reliable. Since the retaliatory tariffs have hit, we have seen the price of beans drop below the price of production, hog exports have slowed, and any hopes of expanding our operation have evaporated. The tariffs have hit us back home in the heartland in a very real way that has had a ripple effect throughout our community.

Every year farmers go and meet with their bankers to set up a projected cash flow plan for the upcoming crop year. A typical farmer will use an operating note to borrow cash to pay for that

year's expenses. With seed, fertilizer, and equipment purchases often all coming at the same time, cash flow on the farm is difficult without these operating loans.

When we sat down with our banker and did our budget in January of 2018 we used the projected pricing models that everyone uses to determine what level of financing we needed. We are always cautious to make sure that we do not over borrow, and only borrow what we need. The problem is, no level of caution, and no pricing models, could predict a trade war.

When the tariffs hit, the price of beans crashed almost two dollars a bushel, and the price of corn dropped almost a dollar. An average acre in Iowa produces around 200 bushels of corn and 57 bushels of soybeans. So, on an average acre, the farmer lost almost \$200 an acre on corn, and \$114 an acre on soybeans. That deep of a drop often causes a farmer from having a profit, to losing money. Today, the price of soybeans is below the cost of production, and the price of corn is hovering around even cost.

Because the loss of revenue, at the end of the 2018 crop year we did not have enough money to pay back our operating loan. Ultimately, we had to refinance our operating loan using other equipment and possessions as collateral. Luckily, we are diversified, so we can make up our crop losses in other areas like cattle and hogs, but when it is that dramatic, it makes things difficult. It will stop us from purchasing equipment upgrades, expanding our herds, or acquiring more land.

Luckily, the trade aid payments that were made from USDA helped cover some of our losses, but not nearly all of it. Without the trade aid, we would not have been able to come close to covering operating costs. While we appreciate the assistance, we would much rather be paid a fair price by the market, rather than be paid restitution by the government for the trade war.

Going forward, with inputs staying high, prices staying low, and no end to the trade war with China in sight, things do not look great on my farm. This year I am subbing more than ever, to make up for our losses on the farm, but substitute teaching doesn't supplement my life, ultimately, we are small farmers, and that is what our livelihood depends on.

My ultimate worry is how this impacts Iowa, Tama County, and our Community of Traer. I see how it impacts our rural schools and our rural community. We are losing rural population; our towns are shrinking, and our community is slowly dying. If you are a small farmer like me, and you can't make a living in agriculture, you have no option but to leave. I strongly believe in the rural way of life, and with today's economics, sadly, it may not exist for much longer. We need trade to sustain our farmers, our towns, and our communities.

Luckily, there is an easy solution to our trade woes. Trade deals like TPP, USMCA, a trade agreement with the EU that includes agriculture, and a trade deal with China that is fair and predictable, would expand our markets, help American farmers, and sustain our rural communities. Protectionist trade policies do not help Americans, it only hurts us in the heartland.

With that I thank you for allowing me to speak today, I will happily take any questions you have.