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Theme Overview: Transitions in Agriculture

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JEL Classifications: N25, Q12, Q14, Q15, Q18, J26

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Farmers, policy makers, researchers, and extension educators have long noted the growing concentration of agricultural land ownership among older landowners. Increasingly, those landowners may not live on the farm, or even in the same community or state, as the farm. At the same time, the barriers faced by beginning farmers continue to draw attention. Taken together, these issues raise a number of concerns as rising demand for agricultural commodities indicates our industry needs “all hands on deck.”

Our agricultural institutions have grappled with the issues of farm succession and beginning farmer barriers for some time, generating a number of legislative and programming responses. Many of these responses treated the issues as completely separate. Some programs sought to integrate approaches by trying to match exiting and beginning operators or by providing incentives for exiting producers to lease land to beginners. Lessons learned from both integrated and non-integrated approaches illuminated the need to address these farm life-cycle issues from a holistic view.

With this perspective in mind, the U.S. Department of Agriculture Economic Research Service and Oklahoma State University collaborated to organize a meeting of agricultural professionals from a broad range of institutions to examine the transitions issue from a number of angles and to identify priorities for research and data collection to best inform the future decisions of agricultural decision-makers. Held in Washington, D.C., on March 20 and 21, 2013, the “Transitions in Agriculture” conference brought together over 50 professionals from government, universities, public and private sector lenders, and farm

Articles in this Theme:

Drivers of Agricultural Transition

Retired Farmer – An Elusive Concept

The Policy and Legal Environment for Farm Transitions

Agriculture, the Tax Code, and Potential Tax Reform

Credit Markets and Land Ownership for Young and Beginning Farmers

Social Forces and Cultural Factors Influencing Farm Transition

organizations. A number of these delegates presented information about some of the unique challenges of agricultural transition from their own personal and professional experiences, followed by roundtable discussions of how to draw on these experiences. As a result, a broad array of new research questions emerged and ideas for new policies and programs sprang forth.

The conference organizers wanted to sustain and broaden the transitions conversation. Thus, we hope this theme issue of *Choices* will draw the reader into that very conversation. A number of presenters at the conference have been invited to share their insights with you in this issue.

Our issue begins with Derrell Peel, Damona Doye, and Mary Ahearn examining the drivers of agricultural

transition. The future structure of America's agriculture industry will be shaped not only by demographic trends, but by a changing global marketplace. The authors examine how these forces are creating an environment where creative and holistic approaches to farm transitions will be critical.

"Transitions in Agriculture" implies that as one generation exits the farm operation, another will come to take its place. In our second article, Joy Kirkpatrick explores that implication. Are our farm operators willing, or indeed able, to leave the operation while they are alive, or are farm transitions events that can only take place after the founding generation has passed away?

Assuming a founding generation wants to gradually shift operation of the farm to the next generation before that passage, does our current policy and legal environment provide them the means to do so? Shannon Ferrell, Rodney Jones, and Michael Boehlje examine the tools currently available

for transitioning the farm to the next generation in our third article.

An important part of the founding, growth, maintenance, and transition of any business is its tax environment. In our fourth article, James Williamson looks at the tax code and the implications some current reform proposals could have on the farm tax burden, and, indeed, on the farm life-cycle.

Having covered several issues relevant to those exiting agriculture, we turn our attention to the barriers confronting those looking to enter it. Nathan Kauffman reviews the impacts of the "Great Recession" on credit markets, the challenges of beginning farmers in securing credit, and the possible effects these credit conditions may have on the "buy or lease" decision faced by beginning farmers.

Finally, any discussion of transition issues would be incomplete without examining the social and cultural forces that shape our farms and the rural communities they form. In our

last article, Shoshanah Inwood explains the importance of farmers' demographic and cultural backgrounds in how they view transition decisions. She also reviews how personal life-cycle issues such as access to child care and healthcare drive these business life-cycle decisions.

Our hope is that you will examine these authors' work and join us in our discussion on how we can create policies and programs that can facilitate the transition of our farms to the next generation while supporting the development of our rural communities and keeping our industry at peak efficiency as we strive to meet the food, fiber, and fuel needs of a growing world.

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