5002384

c/o Secretary of Ag., MIKE Johanns Farm Bill
1400 Independence Ave. SW
Washington, DC, 20250-3355

New 2007 Farm Bill Comments

Dear Mr. Johanns,

I am a retired grain farmer responding to the request via Oregon Wheat newsletter for comments on the pending Farm Bill Legislation for the new 2007 Farm Bill. I am writing this letter to express my ideas and hopefully answer the questions asked by USDA.

The present loan and PCP rates set are an unrealistic floor on world and domestic free market prices. This has been has been going on for years. The cost of raising dryland wheat or barley in my area is way above $200/acre and that may not be realistic. We are farming with patched up equipment without considering replacement costs or our land values. **One of your questions is: How do we not discourage the next generation of farmers from entering production of agriculture?** The answer is simple; have an attractive profit motive. That is all we need to address and it will happen! How do we do it? We need research and development of new specialty products from wheat and grains and a profit motive. It was a lot of fun to farm when there was money to be made. It will take much higher subsidies from government until a true market can occur that makes sense to pursue such a career. Do the math: $200/ acre costs / 40 bu./acre= $5 per bushel to grow. With an unrealistic loan and PCP rate of $3.30/ bu. for wheat X 40 bushels per acre=$132/ acre, it sets the world market price at that level . With production costs of $200/ acre and income of $132/ acre, lets give our potential next generation of farmers a big "hurrah" for doing the math and telling Dad to sell the ranch for development. It simply does not make sense to farm under these conditions. Can we turn it around? I hope so! We have already lost the next generation that has grown up knowing how to farm under these adverse economic conditions. I can't believe the small surplus of grains has anything to do with the artificially low prices of commodities. I don't know of any time I or my neighbors were not able to sell a crop whenever they desired at less than break-even prices.

How should farm policy be designed to effectively & fairly distribute assistance to producers? It should be based on production costs and a fair profit under accepted accounting practices. The cost of farming wheat today is probably prohibitive in most areas of the country without government assistance. We need higher realistic support prices to keep up with production costs that have increased 10x while the support level has stayed relatively stagnant. We also need to promote markets and develop new products to increase the market price of grains and eventually drop subsidies all together.

How can farm policy b job now but should leave farming practices. CRP and oth

est achieve conservation and environmental goals? It does a good the fine tuning to specific areas which are all area specific as to ould be less " by the book" and be a more common sense approach. The ation programs are good for conservation of soil and wildlife and should ded on the more fragile soils. Research should be done to find alternate soils with a policy at the local government level to encourage type soils rather than the prime soils.

al and farm programs provide effective assistance in rural areas? keting labs could be developed and operated in the areas where the crops r than in metropolitan areas. This would provide jobs and attract local problems first hand.

pment, marketing and research-related issues be developed in the next need to rethink NAFTA since some non- member countries twist other free iking; Japan in particular. Also, as I keep repeating, we desperately need to new products and find new uses for farm crops overproduced to get rid of surpluses. This is a step to the free market. We should be thinking of forming a grain producers cartel with Canada, Australia and other major producers. Japan and some other countries don't play by the rules so why should we?

How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets? This is a huge problem to solve without higher subsidies. Other, more profitable crops grown on land otherwise suited only to grazing and grains would make sense but raises the question, what? Back to research and development of new ideas and crops. It appears the closing of the Canadian Border to imports of cattle has had a profound impact to the upside for cattle prices. I do not know if this adversely hurt the Canadian or brought their prices up also.

I hope some of my thoughts make sense and that I have made a difference by taking time to "vent" my long thought out ideas.

Sincerely,

A. Klintworth

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