

TRANSCRIPT

United States Department of Agriculture • Office of Communications • 1400 Independence Avenue, SW
Washington, DC 20250-1300 • Voice: (202) 720-4623 • Email: oc.news@usda.gov • Web: <http://www.usda.gov>

Release No. 0493.05

**TRANSCRIPT OF THE MONTANA FARM BILL LISTENING SESSION WITH
DEPUTY SECRETARY OF AGRICULTURE CHUCK CONNER, SENATOR
MAX BAUCUS, SENATOR CONRAD BURNS AND GOVERNOR BRIAN
SCHWEITZER WITH MODERATOR TAYLOR BROWN, NORTHERN AG
NETWORK THE MUSEUM OF THE ROCKIES BOZEMAN, MONTANA -
NOVEMBER 4, 2005**

MODERATOR: I think we'll be ready to get started here in a second. We appreciate your patience and a chance to hear from Deputy Secretary Conner and Senator Burns and Senator Baucus and Governor Schweitzer. It's going to be a treat. I see so many leaders in Montana agriculture around the room, and it's kind of a Who's Who in our industry. Secretary Conner, if you know the names -- and you know quite a few of them already. These are leaders from almost every commodity group and every ag organization and almost every -- I'd say nearly every county in the state represented here, and it will be a good discussion.

We're proud that USDA came to Montana with one of the Listening Sessions. There have been quite a few Listening Sessions around the county. By the way, are you here for the Farm Bill Listening Session? We're not having that. This is the Farm Security and Rural Investment Act Listening Session -- (laughter) -- so if you're at the right place, we'll love to have you stay for it.

The way it will work this afternoon -- we'll get things under way in just a second. Each of you will have a chance to comment at one of the two microphones. We'll explain the rules in just a minute. We'll also hear from each of our leaders here on stage.

Before we do that though, I'd like you to please rise for the presentation of the colors by the ROTC chapter here from Montana State University.

(Colors presented.)

To lead us in the Pledge of allegiance, we've asked James Brown, who is a collegiate member of the Collegiate 4-H Program, and Leo Ogg from Cascade, State First Vice President in FFA, to lead us in the Pledge of Allegiance.

(Pledge of Allegiance is recited.)

And to perform the National Anthem we have Angela Mahoney. Angela.

(National Anthem sung.)

And then we're going to have Senator Burns read the Preamble of the Constitution. (Laughter.) No, a very patriotic program here today. We're all excited to be here, and it is a proud day to be Americans, and we're glad you're here in part of the system, taking your opportunity to have a voice in how our government shapes American agriculture policy.

Our first speaker this afternoon is our senior senator. We appreciate both senators being here today, Senator Max Baucus of course in his fifth term in the United States Senate after serving two terms in the House. He's the ranking Democrat of course in the Senate Finance Committee, and some of you may be aware of this, but this will be the fourth Farm Bill that he's worked on, so he's got some practice at it, of course comes from a longtime ranching family in Montana. Please welcome -- and, Max, you can have that center microphone, Senator Max Baucus. Thank you. (Applause.)

SEN. MAX BAUCUS: Thank you, Taylor, very, very much. I'll be very brief. We're here primarily to hear from you, what your worries are, what your hopes are, what you really think. This is a real opportunity to ask those questions that are really on your mind. There might be something kind of back in deep recesses of your mind -- gee, that's kind of a dumb question -- I'm not sure about that. That's probably a very good question. Whatever you're thinking about is what you should discuss or talk about.

When we walk out of here this time is past, it's gone, it's irretrievable, so let's make the most of it here right now and build upon what we come up with here.

A couple things. One, on the international front, we've got some good news. There are some concerns, but there's also some good news. For me the good news -- and this is a point to make I think to younger farmers and ranchers in our state -- is the huge growing demand in the world for our products. The population of a billion in China, a billion roughly in India, 10 percent annual growth -- those people are now going to want to consume a lot more food than in the past.

A few years ago China tried to say, Oh, no, they're self-sufficient in their production of wheat. Now they make no bones about it. They've got to import, and import big time. Their production just can't keep up with the demand over there. There's the Gobi Desert or farmers don't want to double-crop -- there's all kinds of reasons. But the main point is demand is going to be strong in the future. It's a real opportunity for us.

Let's remember if we Montanans were to consume all the wheat that we produce only in Montana, it'd be the equivalent of 400 loaves of bread everyday. We produce a lot in Montana. And beef clearly is critical to our export markets. Japan might open up - they're making noises they're going to probably open up -- we don't know for sure.

We've got to at least keep the pressure on Japan to make sure what they do.

So the good news is large potential, increased demand.

The concerns on the world basis are other countries are coming to the fore too. Brazil -- largest agriculture exporter this last year, about \$25 billion worth of ag products -- that's beef products -- that's you name it -- that's even the coffee in Japan. Brazil is very active in agriculture.

Which brings us to the opportunity we have in these world trade talks to make sure we do a good job. We Americans have about 12 percent average ag tariffs on ag products coming into the United States. Other countries' are immensely higher than ours -- it's just wrong, their tariffs -- Japan's about 50 percent average, India is about 100 percent, and South Korea is about 70 percent, the EU is very high too. So it's an opportunity to get those tariffs down. That means we've got to be aggressive we've got to be tough, fair but firm, and get rid of those export subsidies that the Europeans have.

We've got some allies. The developing countries are basically on our side. They want Europe to back down too. They also don't like the state trading enterprises; that is, the wheat boards of Canada and Australia. So it's -- those are big questions. Lot's happening in the world. One book I've read recently, which I think sort of gives a glancing blow at how the world is changing so much, is a book by a guy by the name of Tom Friedman, "The World is Flat." And I urge you to read that book -- it's not directly related to agriculture, but I urge you to read it -- "The World is Flat" -- because it gives us a sense of just how much the world's changing. It's challenges, but it's also major opportunities. There's opportunity in everything, and this is a chance with these changes for us to find these opportunities.

Domestically at home there is a Farm Bill coming up -- not till 2007 -- but it's great that Secretary Conner is here and you're here and so forth. I'm on the Agriculture Committee. I'll be at the table when the 2007 Farm Bill is being written, and I'll make sure that we get all the right information and know really what you want. There are lots of different trade-offs here and there and so on and so forth, and it's not exactly the same for everybody, but really keep in touch with us. I remember we're just the hired hands -- you're in charge. We work for you. You're the employers. You've got to act like employers and give us your marching orders, what you really think and feel. We're there. We're all lucky as Montanans of instant access both ways. And don't forget this: you are 50 times more powerful, each of you, compared to California, in influencing the United States Senate. They've got 34 or 35 million people -- we're 900,000. You have 50 times the voting and access power as they have. So, like in life, you've got to take advantage of your advantages, and that's a huge advantage. And whether it's me, whether it's Denny, whether it's Conrad - all of us -- be sure to take advantage of that advantage so that we can get a good result. Thank you very much. Thank you, Mr. Secretary, for coming. (Applause.)

MODERATOR: Thank you very much, Senator Baucus.

Our next speaker, Montana Governor Brian Schweitzer. All of you are aware Governor Schweitzer last November became the first Democrat governor in the state of Montana since 1988 -- our 23rd governor. He was born in Havre. His grandparents homesteaded in Hill County there 100 years ago, and very involved in agriculture in Montana, farmed and ranched in several counties in Montana. Of course the one thing I should mention -- there might be some people in the room, Brian, that had you for a TA years ago, because he got his soil science degree, his master's degree, right here at Montana State University, and of course has served as our governor this last year, but also many will remember he served in the state FSA committee for many years, since 1993. So please help me welcome Montana Governor Brian Schweitzer. (Applause.)

GOV. SCHWEITZER: Mr. Secretary, welcome to Montana.

DEPUTY SEC. CONNER: Thank you.

GOV. SCHWEITZER: And I hope that you brought one of those charge cards that you've got from the United States government, and you can stay over a few extra days, spend a little time, make it down to the park, buy some thick steaks, drink some old whiskey, take a few people to dinner. (Laughter.) Spend your tax dollars in Montana.

I want to welcome all the producers who are here, because we need a new vision for rural America. If we continue down the same road that we have for the last 25 years, if we are just going to tweak the '85 Farm Bill and tweak the bill that came after it, and tweak another one, we will lose an entire new generation of farmers in Montana. We need something new and bold.

If you would spend a little time -- not in Bozeman, because Bozeman is growing, a lot of new houses, big houses, people moving here -- I wish we would have had this in Circle or Glendive, or my birthplace Havre. I wish we could have gone out to Glasgow and let you have a look around. And then I would like to take you back in time and show you the number of implement dealers, Ford dealers and Chevy dealers that we've lost. I'd like to show you what the railroad has done in terms of closing down those shipping points that we have. I would like to show you the multiple generations that we've lost, the best and brightest in the history of this state, who are now running businesses in Seattle and Austin, Denver. I would like to show you the resolve that we have in Montana. We can do our job, but we need a vision, because if our vision is to subsidize the multinational grain companies, the railroads and the exporters so that we can continue to grow wheat and lose our next generation without value added, without looking at new crops, without looking at new opportunities, without creating new industries in each and every one of our communities, we will lose another generation. We're asking you, Mr. Secretary, be bold this time. We need you. Welcome to Montana. Thank you to the producers. Thank you. (Applause.)

DEPUTY SEC. CONNER: Thank you.

MODERATOR: Thank you very much, Governor Schweitzer. Our next presenter of course, Montana Senator Conrad Burns who, of course, is the person who founded the company that I work with and sold it to me when he went back to Washington. He is only Montana's second Republican senator ever, and in his third term as the longest-serving Republican senator in the history of Montana. Conrad has, of course, a powerful seat on the Senate Appropriations Committee. Many of you know this week on the bill that went to the president's desk, \$4 million in that bill for the building of the new animal science facility that will be built here at Montana State. And Conrad played a big role in that, along with Senator Baucus. We appreciate both of you, Congressman Rehberg and the work you did in getting that accomplished. It's going to mean amazing developments for Montana State University. Conrad started his career in politics at Billings, at Yellowstone County Commission, then ran for the U.S. Senate. He might be the junior U.S. senator, but he's still the senior member of the Northern Ag Network Farm Broadcast team, our Washington correspondent. (Laughter.) (Applause.)

SEN. CONRAD BURNS: Thanks, Taylor. I guess this thing is on, so we'll take a chance on it anyway. Thanks, Taylor. And I think at times I should be back in the broadcasting business.

We passed a little bill when I first went back to Congress call FSCOR (sp). It allowed agencies to take part of their budgets and spend it with certain small universities and colleges for R&D. Up until then most of the money for research and development, no matter what the agency was, whether it be the Agriculture Department or the Commerce Department, or whatever department it was or the Department of Defense -- most of those dollars would flow into the MITs and the CalPolys -- not that they're not good schools. But we also found out here at Montana State University that we had some pretty talented people who knew how to do R&D. And when we invest in that, it helps all of us. We can take a look and see the work that we did with the malt barley plant in Great Falls, all the things we had to go through -- and that's a value-added thing that we have here in the state. But today we come to listen to you. We're going to write down your suggestions, because they're important as we move into this debate on the '07 Farm Bill. What direction or what kind of policy it takes to provide income so that farmers can keep on farming? We've been through some tough times -- drought like you can't believe. Yet we got drought relief. But, nonetheless, it is the policy -- this is the reason why the Hong Kong talks in December will really be important, because we may have access to the market, but what about fighting high tariffs? It takes us out of the competition. It's something that's hidden out there that we can't break through, and we've got to break through this high tariff -- Japan, China, India. As India and China is driving the energy market, they're also driving the agricultural products market. But the tariffs are too high and these talks are very important.

But let's talk about down home. Let's talk about here at home, on your farms, on your ranches. And we want to hear from you. If we all don't shut up, we're not going to have time to do that. So thank you very much for coming.

I'd like to introduce Chuck Conner. He's assistant secretary of agriculture -- that's

the number two man down at USDA. I've known Chuck ever since I've been in Congress for the last 17 years; we've had some very spirited discussions -- (laughter) -- more than you might imagine. And we didn't get down to name-calling, but we might near did, and but nonetheless understands agriculture and understands policy. And, let's face it: the policy that we set today will not have a lot of effect on you and I tomorrow, but who it does affect is the next generation. We always live for the next generation. Our parents sacrificed for us, we will sacrifice for these young folks sitting over here in the blue jackets in 4-H and FFA. That's the genius of this great country, is the sacrifices that they made for us and we pass that on as uniquely United States of America. And, as a result of that, we have the highest standard and the highest quality of life of any other nation in the world. You must never forget about that. And our freedoms, everything else being questioned -- all else is out the door if we can't protect those freedoms to do what we want to do.

So thank you for coming today. We look forward to your comments. Please welcome Chuck Conner. (Applause.)

DEPUTY SEC. CONNER: Well, thank you all very much for coming today. Taylor Brown, thank you for agreeing to be our host today. As you will see, as we proceed with some of the comments, Taylor's got a tough job keeping us on schedule and cut him a little slack, if you will. He volunteered to do this, so he's gracious, and we look forward to that.

Great turnout today from your Congressional delegation, and certainly, Governor Schweitzer, thank you for coming. I appreciate your comments, and I know you mean it from the heart. You've got a strong agricultural background, as all three of your members of Congress do. We appreciate so much your input. I have worked for a long time with Senator Baucus on the Ag Committee and Senator Burns -- I think I met him before he was even elected. And you've got some great agricultural leadership here represented -- and Montana is fortunate to have that leadership.

I also want to thank Nancy Peterson, your director of Montana Agriculture. Nancy, if you're -- please stand up. Thank you, Nancy, for being here very much. (Applause.)

To our folks from the Army ROTC, thank you for helping us with the Color Guard, to bring due honor to our country so appropriately -- also to James Brown and Leo Ogg for the help in the Pledge of Allegiance. And Angela, thank you -- Angela Mahoney, thank you for leading us in the singing of the National Anthem.

Our state Farm Bill Forum Committee is here, and we thank them for all their work in setting this up, and as well just appreciate the Museum of the Rockies giving us this opportunity to have this forum in a very, very comfortable setting. I can tell you that you are fortunate to be in a facility like this. We were in facilities for Farm Bill Forums that were not quite as comfortable as this. So we do appreciate very much them allowing us to have this.

I do want to bring you greetings really from all of USDA and from your Department of Agriculture. And it is very, very much your Department of Agriculture. We believe strongly in the commitment that we have to bring help to rural America and help to the farmers and ranchers of this country, and it is for this reason that we have taken the time I think to bring these Listening Sessions to each one of you to make sure that everyone involved in agriculture in some way has the opportunity to give us their comments on this Farm Bill.

The Farm Bill is a big piece of legislation, and it impacts all aspects of farming, ranching and rural America. The last bill was about \$170 billion. Not too much goes on out here -- not too much goes on at a place like Montana State University that is not in some way very, very directly impacted by a Farm Bill. And I think the president felt strongly when Secretary Johanns came on board that he didn't want a Farm Bill that was based upon a lot of input that was received at the House and Senate Agriculture Committees. That may be important. It is important. But, more importantly, he wanted us to get out to those people that probably are not ever going to have a chance -- nor want a chance in their lifetime to come to Washington and present their views on farm policy. And it is for this reason that this is actually the 50th Farm Bill Forum. Secretary Johanns and I are both hosting one today. He's in Missouri. He heard it was snowing, so he told me to come to Montana. (Laughter.) Not really, he's a hardy Nebraska -- bad weather doesn't bother him. We're both finishing up the 49th and 50th forums today, and this will be the last. We have been in every state, in every region now, hearing producers' input. And we are going to use that input as we develop policies going forward. And your input is critical to this.

Let me just give you a very brief hint of my background -- Conrad touched upon it. But do know that I am a farm kid from Benton County, Indiana -- grew up on a farm. That farm is still in my family. My father has passed away. It's owned by my mother, operated by my brother -- 100 percent of his income is derived from the farm. He keeps me a little bit updated every time corn prices go too low -- (laughter) -- and I've been hearing from him a lot lately -- unfortunately.

But we just -- whether it's my brother or anybody else, I want to tell you that we are very, very focused in this Farm Bill on the future generations involved in American agriculture. The governor mentioned this, and I give you high marks for the comments that you made. A Farm Bill should favor a next generation involved in agriculture. We are an aging population in American agriculture. I'm told on average we're about 59 years old. When I started working on Farm Bills -- and this is my sixth Farm Bill now -- it was less than 51 years old was the average age of a farmer. So it says we may have a problem with that next generation. And we want to make sure that this next Farm Bill certainly at a minimum doesn't hold back young producers, and I think ought to provide a benefit and boost to get these guys and gals involved in American agriculture, and have that benefit that all of us had in rural America. Growing up there was a great place to grow up. Our next generation should not be denied that opportunity. And this Farm Bill I believe needs to focus upon that. And we've been hearing a lot of input from younger

folks, from 4-Hers, from FFAers on this very, very point, and we hope this Farm Bill does reflect upon that.

Now, having said that, I will tell you we're hearing a lot of change suggested to the Farm Bill. At the same time, I wouldn't be fair if I didn't tell you that we're not hearing a lot of people come in and say absolutely change the date of the Farm Bill from 2007 to 2012, and I'll be perfectly happy -- and we're hearing a lot of that too, and I don't deny that. That's a strong producer sentiment that is out there.

We're hearing very, very strong support for all of our rural development programs. These are programs that in your local small towns will maybe be used to keep a rural hospital open, maybe used to buy a fire truck, put in a sewer and water system. These are very, very popular programs out there -- all funded as part of the Farm Bill. People say do more of this kind of stuff. We need help in rural America to improve quality of life there. Do more of this type of thing. Conservation -- very, very popular programs out there to help producers not in a regulatory way coming in and saying, You shall do this and you shall do that. That doesn't fly. But our conservation programs which come along beside you and say, if we can get you to move this direction, we've got a helping hand for you. Those are very, very popular programs, and we've been hearing that I think reflected in the comments that we have received throughout this Farm Bill.

Controversy - it's out there, you bet. The Farm Bill is the most difficult thing that I've ever been associated with in my working career -- and, again, I've been through six of them. They are a horrible, horrible process to go through, because there clearly are many, many differences of opinion. But those differences also unite us, bring us together, help us, I think, to write better bills as we move forward on this front, and really again stress the importance that we need of your input in this. When I say "your" input, ladies and gentlemen, this is your Farm Bill Forum. You've heard from us -- we've had the opportunity as your folks from Washington to have a press conference, talk about this stuff. But now that's kind of done. I'm done talking now. This is about you telling me, telling your elected members of Congress and elected members of the Senate, your governor, what works and what doesn't work for you. You don't need to hear any more from us. Tell us what you think. We're going to be taking a lot of notes, writing down a lot of things.

If for some reason you just don't feel like you want to get up and say something, know that you can write us a letter. Know that you can go online at usda.gov. You can click on right there "Farm Bill Forums" -- give us your comments. We really, really want to hear from you on this, because it is such an important piece of legislation at such a critical time in the future of American agriculture.

So, again, I'm going to take notes, but I'm anxious to hear what you've got to say. So thanks so much.

MODERATOR: Okay, thank you. (Applause.) I think they'll oblige you. I think they'll give you an opinion or two before you leave here.

We've got water up here, governor and senators -- we have water here if you'd care for a drink, if you're thirsty -- no water for you guys -- you just have to do all the talking -- you don't get any water. But we are going to take a break. They tell me we're going to get a break here in an hour or so. But we're almost at break time now, but we're going to go ahead and take a few comments.

The comments -- we're going to ask you to be brief. We're going to ask you to limit them to two minutes. If you'll notice down here next to Senator Baucus we've got a red and green light. The green light will come on when you start talking. At the end of two minutes we're going to turn on the red light, and they'd like you to wrap up at that point. You don't really need me that I can see, except for the color blind ones that can't tell what color the light is I guess. But if it's behind you or something I'll let you know. So, with that, I think we're ready to get started. We'd like to open it up for comments. Those who want to say -- they always tell me the first one you hear is the last one you remember. So, anyway, we'll start out. There's a microphone on each side. So if some want to line up at that one, some at this one, we'll go ahead and get started and we'll try to limit it to a couple a minutes. Any questions or any other comments from you guys? Okay, let's get started and see how we go. Go ahead.

MS. TRUDY PETERSON: Hi, I'm Trudy Peterson from Judith Gap, Montana, and as the prices the producers receive continue to decrease and be affected by our ability to export our products, we must realize that the rest of the world is looking more at environmental aspects. Being able to reassure our customers that we are good environmental stewards needs to be continually reinforced. Much like the presidential order for all government agencies to implement an environmental management system, one possible path would be to take a proactive approach to use this recognized EMS system in the new Farm Bill. USDA could partner with producers to implement ag EMSs much like a CSP program to overcome both the subsidy issues and help reassure our customers that we are indeed showing and documenting continued environmental improvements at the farm level. The environmental management system approach provides a standard environmental business model based on ISO 14000 templates that allows all U.S. agricultural producers to label their products, their brands if they wish, third-party-certified by a credible EMS audit system. Furthermore, the EMS approach provides profit and efficiency measures by which U.S. farmers can determine the benefits of good and superior environmental management.

The EMS approach to conservation and environmental goals is based on environmental accountability. And I'll provide you with a copy of a farmer-to-farmer network that's developing to increase environmental management systems in agriculture. In discussions with farmers at the Sacramento Farmer-to-Farmer conference in June of 2005, farmers cited credibility as the single most important provision of the EMS tool. The standards and audits, both pure audits and third-party certificates are the EMS mechanism of environmental accountability and farmer credibility. The mission of sustainable agriculture can be led by farmers through EMS approach conservation.

While we as producers feel we are good environmental stewards, we are very poor in telling this, and have even less ability to document improvement. Through the use of ag EMSs, USDA and U.S. ag producers could maximize U.S. competitiveness and help our ability to compete in the global marketplace, along with looking to the future by setting both conservation and environmental goals in the new Farm Bill and future Farm Bills. Thank you.

MODERATOR: Thank you, Trudy.

MS. TRACY HOUCK: Thank you, Delegation. My name is Tracy Houck, and I'm representing Montana Farmers Union this afternoon. We at this point explicitly support maintaining the 2002 Farm Bill as it is until its expiration in 2007. We're all aware that the 2002 was put together in a surplus budget. We're looking at a deficit. We're very concerned that current budget cuts will administer serious harm, and it will deal with agriculture, but it will deal with Montana economy first and foremost. Each year more and more family farms and ranches go out of business or become part-time ventures because of the hard time we have making it here in the state of Montana. In 1932, 6.5 million farms existed in America; today's that's less than 2 million. We need to take a look at that math.

Montana Farms Union is hosting a young producers program next weekend for free, and we're having difficulty finding producers between the ages of 25 and 45. You know, they'll come, but where do we find those producers? Reducing our domestic subsidies for small increases in the market access to other nations will not really help the farmers in the developing countries, but it's going to push us into a depression, and we really need to watch what kind of business ventures we're making.

We're a membership organization with over 2,000 producers and 12,000 affiliates in the state. At our 90th annual meeting and convention last month, we passed a special order of business supporting key issues proposed in the Farm Bill. The top three is an adequate safety net in funding. Please stop the trend of whittling down our risk management tool, increase our insurance payments. We're looking to establish a working permanent disaster plan that works. I mean, that's the foremost. Expansion of renewable energy. Governor Schweitzer supports biodiesel going into a truck that I produced out of a little equipment thing that I have, a mini refinery, and yet we don't have a large-scale refinery in our state of Montana. If I as a soccer mom can produce biodiesel, the state of Montana should be able to produce biodiesel. (Laughter.)

And last, but not least, we really wish that for a stable and fully funding our conservation funding. We need that incentive. Thank you.

MR. LEO OGG: Good afternoon, I'm Leo Ogg, first vice president of the Montana FFA Association. And part of our deal today was our invitation included us commenting a little bit. And I'm going to comment on some of the challenges facing new farmers and ranchers entering agriculture. And, first and foremost, I'd just like to say that I am in a room surrounded by support for not only my organization but agricultural youth

in general. I've had the privilege this past year as an FFA officer for the state to meet with many of you in organizations. And while almost all of you began in production agriculture and got your foundation in production agriculture, you are serving agriculture in a different way. And in fact while during your meeting, while you have bright hopes for agriculture, very few of you have mentioned bright outlooks for young people getting into production agriculture. And I think that Governor Schweitzer was exactly correct when he said that you are losing a generation. And I'm here to speak as a young person who is trying to get started in production agriculture, and yet finding many challenges within that. But we also have to look at why those challenges are coming around. Agriculture was changing.

As you look at our organization, we went through a complete restructuring in 1988, changing from the Future Farmers of America to the National FFA Organization, changing to a leadership organization, not necessarily just an organization promoting farming and ranching -- because we saw the need for leadership in the organization. Eighty percent of agricultural occupations are not production agriculture. They're the people leading the organizations that lobby for agriculture; they are leading the organizations that help producers; they are leading the United States Department of Agriculture in helping those producers get in. But very few people are out there to help young people get into agriculture.

Agricultural inflation has not followed the national pattern for inflation. We mention the quality of life, but as a young person looking at a future in production agriculture, I look at the fact that agricultural earnings and wages in a production agriculture operation have not held the inflation and the rising cost of living that we see in all other occupations. And I think that is definitely something that you must look at when you're looking and trying to entice young people into going into production agriculture -- is that they see it as a way of not necessarily making a living.

I just got back from Louisville, Kentucky, where I saw over 50,000 blue jackets. The passion for agriculture is there in young people, and yet it's not going to be going back to the farm and ranch. It's going to be leading in these organizations. Sixty percent of today's high school students will be in an occupation that currently does not exist. Agriculture is changing. Several people have mentioned the consolidation. When you look at farms, there are fewer farms run by fewer people, and they're bigger farms than they used to be.

I feel that production agriculture is a -- (inaudible) -- feel that it's a strong foundation, but there are many, many challenges facing young people getting into production agriculture. Thank you.

MODERATOR: Let's give him a hand. (Applause.)

Some of you in the back must think Taylor is a preacher up here, because you're not willing to sit up front. We've got a whole lot of seats down front. Come on, sit down here -- come on. They're all Lutherans. (Laughter.)

DEPUTY SEC. CONNER: I have to add something to what Leo was saying, because I was one of the speakers at the FFA convention last week, and I met, after speaking to the General Assembly, met with a cross section of about 60 kids, and just had kind of a little roundtable discussion, and they went around and told me what they're thinking about doing, what their future is -- that kind of stuff. Anybody want to guess how many of those 50 or 60 kids intended to return to the family farm, or return in production agriculture? Any guesses? There was one -- the kid from North Carolina -- and he was going to go back and become a producer of pack mules. And that was going to be -- he was raising pack mules, okay? So if anybody thinks it's not a tough go, it's a tough, tough go to get involved in American agriculture today. So, Leo, thank you.

MODERATOR: Okay, who's surprised that I lost control of this? (Laughter.)

Okay, please go ahead.

MS. CINDY BERTEK: I'm Cindy Bertek, MSU extension Forest Stewardship Program coordinator. My statement is also supported by the Montana Forest Landowners Association. There are 22.4 million acres of forest lands in Montana; 3.8 million are family forests; 50,000 families own between five and 15 acres; 15,000 own 15 acres or more. Since 1991, MSU Extension Forestry has offered 106 planning workshops with over 2,500 participants representing over 1,600 ownerships and about 950,000 acres, 25 percent of the total forest land in Montana. There is a rising number of small acreage family forests as private industrial and nonindustrial forest land is subdivided and sold. With this increase in numbers comes an increased need to provide forest management education. After attending the forest stewardship planning and other related workshops, participants show increased confidence and knowledge to sustainably manage their forest. Quote, "When my husband and I completed the forest program, we were no longer completely overwhelmed with the forest land that we have on our property."

Over the past 10 years, nonindustrial family-owned forests in Montana have provided 30 percent of the annual wood harvested. It is an amazing number, since these lands only represent 16 percent of the forest land based in Montana. In addition to providing needed wood fiber, private lands also provide clean water, often critical wildlife habitat, recreational opportunities, aesthetic view sheds and, perhaps most importantly, buffers between the often uncontrollable wildfires that have been occurring on federal lands and the communities they surround. All of these benefits are provided at the cost, both monetarily and true sweat equity, of the landowners. This is why it is critical that the Farm Bill continues to fund programs to help family forest landowners through educational and cost-share programs that have a proven track record of success. Through education we can have 80,000 well-informed land managers in Montana that own family forests. With the functional cost-share program, we can help these managers complete projects that benefit everyone at a fraction of the cost of similar projects on public lands. I urge you to increase funding in the new Farm Bill for the nonindustrial private forest landowners and the programs that help them. Thank you.

MODERATOR: Thank you very much.

MR. JAMES BROWN: Thank you, Taylor. I'm James Brown, and on behalf of MSU Collegiate 4-H. I'm elated to be with you this afternoon to comment on the opportunities to expand agricultural markets, products and research.

The 2007 Farm Bill should serve as a porthole to a new era in American agriculture in which producers are provided the mechanism to strategically produce, process and market agricultural products, which convey regional mystiques and offer consumers a superior quality product.

As I was traveling across Montana last spring conversing with individuals involved in niche and value-added agriculture, I asked each entrepreneur what their foremost impediment to growth was, and with consistency they responded, "The lack of marketing funds and marketing expertise." In order to enable American agriculture to gravitate towards an industry of self-sustainability, it is imperative that the 2007 Farm Bill escalate the level of support provided to programs such as the farmer direct marketing program, marketing access program and other programs which objectively provide producers with marketing and technical expertise in order to propel their finished agricultural products out of their infancy and into the mainstream market.

Furthermore, it is essential that the 2007 Farm Bill provide low-interest long-term loans or cost-sharing arrangements to individuals and entities involved in niche and value-added agriculture. Unfortunately, the astronomical cost of establishing product processing infrastructure frequently deters producers from marketing a finished agriculture product, an action which would enable producers to retain the highest possible per unit value of their raw agricultural products. Farm policy can simply no longer be viewed within the confines of conventional food and fiber production, but as an industry of boundless potential ripe for growth. Thank you. (Applause.)

MR. BOB LEHFELDT: I'm Bob Lehfeltd, sheep producer and currently president of Montana Wool Growers Association. I appreciate the opportunity to make some brief comments on the farm forum regarding the new Farm Bill.

Believe me, it is a challenge being involved in agriculture. My son just returned to the ranch, and has strong interest in continuing our operation of a family-owned ranch. Interest rates always bear on the profitability of a ranch in operation, because money is borrowed for nearly all operations. A growing non-rural population is also a challenge. All people eat, but there's only a handful of people left in production agriculture. These people also set policy in past lives that are adverse to agriculture. I guess the introduction of wolves back to Montana is one of these programs I disagree with due to the predation effect on livestock producers.

Montana sheep producers can compete in world markets, and we are competing. Well over 60 percent of the wool grown in the U.S. is now in the export market. The value of the United States dollar addresses the price we receive for the wool, and right

now that price is not very good. Government policy concerning the value of the dollar is an area that affects all agriculture for export.

I have watched it closely and I am very distressed over the United States negotiating cuts in farm programs while foreign countries are slow in not dropping their support of their farmers, and we're not taking off tariffs or import controls, which stop our sales to these countries. Sheep producers in many of our competing countries receive large subsidies based on each head they raise.

The American sheep industry wants the 2007 Farm Bill to include the present loan-deficiency on wool with some changes to reward growers who are producing the best wool for the market. The industry wants to raise the loan rate to \$1.20 per pound, which is the amount intended when the LDP wool program was put in effect. We also seek a program designed to expand sheep numbers in the U.S. We want a program that will reward producers for holding back new lambs that was in the Farm Bill providing monetary payments for keeping these new lambs. This program was in place for four years, and we've seen an increase in sheep numbers due to it.

We need the strong support, Mr. Conner, of the USDA to reauthorize the National Sheep Industry Improvement Center. This center provides loans to the sheep industry, infrastructure such as slaughter facilities, wool warehouses and transportation issues. The industry also supports mandatory price reporting and the industry also supports country-of-origin labeling, a position long held by the sheep industry.

In closing, USDA and senators like Senator Baucus, Senator Burns -- we need to continue to legislate programs to ensure Americans have a supply of food. Relying on imports of food to feed our nation is not in our best interests. We also need to address the high cost of energy. Thank you.

MR. BILL DONALD: My name is Bill Donald. I'm a cattle rancher from Melville, Montana, and I am currently serving the members of the Montana Stockgrowers Association as their president. I appreciate you being here.

And my main concern is getting young people getting back into agriculture. I think the two young gentlemen before me did a great job of showing the interest that is out there. I'm fortunate to have my two sons back on the ranch with us, and my two nieces also. So I'm well acquainted with the challenges. Of course some of the major hurdles to get young people back on the ranch are the price of land has gotten so far from -- or the price of production. That's just supply and demand. They don't make any more land, and people want to put money into land and invest, that's fine. Possibly through this Farm Bill -- (end of side 1) -- another major enemy in this regard is the death tax. If you have to sell a portion of your ranch to pay a tax then you lose a viable unit, and then the whole ranch ends up getting sold. I've had conversations with both senators, and I think they're very much on our side. But if we can't get something done through the Finance Committee, maybe we can get it done through the Agriculture Committee and in the Farm Bill.

One of the ideas that might be helpful is to somehow index production value of land back onto the land and use that in some sort of a formula to get this land back into the hands of the next generation. Thank you.

MR. ROGER SAMMONS (sp): I'm Roger Sammons (sp), a producer from Cut Bank, Glacier County. I'm here to talk to you about barley issues. I produce barley, and malt barley in particular, and we believe there's a number of things we're losing our competitive edge in the barley industry, the primary reasons being barley producers receive lower program benefits compared to other crops that compete for acres like barley. Barley must be comparable to corn as far as program benefits in order for us to maintain our acreage. There's insufficient risk management as far as crop insurance tools in the areas that experience multi-year losses. Glacier County has been hit with drought for many years through the late '80s and early '90s. We'll need better RMA programs that would address multi-year losses, as well as provide a safety net for high deductibles that we face under the current crop insurance program.

The Canadian barley acres have not decreased at all, and we believe that the reason for that is the pricing mechanisms that the Canadian Wheat Board uses. And we have a wonderful new facility in our state and it's be a terrible shame to see it filled with Canadian barley. Thank you very much for this opportunity to comment. Thank you.

MODERATOR: Thanks, Roger.

MR. BRUCE BUGBY (sp): Good afternoon, gentlemen. My name is Bruce Bugby (sp). I'm from Missoula, Montana, where I'm a land-use and conservation planning consultant -- have been for about 30 years in Montana, worked around the state with a variety of landowner agencies and non-governmental organizations. I'd like to just add to my colleagues who have the very capable comment about the farm forum and the Farm Bill perspective, that of conservation, an interest that is shared with the producers. And I think the particular strength of the 2002 Farm Bill was the explicit emphasis on conservation and how that has led to partnerships throughout Montana, throughout the country, that have been very helpful, led to stronger support. And that kind of support is essential for a good working environment for producers.

I also appreciate the opportunity to speak with you here as opposed to Washington. Thank you for coming out here. And I appreciate the opportunity I've had over the years to work with the various branches of the Department of Agriculture, but in particular the NRCS with its capable direction of Dave White, veteran of the 2002 Farm Bill. Glad to have him here helping us with getting ready for the next.

I would like to suggest that the Wetland Reserve Program, the Farmland Protection Program, the Grassland Reserve program might be combined under one umbrella as administered I think more efficiently, and might open up some possibilities for new producers to come into the business by affording an opportunity to pay for aspects of the land that are not producing income. I think that program has shown a lot of

promise and could be made to work a lot better.

The other thing that I think is important is that, again, I think Montana has provided a good example of how to anticipate the relationship to wildlife and doing good conservation measures that avoid the need for more stringent regulations. I think that's again something that ought to be emphasized, perhaps even made more explicit.

MODERATOR: Thank you, Bruce.

MR. KEITH SCHOTT: My name is Keith Schott. I'm a grain producer from Broadview, Montana. I'm currently the president of the Montana Grain Growers.

U.S. wheat producers want to be able to compete on a level playing field in the global marketplace. However, producers in many other nations have much lower production costs, putting U.S. producers at a disadvantage. Therefore, MGG members support the full preservation of domestic support within the '02 Farm Bill, but recognize the importance of all countries moving towards less trade-distorting policies. Montana exports nearly 80 percent of their wheat crop annually. MGG supports the continuation and expansion of market access programs and the development of new and creative export programs, such as tax credits, that provide a way for producers to compete worldwide.

MGG strongly supports financing programs for beginning farmers and ranchers. MGG members also believe that if farming were profitable young farmers would enter the field without needing extra encouragement. Therefore, MGG wheat producers believe that there needs to be a focus on making farming profitable.

MGG feels an assistance program should be nonproduction based and non-trade-distorting. The current direct payment clearly fits in with these criteria and is a top priority for Montana producers in the '07 Farm Bill debate. The loan deficiency payment, the countercyclical programs, are not participated in to the full potential in Montana, while other states with other commodities participate extensively. MGG feels this is unfair to wheat producers in Montana, and are a competitive disadvantage nationally when our main commodity is wheat.

With production in Montana is extremely variable, it is difficult to participate in programs that are based on production. We also support the current conservation program, if it were structured and streamlined in a more simplified way. The biggest problem has been underfunding of existing conservation programs. The Conservation Reserve Program needs to be fully funded, as originally intended. Producers should be eligible for participation. The Conservation Reserve Program should be refocused on environmentally-sensitive highly erodible lands.

MGG also believes that conservation program funding should not be used to offset or supplant existing commodity program funding.

Financial support farmers receive for their commodities go into local communities, directly to local businesses and through local and state taxes. By continuing to provide farm program payments, the U.S. government is making a strong investment in rural America.

In order to be able to compete in a world market, focus must always be kept on quality, progress and quantity in regards to research. We should have a strong presence in the next research title with an equal emphasis on cereal disease research and new and improved traits and qualities. Thank you.

MODERATOR: Thank you, Keith.

MS. LAURA ZIEMER: Thank you for coming to Montana, Secretary Conner. And I'm so glad you did come to Montana, because I think Montana is maybe the best place to have come to look for examples of watershed health. Under the creative leadership of our state conservationist, Dave White, we in Montana have implemented some of the best examples of watershed restoration recovery in the West, and probably in the nation. And I really think that you don't need to look much further than what Montana has done to look what the 2007 Farm Bill potential for conservation can be and indeed should be. My name is Laura Ziemer, and I'm the director of Trout Unlimited's Montana Water Project. And with the literally decades of a track record of stream restoration across Montana, Trout Unlimited has been well positioned to partner with Montana NRCS on ambitious and basin-wide restoration efforts that have really looked at and addressed the limiting factors for watershed health. And state conservationist Steve White has made remarkable use of special initiatives under the EQIP program to address watershed health on a basin level. The Jefferson, the Big Hole, the Blackfoot have all been subject to special initiatives under EQIP, but have already borne results both for producers and for imperiled trout. And it's this kind of model and the creativity that Montana NRCS has shown that has allowed the popular Farm Bill conservation programs to invest in producers and in conservation at the same time. And it's this kind of partnership that has produced award-winning stream restoration projects while at the same time boosting producers' crop production. That is improving a producer's land, improving the land and fishing for Montana, and investing in the stewardship of Montana producers. I think as Governor Schweitzer said, here in Montana we are doing our job. And what I have included in my written comments are seven specific recommendations to make Montana successes and encourage other states to replicate them. Thank you.

MODERATOR: Thank you, Laura.

MR. TONY BELCKER (sp): Tony Belcker (sp), Chippewa Cree Tribal Natural Resources. I guess my testimony is going to be towards tribal governments. We talk about government-to-government consultation, but yet it's never been defined or written down. What is government-to-government consultation? I think we need to get that written down, with the millions and millions of acres in Montana here on tribal land. You talk about -- we need to deal with fractionated ownership, you know how you get 1,400 signatures to do a CRP contract -- that's nearly impossible. So you don't see that. I

agree with Mr. Schweitzer: let's can the whole Farm Bill altogether, and let's get our price of beef up to the price of diesel fuel for three bucks, and you know we wouldn't be dealing with all these government regulations day in and day out.

Tribal government, you know, the center pivots -- I guess irrigation history is a big stumbling block for us. Center pivots have been around for 50 years, but yet our tribe just got a center pivot two years ago. So that's how far back tribes are in some of the USDA programs. And we need to figure out some ways to change that. and with you guys' help I think it can be done. I know the tribes are willing to come to the table and address these issues in a true government-to-government, but let's define what government-to-government is. Give us a (pamphlet in ?) government-to-government consultations, so with you guys' help we can change that.

MODERATOR: Thank you, Tony.

MR. LEE RINEHART: Hello, my name is Lee Rinehart, and I'm with the sustainable agriculture program with the National Center for Appropriate Technology based in Butte, Montana. Of course we are funded through the USDA Rural Business Development. And our biggest project we have is the ATRA program, many of you may know of, which is the national sustainable agriculture information service with a 1-800 line and about 25 program specialists who do research and writing for farmers and ranchers and educators around the country.

Essentially, on behalf of NCAT what I would like to do is address some of the questions of the talking points that USDA put out, specifically with respect to the Conservation Security Program. Under conservation and environmental goals, we believe that conservation goals should be synonymous with production goals, realizing that agriculture is systems-oriented. Agriculture we know is the manipulation of a natural system. Sustainable agriculture seeks to understand the inherent linkages and the connections between people, plants, animals, soil, livestock, crops and all of the communities that rely on all these natural resources. By managing from a systems perspective we understand agriculture can be sustainable as well as productive.

An action that we would recommend for Congress and for the USDA is to appropriate specific conservation working land programs that serve to foster environmental conservation while developing opportunities to sustain agricultural production to feed and clothe local communities, particularly the Conservation Security Program. Dave White has been working really well with many different -- a very diverse group of people in our state doing some serious outreach on the Conservation Security Program, getting the word out, enlisting the help of many different organizations and commodity groups to come together and figure out ways to get the word out on the Conservation Security Program. We believe that this program is the way that the citizens of the United States should support its agriculture, and we wanted to ensure that not only was it passed but it was appropriated sufficiently to allow that to happen. So thank you.

MODERATOR: Thank you, Lee.

MR. JOHN TOFF (sp): Hello, my name is Joss Toff (sp) from Missoula, Montana. My family moved into the state in 1860, and I'd like to talk to you about estate planning. My father is 89 years old. We had our estate pretty well planned out. And last year the city of Missoula threw a real loop to us, and put a sewer right through our property. The banker came last fall, and said, John, what are you going to do about your estate? And I said, We have -- (inaudible) -- don't we? He says, No. He then informed me the value of my estate had increased by tenfold during this time. We are now in trouble. Please get rid of the death tax so that we don't have to subdivide and farm people out in the next couple of next year. Thanks, bye.

MODERATOR: Thank you, John.

DEPUTY SEC. CONNER: Thanks, John.

MS. BARBARA BROBERG: Hello, Barbara Broberg, Montana Women Involved in Farm Economics, but I'm also a farmer on a family farm, and that's probably what I need to talk about most is on our farm we deal with hundreds of thousands of dollars. We have been helped by your Farm Bill, but we're also dealing with 5,000 acres, and only two or three people to run the place. And when we read about family farms, we just want you to know that it's a lot of work with very few people most of the time.

We want to say thank you for doing your Farm Bill. I mean, I think when you're talking in private to any farmer he'll say, I don't know what I would have done without those farm payments. And I heard a chance comment a few years ago. The man said, "When the banks start feeling the pinch of the farms, then we'll start having action in Washington, D.C." And I don't know if J.B. Penn or some of those people have helped that to happen, but I personally feel that the farm banks have been increasing young farmers, and there's at least two people in this room who have their sons coming back to the farm. And I know of two others -- which maybe doesn't sound like a lot, but sometimes for new farmers it's a big deal. Just I agree with you, Secretary Conner, that this is a comfortable facility. It's fun to be inside just for a day or two, and thank you for having these things to help us remember our passion in farming.

MODERATOR: Thank you, Barbara.

ROB ETHRIDGE: Thank you. My name is Rob Ethridge. I'm with the Department of Natural Resources, and I'm here to speak in support of maintaining the forestry title in the Farm Bill in 2007. Maintaining healthy sustainable forests, a functional wood products infrastructure and intact family forest land is a growing concern nationwide, as well as here in Montana. We believe the pursuit of a healthy, sustainable forest should be incorporated into the 2007 Farm Bill as a national priority. A separate forestry title in the Farm Bill allows for the recognition of forestry issue as its own entity and allows for the possibility of solutions.

Cindy Bertek explained -- she gave you the statistics about nonindustrial private

forest landowners in Montana. But they do make many contributions, many ecosystem contributions, such as clean water and wildlife habitat. But these lands and these landowners are under continual pressure of fragmentation, needing to sell their property, parcelization. So really the next generation of family forest landowners in Montana, as well as nationwide, are under the same kinds of threats as we see in agriculture.

Providing for information, education, technical assistance and financial assistance to private landowners is an important component of maintaining these healthy, intact, sustainable forests and the associated ecosystem services. These are services that government can and should participate in. Secure financial assistance to family forest landowners is important in addressing these issues, and should be made available through the Farm Bill.

Placing family forest landowner financial assistance in the conservation title is not a bad idea. Over the past year, NRCS and DNRC have had a very successful partnership in providing financial assistance to landowners, and technical assistance through the EQIP program. Actually, Montana's NRCS program leads the nation with \$3.4 million in financial assistance through EQIP, and DNRC has assisted through the technical assistance part of that.

I guess one other point. We'd like to see biomass utilization for energy and heat as part of the Farm Bill in the 2007 Farm Bill. Senator Burns and Senator Baucus and Congressman Rehberg have been instrumental in providing financial support to the fuels-for-schools program in Montana. That needs to move beyond that kind of support into the Farm Bill as well as the private sector. Thank you very much.

MODERATOR: Thank you, Rob. You guys are doing a great job of staying on time. Does every group do this good? How about these brief comment, getting to the point?

DEPUTY SEC. CONNER: Great.

MODERATOR: Okay, we've got to get a few more here.

MS. JANELLE HOLDEN: Hi, my name is Janelle Holden. I grew up on a Montana cattle ranch, and I now work with farmers and ranchers on wildlife conflicts and conservation. And I first just wanted to echo what other people have said about the difficulties of young people getting back into production agriculture, especially when they're like me and they're allergic to hay. So that makes things a little bit more difficult.

But I did want to put in my support for what NRCS has done in this state in terms of wildlife and conservation issues. I think that there is definite room for innovations within EQIP and other programs within the Farm Bill, and we've seen a lot of great help from Dave White and NRCS specifically on predator deterrent practices. He set aside \$250,000 this last year out of EQIP to help farmers and ranchers put in electric fencing, do carcass removal and other things that will benefit wildlife. And so I just want to

encourage you to consider that in the coming Farm Bill, and to encourage best practices in the coming years. Thanks.

MODERATOR: Thank you, Janelle.

MS. JILL LORANG: My name is Jill Lorang, and I'm the administrator for the Cascade County Conservation District. I also grew up on a family farm 35 miles east of Conrad, and me and my husband are currently the youngest ranchers in the Eden community.

The new Farm Bill should continue to and devote more funding to programs such as EQIP. Additionally, a key to the success of any programs with NRCS, and in order for the producer to obtain the most efficient service, NRCS needs a higher level of funding for staff and for technical service providers, to assist in program implementation. Programs such as EQIP provide a very good public image of agriculture. EQIP is not a government hand-out, as some people would say about some subsidy programs, but rather a cost-share program to get conservation practices on the ground. For this reason, programs such as EQIP and CSP need to be funded at an equal or higher level than what is currently allocated.

As a young rancher, another concern is the death tax. In order for us to keep generations in agriculture, this tax needs to be addressed. It places a huge burden on the agriculture sector, and is the demise of the family farms and ranches.

The last comment that I have is about political implications of the Farm Bill. I would urge the farm organizations of Montana to lobby with a unified voice, and the Congressional delegation -- thank you for all your hard work and all that you do back there -- but think of us that are back here on the family farms when you pass the 2007 Farm Bill. Thank you.

MODERATOR: We're going to take just about the rest of you standing up. We'll take those, and then we're going to take a little break. So those of you that have more comments, we're not going to quit the comments, but we're going to take about a 10-minute break here and give our panelists a chance to relax just a second. And, also, MSU is sponsoring the break, so I don't know -- last time I was over to Dr. Gamble's house for break, it turned into a lot of fun. So I don't know if that's what he's got in mind for this time or not, but thanks, Dr. Gamble, for MSU sponsoring the break. We'll take the rest of the guys standing up. Then we'll take a break and then come back. So go ahead, Tom.

MR. TOM LOWRY: Thank you. Under Secretary Conner, senators, governor, thank you very much for coming and listening to us, appreciate it. I'm Tom Lowry. I'm a calf producer from Grass Range, Montana, and I'm also a regional director for the Montana Stockgrowers Association.

I'd like to talk to you, make a few comments about the incentive programs in general. First off, I think it's very important we get them a little more organized where

they're more timely. It seemed like they were very confusing. The paperwork is difficult and the payment assessments were very slow coming in this last program. We need to, if you will, put some kind of sideboards on the incentive programs, in our belief, that it seems like they're able to damage neighbors and damage small communities. For example, the CRP program, by putting so many farms, turning the whole program into the complete farm and losing that production, we feel that it should be kept strictly with production agriculture lands. And, as you know, with the growing and definitely in Montana and a lot of other states, with nontraditional ranchers and farmers we feel that they can use up a lot of the incentive monies and not keep them in productive agriculture. So with those sideboards we think there'd be a lot more help with your Farm Bill program. Thank you.

DEPUTY SEC. CONNER: Just a quick comment, if you would, on that conservation. Conrad and I have talked about these issues at great length from time to time, and I think we've got an opportunity to do a better job on our CRP issues going forward. I think perhaps too many times some of that CRP and the whole farm bids enabled people to actually put their entire farms in it and in some cases move out of the communities altogether and go someplace else. That's probably not the direction that our conservation programs ought to be headed, and I think we've got an opportunity -- it's a great program -- CRP is a great program, but we've got an opportunity I think to tighten this thing a little bit and do a better job. Thank you, Tom.

MODERATOR: Thanks, Tom. Dale?

MR. DALE Mr. Secretary, senators, governor, I've been a conservation supervisor for 40 years. The governor will tell you I came with Lewis and Clark -- (laughter) --

GOV. SCHWEITZER: Before Lewis and Clark. (Laughter.)

Anyhow, my wife and I spent -- this last year was our 59th year on the same farm in Cascade County, and we're proud of it. I'd like to put in a pitch for the funding for the Conservation Security Program. I think it's a wonderful program, but I think it needs to be funded nationally -- throughout, not just on a watershed basis. But my real interest is in the Farmland Protection Program. I'd like to turn my place over to a young family. The only way I can do that -- and I've talked to many conservation easement people, and they all say the farmers and ranchers are land rich and cash poor. And if we could use the NRCS Farmland Protection Program to better utilize our way of getting some income for our economy, then part of the problem is NRCS will fund 50 percent, the landowner is supposed to donate 25 percent, and then we have to find 25 percent from somewhere else. And that's where the catch is -- we can't find the 25 percent. Here in this county they're doing wonderful. The county commissioner here saw fit to pass a bond issue, and they are funding it at 25 percent, because they can see what's happening out here. This place has grown by leaps and bounds, and so has our area up in Cascade County. I live 15 minutes from Great Falls. I've got development on two sides of me, and they're surveying the third side as we stand here. And I'm not going to see houses on my place,

if I can help it. I want to see it in production agriculture, which it should be. I produced 67 bushels to the acre this year, and I'm a progressive farmer, I no-till -- I have for four or five years now. And I'd like to see a young family come in there and take over, but I can't do it without some help. And I think the conservation Farmland Protection Program is the way to go. So I appreciate any help that NRCS could give or anybody else. (Applause.)

MR. SCOTT BOCKNESS: Thanks, Taylor. My name is Scott Bockness. I'm a weed management professional out of Yellowstone County, and a Conservation District Board member. And I'm also the incoming president of the Montana Weed Control Association. I've had the pleasure to talk to most our legislators in D.C. over this issue. I wanted to thank our director at the Department of Agriculture, David White, our state conservationist, for our support with noxious weed management issues, and Governor Schweitzer for his elevated commitment to our issues. We recognize that noxious weeds impact our rural natural resources and ag economics. We hope that you consider that as part of this federal partnership as we move forward into the future with the '07 bill. Thank you.

MODERATOR: Thanks, Scott.

MR. BRUCE WRIGHT: Hello, I'm Bruce Wright. I'm a family farmer from north of Bozeman, and I'm on the board of directors for the Montana Farm Bureau, the largest ag organization in the state. I'd like to make six comments relative to the six talking points, and then just make a few observations.

The 2002 Farm Bill is working. It provides a safety net to farmers and ranchers when commodity prices are low. When prices rise, farmers receive a majority of their income from the market.

Number one. Our ability to compete in global markets will be affected greatly by the outcome of the ongoing Doha Round of trade negotiations in the world WTO talks. The round is unlikely to conclude successfully before 2007. The results of the negotiations must be known and taken into account before we begin making public declarations about changes to the current Farm Bill. Any attempt to modify the current Farm Bill prior to the completion of the round will place U.S. farmers and ranchers at a serious competitive disadvantage.

Two. If movement is made away from traditional farm programs, that movement will need to be taken over a period of time. A majority of farmers' own personal retirement investments include the value of land.

Three. We continue to oppose any changes to the current farm program payment limitations.

Four. If a voluntary incentive is offered for a desirable outcome, farmers will overwhelm America with improved soil conservation, air and water quality and wildlife

habitat.

Five. Rural America and production agriculture face two very serious yet vastly different set of problems. While some areas are facing a declining population, others face huge suburban sprawl. The one-size-fits-all is unworkable.

And six. One significant way of improving farm income is to increase the investment by farmer projects that will capture more value-added dollars. Such farmer-owned venture provide for rural development, increase competition and increase farm income. An observation is that, as the secretary said, the average age of farmers is 59. That puts me almost 10 years younger than the average. (Laughter.)

Statistics will show that almost 90 percent of farm income comes from off-farm sources. One of the things to keep in mind for the way agriculture is going, in the last, as I go -- there's a farm green growers convention here. They had a speaker there that said he had a plan to double -- he thought he could just about double the income of every farmer in Montana. He said, Let them marry a second wife. (Laughter. Applause.)

MODERATOR: Okay. You didn't write that last idea of Bruce's down? Okay.

We're going to take a little break now. Is there refreshments out in the foyer? Okay, thanks to MSU for those. Remember, right after tonight, this afternoon's program, James Mentor (sp) from Kansas State is going to be speaking - one of the most respected livestock economists in the nation. Please stay for that right after our program at five o'clock. Don't forget tomorrow Ag Appreciation Day at the football game. We'll be recognizing some ag leaders. Please come back. We'll go again in about 10 minutes. So take about 10 minutes now.

(BREAK)

MODERATOR: We'll let Jane go with our next comment. We'll need quiet now. We're getting ready to get started, so please be quiet.

MS. JANE HOLZER: Secretary Conner, I'm Jane Holzer, and I'm the program director for the Montana Salinity Control Association, which is a satellite of the conservation districts in Montana. And we think that it's important that USDA funding place a very strong emphasis or the strongest emphasis on working lands production and conservation. I have a number of programs that we think are very successful that I'd like to talk about. In particular, EQIP, or Environmental Quality Incentive Program, has enabled many farmers and ranchers to reduce their erosion and non-point-source pollution. We'd like to see that EQIP funding maintained. The annual allocation should continue to be distributed on the county level and not ever go back to just a priority watershed. We'd like to continue seeing the local working groups and the state technical committee help advise how the USDA programs are used. They're very successful. We'd like to have the funding for the technical assistance maintained at its current level and allow the flexibility for all the agencies to use technical service providers.

The Conservation Reserve Program should place its highest emphasis on environmentally-sensitive land and practices that will improve the soil and water quality in the long term. And the Conservation Security Program should continue to expand -- allow producers to continue and expand their conservation practices. And try to increase that funding level so it could be utilized across -- and not just in watersheds, although I do understand that to get that program started it needs to be on a watershed basis.

And I'd like you just to remember that conservation districts are a strong partner of USDA, not only in Montana but nationally, and remember to use us whenever opportunities come up.

So I will close with appreciation for all the USDA programs we have here in Montana and our staff -- not only Dave White, but we like Randy Johnson too. (Laughter.) And thank you for coming to our state, and I'll leave my written comments.

MODERATOR: Thank you very much.

MR. ROGER LINCOLN: My name is Roger Lincoln. I'm a small grain producer from Hill and Toole County. I've been at it all my life so far. I don't know how much time I have left. But, anyway, I don't represent any organization -- excuse me?

DEPUTY SEC. CONNER: You're a young guy. (Laughter.)

MR. LINCOLN: I keep telling my grandkids that. I don't represent any particular organization, but I think I represent a lot of everyday dirt farmers. I've served for nine years on the local FSA committee, and the thing I keep hearing is farming is not getting any better. Farming is getting worse. And I can remember when I started I was selling wheat for \$1.30, but I was buying diesel fuel for 11 cents. Now it takes a bushel of wheat to buy a gallon of diesel fuel. You know how long the granary stays full at that rate? Not very long. So we've heard a lot about conservation here today, and conservation is good, but if I lose my farm I could care less about conservation. The water might as well take the soil with it if I'm not farming it, if I can't make a living at it.

So I have got some suggestions to make to you, and they might sound over simplistic to you. But 50 years ago I went to Minneapolis, Minnesota -- I was just a youngster out of high school -- and went to the GTA Convention. And the president of the GTA was M.W. Thatcher. Conrad, you and I are the only ones that can remember that guy. But he kept saying farm prices are made in Washington, and he was right. And he's still right today: farm prices are made in Washington, because you guys set the target price, you set the loan rate. And while that serves as a floor, it also serves as a ceiling for the price for our commodities. So let's make that \$6, and then you won't have to worry about all these compensatory payments, because we can make a living. We're not going to have to worry about our kids coming back to farm because they're going to want to come back, because we'll reward them for coming back. I've got two boys. They're left the farm. They found it's a lot easier to make a better living off the farm than

it is on the farm. So their grandma and I are running the farm, and we've got -- about all she can do -- and if it gets any worse I'm going to have to start helping her, and I don't want to do that. (Laughter.)

MODERATOR: You guys are laughing on his time, now. Okay. We'll give you a few more seconds here.

MR. LINCOLN: I'm so pessimistic I think that's probably all I can accomplish here today, is make these people laugh. But I want to get your ear, Conrad -- and Max is gone -- but we've just got to have a better return for our investment, because that's all I hear from my neighbors is -- yeah, and I have to sell the farm to be able to retire. And Mertie here has got a young boy, left the farm because there wasn't room for him. And he'd like to be farming. I've got two of them. They should come back to the farm. And the only way we're going to do it is sell \$6 wheat. Every one of my neighbors will tell me I want to get my paycheck at the elevator -- I don't want it in the green envelope that comes from the FSA office. And that's Randy Johnson that sends that out. It isn't Dave White -- excuse me, Dave -- Dave does a good job, but Randy does a good job, because I see a lot of my neighbors have put up two mailboxes so they can get twice, double their income, and I don't think that's going to work.

DEPUTY SEC. CONNER: Can I ask a question here? (Off mike.)

MODERATOR: Use that microphone --

DEPUTY SEC. CONNER: I don't need a microphone. I can -- (off mike) -- this one. If we set it at \$6 -- (off mike) -- also set the ceiling. (Off mike) -- had no support -- (off mike) -- I mean, what's the back side of that? I'm just asking.

MR. LINCOLN: Well, I think -- I don't know the answer to your question, but I am firmly convinced that if the market -- what do I want to say -- the loan rate and the target price were \$6 -- the grain companies don't have a problem with that. The only thing the grain company wants is not to have a competitor be able to buy it cheaper than them. And they don't care if they pay us \$3 or \$6. So you guys can make them pay us \$6. And for the last 75 years our policy has been cheap food. And the farmers are carrying that on their back as the cheap food. We feed our population cheaper than anyplace in the world, and it's better food and we're glad to produce it. We'd just like to get rewarded for -- Mertie has got the second half of my speech. (Laughter. Applause.)

MODERATOR: Okay, stay tuned. Okay, that's 12 for Dave White and two for Randy Johnson. (Laughter.)

MR. NED ZIMMERMAN: Well, I'm a lot more optimistic than the last guy, because my wife is a lot younger and she can still work -- (laughter) -- I'm Ned Zimmerman. I'm a rancher from Wilsall, and I'd like to agree with a lot of the things that were said here today. But I think one thing that is important for me to point out is the importance of land-grant colleges and the extension service as it plays in our role as

guardians of the land and providers of fruit and fiber. And in order to do this job in a changing world, we need the best and the brightest to do this job. And it doesn't matter whether they're 25 or whether they're 65, they still need to be educated on the latest technology. They need to have that technology, and to have an extension service where the people are more interested in serving instead of having to chase grant money in order to get the job done.

That's one thing I'd like to say. And then the other thing is it reiterates some of the things on the death tax. My father passed away about four years ago, and I've spent more time dealing with accountants and lawyers than I have -- I swear -- to making food. So I just hope you'd address that next go around.

DEPUTY SEC. CONNER: Thank you.

MR. MERTIE GRISMAN (sp): My Mertie Grisman (sp). I'm from North Havre. I farm. I'm also on the FSA county committee in Hill County. I've got a son that's 33 year old, same age as our state ag director's son -- they graduated together -- and I think they'd both like to be farming, and they can't because what's hurt us in our area is CRP. He was out on the farm with us until -- well, I came back in '96 from school and he was out there until 2000. When CRP went into our area -- we were doing custom spraying, custom combining -- when all that come in, they took all that away from us. So he ended up having to go out and find a job in town. And I can't regret it -- he's got a good job -- but his heart is still in farming. He'd like to be out there but he can't.

And I think if the CRP payments weren't so lucrative there would have been an opportunity. Hill County has got the most CRP in the United States. And I think there's some opportunities there for these young people, but those opportunities went out the door when they're paying \$40 an acre for CRP rentals. We can't compete with that with grain prices and stuff and keep farming. So thank you. (Applause.)

DEPUTY SEC. CONNER: Very good comments. Thank you.

MODERATOR: Good point. John?

MR. JOHN LOCKIE: Mr. Secretary, my name is John Lockie. I'm the executive director of the Montana Cattlemen's Association, a fifth generation Montana rancher, and I guess an alum of the Northern Ag Network, and hopefully it doesn't happen to me what happened to Mr. Conrad Burns and get sent to Senate. (Laughter.)

I'm here to talk to you a little bit as well about young people in agriculture. In the state of Montana, 40 years ago we had roughly 25,000 cattle producers. As you can talk to Peggy Stringer with the Montana Ag Statistic Service. We had 25,000 cattle producers in Montana. This year, January 1, we were at 12,700. We were three million plus head of cattle. Now we're at two million head of cattle in the state of Montana. Profitability is a big thing. Keeping young people in agriculture -- and, yes, it would have been better if you could have been in Circle and see what happens to a small community when those ag

dollars aren't coming to town. It's a big deal for our state.

One of the things that we were wanting to do, and we fought very hard in the 2004 Farm Bill, and we're happy that it passed, is country-of-origin labeling, and we're very disappointed in the treatment of country-of-origin as the law of the land. Thank you very much, senator, for your statement on the floor this week and your vote as well. It's something that's near and dear to the heart of many Montana producers. Ag groups across the state will tell you in the same voice that we support mandatory country-of-origin. We'll be watching the Farm Bill to make sure that we move that forward, do not allow it to go to voluntary, because that's the wrong thing for our state, the wrong thing for our nation. And those young people that want to be able to market their product and receive a profitable return for that product.

We appreciate the fact that you are here, and we'll be happy to work with you on the next Farm Bill. Thanks. (Applause.)

MR. LAND TAWNEY: I'd like to thank the secretary and the good senator for being here today to listen to us. I'm a fourth generation Montanan. My family is from the Bitterroot Valley, and I represent the National Wildlife Federation as a regional representative. And I come here today to talk to you as a hunter, and specifically about the CRP program, conservation programs. And I think we're all aware what CRP does for pheasant hunting. I've got a black lab in the back of my car. After we're done talking here tomorrow, I'm going to go out and hunt pheasants for the weekend out in eastern Montana. I can't wait to see him work through that cover.

The gentleman that came before me was talking about some of these high rental payments. I can't pay those either. And one of the great programs here in Montana is block management. And with block management, that provides me as an average hunter the ability to go out on these lands and hunt. And if there wasn't that CRP out there I wouldn't be having the opportunities that I have -- that I'm going to be able to have.

Laura from Trout Unlimited talked earlier about EQIP and what that's done. EQIP has been essential with grayling coming back in the Big Hole River. So that's a program that's working. I think one of the things is when these programs start to be cut at a national level conservation programs take a bigger hit than the commodity side of things. So I'd like to see that equaled out a little bit.

And, in relation to that, the WTO regulations are going to be coming down, and those are going to be pretty heavy on commodities and not so heavy on conservation programs. I see that as an opportunity for conservation programs to get more funding. Thank you.

MODERATOR: What was your name again?

MR. TAWNEY: My name is Land Tawney.

MODERATOR: Land Tawney, thank you.

MS. CHRISSY MACMILLEN: Hi, my name is Chrissy MacMillen. I'm representing a new coalition of food and ag groups called Grow Montana, and we're working to enable Montana food producers to meet more of our state's food needs. Although we may not eat 400 loaves of bread a day, people in Montana do eat a lot of food. We spend around \$3 billion a year on food, and that actually represents a significant market opportunity for Montana's farmers and ranchers. And a good example of this local food connection is the Farm to College program at the University of Montana in Missoula. That program buys oil, beef, wheat products, produce, potatoes, all kinds of stuff from Montana producers. And their new motto is "\$1 million or Bust," because they're hoping to spend \$1 million by the spring of 2006 in the state of Montana. And we need a lot of support from USDA programs, particularly things like the value-added producer grants, the SARE programs. The ag innovation centers are a great opportunities. The Farm to Cafeteria program actually could provide a lot of support, and it didn't get any funding in the last Farm Bill, although it was recognized as a program. The community food projects, as well as things like the WIC, farmers market and senior nutrition programs that allow low-income folks to buy food directly from Montana farmers and ranchers at farmers markets. Those are both things that can help consumers that people in our state need to be able to access Montana-grown food, as well as they can help Montana producers tap into these potential markets. Thank you.

MR. BRIAN HAWLEY: I'm Brian Hawley from Harlem, Montana, and I'm a full-time commercial hay producer. I'm a part-time FSA employee. But I'm also the president of the Milk River Hay Producers Association. And on behalf of the hay association, I'd like to address an unintended consequence of the CRP program. Hay producers in the Milk River Valley, as well as other parts of the state have been faced with the highly flooded hay market mainly due the large amounts of CRP hay produced for maintenance purposes. Since the opening of this practice, our hay prices have fallen about \$15 a ton, which is equal to tens of thousands of dollars just for my wife and I alone. Normally we have sold all of our hay by now, yet we still have 85 percent-plus on hand for the last two years.

I know that the hay market has its ups and downs, but this practice has removed the ups and increased the downs. Many hay producers throughout the state, both young and established, are facing a financial crisis brought about by this practice. We do not have any price support, loan or deficiency programs to help us.

For young producers such as myself, this is certainly discouraging. We have taken several other avenues of approach, but our concerns seem to fall on deaf ears. But I ask you as our representatives to please reconsider allowing this practice to continue. Thank you.

MODERATOR: Thank you, Brian.

MR. BRIAN MARTIN: I'm Brian Martin. I work for the Nature Conservancy,

and I've got three general areas I want to talk with you about. The first is to have the Farm Bill better address invasive species, particularly modify the Plant Protection Act to increase federal capabilities for new invaders coming into the country; and then second is to increase the funding in EQIP and other programs to better support producers in the control of invasive species.

The second is to better fund the Grassland Reserve Program. Montana receives somewhere around a million dollars a year, and the demand among producers far outstrips that. We have a lot of folks coming to us and asking us to help them deal with their issues of having to sell off their ranches and deal with subdivision issues and things like that. If we could put more funding into GRP, and if we could better focus GRP -- right now it goes to all 50 states. Some of them like Rhode Island don't actually even have any grasslands, so I'm not sure why they're getting dollars. But if we could bring that funding to impact ranch land in Montana it would have a huge conservation benefit.

And then the third area is in forest management. We work with a lot of private landowners that have forests on the property, and we need to come up with some better mechanisms for private producers to be able to deal with forest health issues outside of cutting down commercial trees and dealing more so with small-diameter trees and really getting our forest stands to a place that will withstand wildfire and also meet wildlife habitat objectives.

MODERATOR: Thank you, Brian.

MR. LANCE JUHNUM (sp): Secretary Conner, I'd like to whip the CRP a little bit more. My name is Lance Juhnum (sp), and my wife and I are making payments on some property in central Montana. And CRP, the rental payment drove it beyond our ability to rent. And the value of the contract over a 10-year period increased the price of the land beyond what we could afford. The only good consequence from our point of view -- and it was unintended -- was it allowed us to carry a higher value on our land, so that we were able to qualify for loans to be able to purchase the land. So I'd like to warn you about Pandora's box. You try putting CRP back in the box, you devalue the land, you devalue my land -- even though I don't have any CRP. I'm not going to qualify. And it could very well put me out of business. So it took all the producers out of my area, it took all the kids out of the school, and it took young ms and kept them from growing, and you still have one more chance to whip us one more time. So be very careful with what you do with that. Thank you. (Applause.)

MODERATOR: Thank you, Lance.

MR. JEFF JACOBSON: My name is Jeff Jacobson. I'm dean of the College of Ag and director of the Ag Experiment Station here at Montana State University. Welcome.

DEPUTY SEC. CONNER: Thank you.

MR. JACOBSON: I represent a longstanding partnership with the state and federal government I guess. My comments specifically pertain to question six, and actually one, two and four, looking at the program.

Simply put, we teach, we do research, and it is part of a couple of different things that are elements of those questions. With our teaching programs, they're field, they're lab, they're greenhouse, they're undergraduate, they're graduate students. I've heard a comment about the extension service. We teach in the broader classroom of Montana. All those are critical. And that human capital that we're connecting with, transferring technology and so forth is part of competitiveness. It's part of the future of agriculture and natural resources in this state and in the nation frankly.

The second thing we do is research, and I think that in terms of the kinds of things we do in the experiment station, in particular competitiveness, stewardship, conservation, environmental practices, specialty crops, organic and other practices, recent changes of bio-based products, including ethanol biodiesel, are part of our research landscape, including value-added opportunities, marketing policy and so forth.

I think we have changed our research programs as nimbly as we can to meet society as well as Montana needs, and that's both from the federal government all the way through producers in the state of Montana. And we're ready to continue changing and evolving to meet future needs. We also have active programs with USDA ARS that as a package I think are part of the future in ag natural resources economic development in the state. As several people stated -- it's my job to state -- research is part of the future. I firmly believe that. We at Montana State University and the College of Ag are strongly poised to participate in that, and we hope it's part of a stronger 2007 Farm Bill. Thank you.

MODERATOR: Thank you, Jeff.

MR. CARL MATSON (sp): Thank you, Senator Burns, Deputy Secretary Conner. My Carl Matson (sp) I'm from Chester, Montana, and I'm a recent recipient of one of the CSP grants. And I'm here to say that the program -- we have a lot of producers in this state that are worried about their abilities to put the information together and actually wondering whether conservation practices come into play. I'm probably testimony to the fact that it is possible to get the job done. And I believe that this program is good for farmers, it's good for our state, and it's probably good for the earth. And, in addition to that, it's been nice to be recognized for the work that we've done over the years in implementing these kind of practices.

I have testimony here from my son who is sitting in a line in the Shelby elevator. So, anyway, I'll hand this off to you and thank you once again.

DEPUTY SEC. CONNER: Thank you.

MODERATOR: Thanks, Carl.

MR. CURT DIEHL: Hi, my name is Curt Diehl. I'm a board member of the Grain Growers and an irrigated farmer from Broadwater County. And I'd like to put in a real pitch for drip irrigation. Every year I go down to the farm show in Tulare, California where down there you know they're quite concerned about their water -- I see some good land down there that they can't irrigate because they don't have enough water to do it. And I think that over the past three or four years that I've been going down there I've watched how they have increased the technology. I think that this is something that -- I looked into an NRCS program there in Townsend, and I think there is some money available, but I think it's kind of hard to get. But I think we need to do that. I think we need to really look for that. I think it's a real water conservation plan and I really think that it's a way better way to irrigate than blow it up in the air and hope that the wind don't blow it away. Thanks.

DEPUTY SEC. CONNER: Let me just put a comment on the back of that, because you've hit upon a thing that we've got to face on the Milk River and everywhere we live. And let me just say that we're working very hard with the West end California people and what they did to cover their ditches, and they went to a completely different system, because you're right, California is running out of water. They've got too many people, and a huge ag industry. And so you've hit on a note that we have to do here. And when we got to work with these irrigation districts, and I mean not just on the Milk River -- I mean every one of them, because water conservation will be the key to our survival in our irrigated areas. Now, (it gets broken ?) and we've got to face that. We thank you for bringing that up.

MODERATOR: Dave?

MR. DAVE KELSEY: Thank you for coming Deputy Conner and Senator Burns. My name is Dave Kelsey. I'm a producer in Stillwater County. I raise small grains and cattle. We think it's just real appropriate that you are here today on what we call Ag Appreciation Weekend. And we also think it's wonderful that it's right here at Montana State University. We need the research that comes from this university system, and we need the extension service to help us get that research out. We have a real strong program, but it can be improved upon. We've worked very hard with a million dollar match program to stabilize our research centers. We have a strong support system at each one of the research centers, and we just need to continue that and we need the federal support for those programs. Without research, we're not treading water, we're going under. So we need to have that continue.

I'd like to get back to how we can be competitive in today's environment and in a world global individual. First of all I'd like to state that it's pretty hard to be competitive in a global environment when we're not competitive in a national environment here. We are a captive ship of state here. Our rail system is holding us hostage, and we are paying higher freight rates than producers from Kansas and Nebraska that ship wheat and products up through here and go to the same destination as our products. I want to congratulate Senator Burns for spearheading the Rail Competition Act. We have to have

something done with that. Both Senator Baucus and Representative Rehberg are involved in that, and we appreciate that.

Going along with that, when we get into some of these trade negotiation talks, we think that there's a little bit of negotiations that are throwing things out before we even have a Farm Bill. For example, giving away a bunch of subsidies here before you know whether you have access to a another country. For example, the French do not want to relinquish their protected products, and so until we know what the access is, it's pretty hard to give up the ship here, folks. And I think we've got to be very careful about that.

One other comment that may be a little negative, but it's not very productive to have our Secretary of Agriculture tell us that the price we're receiving for our cattle is too high. (Applause.) You're not going to get a lot of support from producers in this state with a comment like that. Thank you very much. (Applause.)

MODERATOR: Thanks, Dave.

Bruce?

MR. BRUCE TUTVIN (sp): You go to the auction and buy some, you might think so. (Laughter.) Anyway, I'm Bruce Tutvin (sp), and I've got a feedlot. I'd like to get the Department of Agriculture back, Taylor, like our old fraternity brother Earl Butz where they were an advocate. I mean, this Japanese thing -- we wouldn't be -- we know Earl would have said what the help we would need on Japan. We would have been in there. I mean, he would have -- we would have gotten some protection from all the regulations. I mean, we've got CAFO coming down on our neck, we've got fuel tanks we're moving. We've got to move them -- put the containment centers. We're getting all these expenses. I mean, you talk about a young farmer -- it's going to kick them out. They don't have enough money to build that, or else they're going to have to go to town with their 100-gallon tank. I mean, we keep making more and more regulations. I spend more and more time not farming but fighting regulations. So we need an advocate back - - we need a strong advocate for agriculture that says, God, wake up -- no. And we're doing -- I've heard all these programs in Flathead County, the wetland reserve program is a disaster. So we've got these programs that need to quit. I mean, they're taking land out of production, we're losing our critical mass, and it's just a misuse of government funds. So I think we need to look real careful with do no harm and be an advocate -- get out there in front, like Earl would be. Thank you. You remember Earl?

MODERATOR: Thank you. (Laughter.) A guy like that sticks with you. Thanks, Bruce. Steve?

DEPUTY SEC. CONNER: Earl Butz was a professor of mine in college.

MODERATOR: Oh, that's right, he was at Purdue, wasn't he? Sure.

MR. STEVE PILCHER: Thanks, Taylor. Deputy Secretary Conner and Senator

Burns, we appreciate you making this opportunity available. I'm Steve Pilcher, executive vice president for the Montana Stockgrowers Association. And I'd like to touch on a couple of issues that haven't been raised so far today. And the first one is Title X of the Farm Bill, the miscellaneous title. And my comments I hope will be taken down by the senators well, because they relate to what Congress might do. You know, my concern is with the potential for mischief in that title. It doesn't get a lot of attention -- most of the attention is on title 1, the commodities chapter and stuff like that. But during the debate of the 2002 Farm Bill I think there were 14 amendments offered on this in this title, and without any hearings or input. Fortunately most of those, thanks to a number of people, got derailed. But it just points out the serious potential of bad things happening to our industry very quickly behind the scenes in that process.

There are many out there who really don't understand our industry, and they have a habit of advancing ideas that they may think are good, but they have devastating impacts to this industry -- issues such as the humane treatment of animals could easily find its way into that title of the Farm Bill and could be a real nightmare for us. You know, as we see some of the attempts to impose unreasonable requirements on swine production, poultry production and stuff like that, it really sends chills up my spine. I think as livestock producers -- all of us involved in agriculture -- realize the responsibility we have for the care of the animals in which we are entrusted, and we take that responsibility very seriously, but we're the ones that ought to be driving the ship instead of the do-gooders. And I hate to be that blunt, but I only have to offer as one example the recent fiasco over the horse slaughter ban. We don't even know what that's going to mean to our industry.

Another issue that I'd like to raise relates to the question of agriculture product marketing. You know, several years ago Congress appropriated something like \$4 million to do a very thorough and complete analysis of agricultural marketing in this country. Where is the report? Our industry has long expressed concerns with concentration in some aspects of the industry. We've also expressed some concerns with enforcement of the Packers of Stockyards Act. This analysis has taken so long that I guess I have to question the value once the report is out. You know, conditions are changing fast in this industry, and I think honestly the conditions that were evaluated as a part of this study may have changed so much that the results and the finding of the study are not going to benefit us as much as we would like. We need to take an honest and effective look at today's market structure and make some adjustments as necessary in order to position this industry to move forward.

The last thing I want to talk about is just very quickly there's been a lot of discussion of the conservation programs and the conservation title of the 2002 bill, and I think we're on the right track with those programs. And I would just like to encourage you to take a serious look at a program that has been initiated here in Montana called the undaunted stewardship program. It's a very unique partnership that has been very successful in recognizing good conservation practices. And I think that the concept of this program could easily become part of the Farm Bill in the conservation title. Thank you for your time.

MODERATOR: Thank you, Steve, very much.

DEPUTY SEC. CONNER: Thanks, Steve.

JOHN HALEY (sp): Hi, John Haley (sp) from Dillon. Thank you for coming and listening to our comments. Two quick comments. I participated in some of the conservation programs. They're, from my perspective, fairly inflexible. We on our own ranches and farms know what things will work and how we can better the environment. They have good objectives and goals that we're trying to get to, but I think we need to be able to have a little bit more input on how these things work. We've done some feedlot modifications and that for discharges and stuff into the streams, and we've got some ideas, but it seems like the flexibility is not there to make them work and to make them more cost-effective for us. Another thing is we're on the East Bench Irrigation District. There's a lot of these irrigation districts that are in dire need of some renovation and work to prevent some of the leakage and stuff, and they're getting old. It's hard to apply for these EQIP contracts when you're in an association or water users group, and it's impossible to do it on your own to work on your farm, because it serves the whole area. So if we could get some flexibility in some of these conservation programs to where we could put some money into these deteriorating irrigation systems, make them more efficient and help the younger producers of our area.

DEPUTY SEC. CONNER: Great, thank you.

MODERATOR: Thanks, Tom.

MR. MATT FLICKUM (sp): Mr. Secretary, senator, my name is Matt Flickum (sp). I farm here -- still farm here in Gallatin County -- it's amazing -- (laughter) -- but there's still some farmland left here. But as I've heard some comments here this afternoon about the ability of the young farmer to survive, and we're talking about the '07 Farm Bill, and last week the corporate profits came out for the energy companies -- we may not be here in '07. And I think something has to be done to address that. I know I contributed \$15,000 more to my fertilizer bill in '05 than I did in '04. Wheat prices are not going up. If that happens again in '06, guys, what going to be the sense of having to work on '07? These people are sitting in their glass offices back on the East Coast and taking all this money out of rural America, and it's not a good sight. My brother serves on a local co-op board. They just had a region wide cynics meeting. All they're talking about is there's no money left out here and it's all going to energy, and it's going to affect us in a whole lot more ways than just fertilizer. I mean, all our stuff comes in freight-wise. It's all going to be -- and they all added their surcharges on. There's no surcharges going back out. Columbia won't give me a surcharge, so can't seem to get it through their heads that I need more money, but it won't happen. So we need to look at something there real drastically and quickly.

DEPUTY SEC. CONNER: We hear you, thank you.

MODERATOR: Thanks, Matt.

MR. BILL COKE (sp): My name is Bill Coke (sp). I'm a local dairy farmer --

DEPUTY SEC. CONNER: Dairy?

MR. COKE (sp): I've been dairying for -- I'm a third generation dairy farmer. My dad started and his grandpa started. We ship to Dairy Gold. And the concerns I have on the Farm Bill are -- well, I really want to appreciate you guys for helping us on the income loss payments, because for two years we worked totally at a loss. Our cost of production was higher than what we were getting paid for it. And without you guys helping us we wouldn't be here today as dairy farmers. I guess we would have been, but it would have been even tougher. But currently we're spending quite a bit of money on energy, and I think your focus on your Farm Bill should be about energy. And like the dairy industry, we're high energy users. So I think if there's a way to get solar equipment to us or any way to save money through that kind of energy, I think it's a good deal.

And if you want to get younger -- like when my kids, when we were milking cows two years ago and we were losing money, my kids, they don't want to milk cows. They say, Well, shit, dad, you're losing money -- why do you want to milk cows for anymore? You know, every paycheck we're losing \$2,000 bucks. So if you want to get kids into agriculture you've got to raise the support prices and get them up there. If you're going to raise the price of wheat to \$6, you've got to raise the price of milk to \$17.

Another thing I'd like to see you do -- okay, one of the reasons that our milk prices were so low is because these big companies were importing milk protein concentrates, and they can import them cheap from New Zealand with no duties and they can put those in all the milk products and they don't have to buy it from the American farmer, and that has to be stopped. And that would save you a whole bundle of money if you could just stop those people from flooding the market with cheap imports. I can see the red light is on. So thank you very much.

MODERATOR: That's okay. You're our only dairy farmer so far -- (laughter) -- so we've got to give you all the time you want. Thank you. And I am kind of letting people go a little longer, because we're getting kind of down toward the end, there aren't too many people lined up, so I'm not being quite as strict on the clock.

Alan?

MR. ALAN (sp): Taylor, I might be the only banker then too. But I'm with Rocky Mountain Bank. I'm an ag loan officer. I also serve on the Ag Committee for the Montana Bankers Association. With 26 years of being a lender and riding through the '80s, seeing the tough times, we started to see the stabilization of some of the farm programs that came out of the 2002 bill. We had some drought here in Montana that in some years in looking at tax returns we were seeing in excess of 30, 35, 40 percent of their income under Schedule Fs was coming from the farm program payments and from

federal crop insurance. That's the floor that helps keep some people alive until we could get moisture and better days ahead.

So if you're looking down the line at the 2007 bill, we've got to, like we've heard some of the comments today, we've got to figure out how we can raise some of those floors, because that is a safety net and that's what kept producers around, and that's what we need in Montana.

MODERATOR: Perspective from a lender. Okay, Pachy?

MS. PATTY BURNS: Howdy. I'm Patty Burns (sp), and I'm a sheep producer, and I've been running on noxious weed projects since 1986, and I'm not really understanding what the Farm Bill is all about. I usually don't have a whole lot of time to read unless I'm reading while I'm driving because I've got sheep across the whole state. I've --

DEPUTY SEC. CONNER: Hope you don't do that too often. (Laughter.)

MS. BURNS: I've tried it -- it just really doesn't work very well. But I have -- and, in fact, I don't even know how to ask for money, and I know all these problems that these people have talked about really have merit. But what I am here to ask for is a little pressure on public lands. I really care about this state, and we have a magnitude of noxious weeds across this entire state. And I take it personally that I would like to help resolve some of these issues on these noxious weeds. And as a sheep producer, the cost that we incur trying to graze on these weed projects is a pretty exceptionally high cost. And if we had some cooperation with BLM, Forest Service and other public lands, it would help our industry and also help the state. So that's the comment I would like to make.

Oh, and incidentally, all these guys talking about having an extra wife helping them on the farm -- (laughter) -- where does that leave me? I don't want to go there. Okay. Thank you very much.

MR. DAN LEAK (sp): Hi, my name is Dan Leak (sp). I'm a seed potato and seed grain farmer in Ronan. Conrad, Mr. Conner, thank you, Taylor Brown, thank you for this chance today. I've been kind of writing, sitting and listening. So I'll just kind of let you have what I wrote. It might be a little out of context as we've gone through this.

DEPUTY SEC. CONNER: Fire away. Fire away.

MR. LEAK (sp): Everybody seems to want more assistance money legislation from the government. This program seems to be extremely top-heavy. It seems to me the free market system really isn't free anymore. With the commodity traders, the tariffs, NAFTA and CAFTA, all those guys messing around with our pricing and movement, it's no wonder the prices are low.

The government seems to use ag commodities as leverage -- as a tool to control or dictate behavior in other countries with export issues. We have a huge production machine in the U.S. ag industry, and it just feels like there's a lot of hidden barriers and things there that are out of our control as producers. It results in our ability to ever really get ahead. We're in this ceiling, we're in this box, and we just can't seem to figure out how to get out of it.

Our biggest challenge in ag is not production anymore. I feel like we do produce. We can increase yields and enhance, and the research is there and we can crank it out. The trick anymore in the last five, six years is how to pay the bills within this system and the way this thing operates. There just isn't any dollars in there. We've heard about fuel and energy prices and fertilizer prices. Those guys, they can all raise their price. We can't. We're a farm commodity, and we just seem to have our hands tied. So, like I say, it's how to pay the bill while existing in a system controlled by so many outside influences that have no roots in the land. These people write the rules, but they're not tied down to this thing at all.

America, and especially the Montana farmers, are strong and resilient people, but we're wearing down. Everything costs us more, but increasing our prices is not an option in the system. Thank you very much.

MR. DAVE BROBERG: Mr. Secretary, Mr. Burns, I'm a producer from Cut Bank, Montana, Dave Broberg. Just a couple observations. I'd like to specifically address item six on the talking points. Your question there was how should agriculture product development and marketing research-related issues be addressed in the next Farm Bill. One of my observations is that if the government would concentrate on creating the environment and the research -- the environment for marketing and infrastructure development, and the monies to do the research, that's all that's required. You can -- if like our land-grant universities are ready and capable of doing all the basic and applied research you need. Just get out of the road, we'll produce it. And I'm talking specifically about trade development, trade marketing. You know, we have the technology to treat insulin with a loaf of bread tomorrow. The biggest problem that I can see with the government today is that we can do that but how do we get it through the EPA, all the other agencies that are involved in it? And that's where I see the Department of Agriculture taking the biggest step.

Another observation I have is I was reading a document that quoted the secretary of Agriculture, and he was almost apologizing it appeared, it sounded to me, that corn, wheat and beans are getting the bulk of the supports. I mean, those -- to me that's a no-brainer. Those commodities are being produced at submarginal levels. The things that are being able to be produced at profitability obviously don't need supports. To me, yes, there are a lot of inequalities in the system. But for right now, today -- when I started farming, it was only in '92 that I started farming -- and my crux came out, but I was going to do this without government input. I was wrong. And I was doing pretty good at the start but seven years of drought cured that. And I hope we're over that. But that's the name of the game. Thank you.

DEPUTY SEC. CONNER: Good comments. Thank you.

MODERATOR: Thanks, Dave.

MR. CURT CAMERSELL (sp): Hi, I'm Curt Camersell (sp) from Chester, Montana. I'm a small grains grower there. Thank you, Senator Burns and Secretary Conner for being here today. I'd just like to talk about a trip that we made a month ago to Tabor, Alberta. It's 70 air miles from Chester, Montana. They basically have the same climate and everything that we do, but their industry is vastly different than ours. Back in the 1920s their government -- they had a vision -- they looked at what they could do with their economy, what they could do with their agriculture. They started developing irrigation. And along with that they started to help support value-added commodity industries in their province.

When we got there, we stopped at a sunflower seed plant that's nationwide throughout the United States all the way throughout Canada. It's become a national. There was a dried bean plant, there is canning facilities for sweet corn, there's packing plants, and they were shipping frozen beef into the United States -- when they couldn't live cattle they figured out how to do that -- lots of them too. These are not just small mom-and-pop operations -- these are huge industries all the way throughout Tabor, Alberta.

Then we get back, we're on our tour bus, we toured all these places, checked it out, came back into Montana. The line was drawn, things started to change. We get back into Chester, Montana, it was dark. We had to turn the lights back on in our little town -- there was nobody there. All of our implement dealers are gone. You know, our car dealerships are gone. We have a blueprint 70 miles away. Somebody had a vision. They went with it. Every dollar they put into their ag economy they get \$8 back -- proven fact. We need to do that for -- I mean, it happened, they've done it. The government can make money at this project. Let's just go with it and make it work. Thank you. (Applause.)

MODERATOR: Any more questions or do we let them wrap up? If we want to finish up by 5:00 we've got a few more minutes. Okay, let's give Deputy Secretary Conner an opportunity to make a few wrap-up remarks. And, Senator Burns, if you want to say something as well that would be fine too.

DEPUTY SEC. CONNER: Well, really these have been fantastic comments. And, Taylor, thank you again for your work. (Applause.)

MODERATOR: You bet.

DEPUTY SEC. CONNER: This has been a really interesting forum, and you can see just by some of the differences of opinion why a Farm Bill is no easy task. We did see a lot of commonality here, but some differences too. And I just kind of think back of some of the comments.

I want to mention estate taxes, because that came up several times. Farm Bills generally do not deal with estate taxes. Farm Bills are written through the Agriculture Committees, through the Appropriations Committees. And then typically estate taxes are done in the Finance Committee, where Senator Baucus has some seniority there as well. But I have to just encourage you to continue to pursue that. I mean, you guys know it, and it came up several times, but agriculture -- we're land rich and cash poor. And when you're talking about any kind of an estate tax that is a tax upon the value of an estate, you know, you really are hitting agriculture by far the hardest in any kind of situation like that. President Bush, as you know that was one of his pledges when he came into office to get rid of the estate tax. We got rid of it, unfortunately in the compromising with the Congress just through 2011, so it is scheduled to come back at that point. We need to permanently get rid of the estate tax. And I know in my own mother's situation she lives on Social Security and the money from the farm, and I suspect by land value standards she has a lot of assets. But I can guarantee you she makes ends meet about every month, and that's about as good as she does. But we need to keep focusing on that, and I'd just encourage you to keep up that cause. The president is with you. I know Conrad is with you on this. And we just need to keep beating that estate tax drum, because agriculture is the first in line to get shot whenever that happens.

Now, conservation. I will tell you this was a little bit of a different feedback, Conrad, than we've been hearing in other sections on conservation, particularly CRP. And I appreciated the perspective of those who have said that CRP has had a big impact and not always a positive impact, because we've gotten a lot of positive comments on CRP -- I'll just tell you that -- Minnesota, places like that, they were very, very high on CRP. I appreciate though the perspective that you've got in those counties, particularly in the more eastern part of Montana. Too much of those countries was put in the CRP. I don't think any of us would probably disagree with that. We need to evaluate that in the Farm Bill and make sure that these counties remain viable as well as conservation-minded.

Good support obviously for EQIP, a lot of those other conservation-related programs. You're going to see a strong Farm Bill, in my opinion, that addresses those conservation activities, and then we'll put a lot of dollars into promoting those.

Agriculture research. Obviously it's clear -- and this has varied a little bit from state to state, but it's clear in Montana that you've got a strong land-grant college here at Montana State, because we got a lot of good comments about agricultural research and that I think reflects the support that this university has among its producers, both the research as well as the extension side. That is Title XVIII of the Farm Bill, I believe, and would and should be a strong component of what we do going forward. So I just appreciate the comments that we had as well on the research and your support for it.

Commodity programs. I just -- you know, there's a clear difference of opinion occasionally, but it's clear from you guys as well that energy prices have to be a big factor in our commodity programs. It's clear to me that other countries need to come

forward first and talk about what they're going to do before we start talking about commodity program changes as well. That message is coming through loud and clear from you, and I understand that message pretty strongly.

So those are just a few of my takeaways. Again, a lot of good comments. We've got a record here that we're going to review. I've got a lot of good notes to go back and study as well. And just know that Mike Johanns and I are very, very interested in what you've got to say. We want the Department of Agriculture to be your agency. We both were born and raised on a farm. Agriculture is all really we've ever known in our lives that have been different, but in a way still very, very focused on agriculture. We want this next Farm Bill to be a good one. We want it to be a good one for all producers, including the next generation of agricultural producers out there. And we want to work with you on that in a very bipartisan way, and work together, because that's what agriculture is about. When they divide and conquer American agriculture, then they've really done a lot of damage to us. Let's don't let them divide and conquer us. Let's work together, let's produce a good bill, and I think we're going to see a brighter future out there for all of us. So thank you all again for welcoming me. Thank you for your comments. They were terrific.

Conrad, close this out if you would.

SEN. BURNS: First of all, we want to thank you for coming, Chuck, and listening to these. And I think we picked up some areas in here where there's areas we can compromise and there's areas where we can't compromise. And some of them are not in these comments today. We've got to pass -- now, I think that little thing that happened last Tuesday, just between you and I, probably helped us on captive shipper more than anything that's been around for a while. Little things that happen in Congress that opens up doors where they weren't open before, and one of these days we'll talk privately about that. But we've got that and we got energy.

We have the research that was done in Butte, Montana - think about this - to make biodiesel. He took his technology and went to Green Bay, Wisconsin and is making it -- produced here -- the technology produced here in Montana. We have to find a way to establish not only the supply -- we know the demand is there, but how do we get started in producing the supply? Because the investment is not small. And we make it through these rules and regulations of citing and to understand what our needs are and allow our regulations and our rules to make it happen. That's our challenge in Montana. Will that be reflected in this Farm Bill? I think it will be, because if we can give credits for alternative forms of energy and renewables, then we can sure give some tax incentives on other areas to produce different kinds of products. And I believe in that. We have a wind farm going up over there south of Judith Gap. It's there because of tax cuts. That's the only reason it's there. The only reason. So we've got to seek out these areas and work with Max -- and Max will work with us on the Finance Committee to seek out those areas where we can lay a base to doing business a little bit different on our farms and ranches, finding niche markets and producing it, because I tell you it's there. It is there, folks, and all we have to do is find it and give the incentives to do it. But I will also tell you there's

a lot of old people around that said, Well, that's the way my daddy did it, and that's the way my granddaddy did it, and that's the way I'm going to did it. (Laughter.) And we've got to get out of that mind-set, because there's going to be new ways. We seek them out, give them incentives. And we've never had a better opportunity or opportunity or landscape to do that. And we do it for them guys right down there. Right down there. That's what it's all about. When you boil all the fat out of it, it's right there. It's these young people. Thank you. (Applause.)

MODERATOR: Thank you all very much. (Applause.)

First of all, I'd just like to thank Conrad for staying. I know it's hard to find time to be here. But thanks to Conrad. Nancy, thank you for staying right down here in the front row to the very end -- we appreciate that.

END