



TRANSCRIPT

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Transcript of North Dakota Farm Bill Forum with Agriculture Secretary Mike Johanns and Moderator Al Gustin of KFYP/KBMR Radio - North Dakota State Fair - Minot, ND - July 26, 2005

MODERATOR: Thank you very much. Our color guard today was from the Minot High School Junior ROTC. We want to thank them for being part of our program today.

And thank you for coming. Welcome to Minot and to the North Dakota State Fair and to the second national Farm Bill Forum, your chance to talk directly face-to-face to the Secretary of Agriculture. We are honored that Agriculture Secretary Mike Johanns has come to North Dakota again for the third time as Secretary. We are honored that he chose North Dakota to be the second site for a Farm Bill listening session, pleased that he took time today to fly over some flooded farmland in northern North Dakota and meet with farmers who are affected by that.

We in the Northern Plains are often impacted by weather extremes, and that's why I guess our participation in federal crop insurance programs is the highest of any place in the country and why we so often end up going to Washington arguing for ad hoc disaster programs.

Situated where we are, we are probably impacted more than other farmers too by trade issues, and so that's why we'll probably be hearing about that as well today.

When I talked to Secretary Johanns last week I asked him why he chose North Dakota, and he'd indicated that he had developed a friendship with our governor, John Hoeven, when they were serving as governors together. And he said he appreciates Governor Hoeven's hospitality, and he's happy to come here at his request.

And so I think it's appropriate then that at this point we get some comments, some welcoming remarks from Governor Hoeven.

Governor?

GOV. JOHN HOEVEN: Thanks, Al. And thanks for moderating this community visit. We're thrilled to have Mike Johanns with us, Secretary of Agriculture Johanns with us again. This is his third visit to North Dakota since he was appointed Secretary of Agriculture by President Bush. And so, Mike, we really appreciate you coming out here, not only to be in our wonderful state but to hear firsthand from our producers, from our farmers and our ranchers about the things that are important to agriculture today.

In addition to coming out here for this discussion about the future of the Farm Bill and the farm program, we also asked Secretary Johanns if he would take time to fly over and look at some of the areas of the state that have been really impacted by weather this year. And of course particularly that means these tremendous summer storms and the flooding that we're having throughout much of the Red River Valley and also in the North Central part of the state as well.

And Secretary Johanns was good enough to do that, and then at the airport we had him sit down with farmers and ranchers from those impacted areas so that they could tell him about what's going on on the ground in their areas. And Secretary Johanns was attentive and as always took time to listen and indicated that he will do all he can to help our producers through the programs that he has at the Department of Agriculture.

We've already obtained a Presidential Disaster Declaration, and now we'll be working with FSA and with USDA to get a Secretarial Disaster Declaration as well. And Secretary Johanns has expressed his willingness to help and support us in that effort, and we certainly appreciate it.

The focus today of course is on really the future of farming and ranching on the Farm Bill and what the next farm program should look like. And we're fortunate that we have a Secretary of Agriculture who truly understands agriculture and who is dedicated to it. Mike grew up on a farm in Iowa and so he has a background in terms of his youth and his family in agriculture.

He and I got to know each other when he served as governor of Nebraska, and during that time he worked of course not only with production agriculture but was really a leader among the governors and recognized as a leader among the governors in value added agriculture. And he's absolutely committed to ethanol and to biodiesel and to really developing value added agriculture as well as supporting production agriculture.

He also is very committed to making sure we bring young families into farming and ranching and that that continues to be a good profession for the future. Since being appointed as the Secretary of Agriculture, both Mike and his wife Stephie have really made an effort to get out around the country. And we know that. Like I say, that's his third visit here in North Dakota.

There's a number of issues that we wrestle with, and we don't always share the same opinion. You know there's some things that we've pushed very hard on, whether it's sugar, whether it's cattle trade, country of origin labeling, a lot of other things. We'll continue to do that with Mike. But the key is this: in Secretary of Agriculture Johanns we have somebody who knows agriculture, who's dedicated, who will listen and who will continue to work with us for the very important things that we need to continue to build farming and ranching in our state and throughout this great nation.

So with that, again I want to thank Secretary Johanns for being with us today, and I'd ask you, please give him a nice warm North Dakota welcome.

[Applause.]

SEC. JOHANNNS: Thank you very much. John, thank you for that nice introduction. I appreciate it.

Ladies and gentlemen, thank you for that very warm introduction. It reminds me of a story I tell here and there. I had just been elected governor of Nebraska about six-plus years ago, but I hadn't been sworn in yet. I was kind of right in that stage between election and swearing in. And I was asked to go to Kearney, Nebraska, to give a speech. Kearney's kind of in the central part of the state, so my wife Stephanie and I drive out there. And we get out there-- a nice introduction just like the governor did, and making my way to the podium, and everybody's applauding, just a nice, warm welcome just like you've just done. And so I get to the podium and I said, "You know that's really very nice of you, but I haven't done anything yet." And somebody in back yelled out: "And when you do we won't be standing." So.

You heard I grew up on a farm. I actually grew up on a dairy farm. John mentioned it was in Iowa. And of course I saw confusion on your face. You're thinking where at in Iowa? So I'll share with you, it was near Osage, Iowa. Now I still see puzzled expressions, and so I better clear up where Osage, Iowa, is at. Osage is east of Manly, and it's south of Stacyville and St. Ansgar. So now you know where Osage is at.

There were three sons in our family, and I tell people I grew upon a dairy farm with John and Adeline Johanns, and after that everything in life has been easy. My dad's idea of creating character in his sons, you know you get a pitchfork and then you go out to the hog house or the dairy barn and you stand knee-deep in you know what, and then you start pitching. That was his idea of building character. Of course little did he know he was preparing me for my life in politics, right?

It is great to be here. John mentioned this is my third visit to your great state. And it is good to be back. I always do get a very nice welcome here.

I said to John, you know I've been to North Dakota more since I became Secretary of Agriculture than I've been back to Nebraska. So I think that probably indicates I like it here. It's been great.

I want to thank the Governor for his welcome. As soon as he heard that we were going to be doing these sessions he got in touch immediately and said, "We really, really want you to come up to North Dakota." And I said, "Since you've asked, consider it done; we're going to figure out a way to do that." So this is a perfect setting.

I also want to thank Al Gustin for being our moderator today. He's going to try to bring order to all of this. Stephanie Michaels, she did the National Anthem, and I thought she did a great job.

And then you had some young people up here on the stage that I wanted to acknowledge, the Minot High School Junior ROTC Color Guard and Jill and Andrew from 4-H and FFA leading the Pledge. And then to all of our friends here at the North Dakota State Fair, thank you very much for your hospitality and working with us to get set up here.

Well, I'm thrilled to be here. This is our second Farm Bill Forum. We kicked it off in Nashville. So as you can see, you're way at the top of the list. This is my opportunity to stay connected with what people are thinking about, so this is really going to be your time. I'm going to offer a few thoughts maybe just to get us started, but I really want to hear from you.

We've set aside three hours. I don't know if we'll take all of those three hours. We'll take as much of that as you want to take because this is really your program.

I also bring you greetings from a great friend and a good friend, a great friend of agriculture, and that is President Bush. He asked me to visit as many parts of the country as I could as Secretary of Agriculture, and when we talked about these Farm Bill Forums he said, "Go out and do them and get to as many states as you possibly can."

So at his direction I'm here.

I think if I've got my cues right here, I think we've got an audio from the President. So Terri, is it time to play that? Let's play the audio from the President.

(Video presentation of President Bush)

PRESIDENT BUSH (by video recording): Thanks for letting me speak to you at this Farm Bill Forum. America's farm and ranch families provide a safe and abundant food supply for our people and for much of the world. You represent the best values of America, stewardship of the land, hard work and independence, faith, service, and community.

Mike Johanns understands the importance of America's farmers to our country, which is why I chose him to lead our Department of Agriculture. I'm proud of his work, and he will lead our efforts on the next Farm Bill. Secretary Johanns and I believe the first step in this process is to ask each of you how today's Farm Bill is working and how it can be better.

And as we look to improve America's farm policy we will continue to focus on the following goals: See, America has about five percent of the world's population which means 95 percent of your potential customers are overseas. So one of our goals must be to ensure that America's farmers and ranchers have access to open global markets.

A second goal is that we want future generations to have plenty of opportunities to go into agriculture.

Thirdly, we need cooperative conservation that encourages good stewardship of our land and natural habitats.

We also need to act wisely in delivering help to our nation's producers. And we must promote cutting-edge agricultural products and research.

And finally, we must ensure good quality of life in rural America. The Farm Bill is important legislation that meets real needs. The next Farm Bill should further strengthen the farm economy and preserve this way of life for farmers and ranchers of the future.

Hearing your advice is an important step toward meeting these goals. I thank you for all you do for our country and thank you for listening.

(end of video)

SEC. JOHANNNS: All right. There's your President. Yeah.

[Applause.]

SEC. JOHANNNS: That was the first time I heard that. So I appreciate his nice comments. You know at my confirmation hearing I made a number of points, but one point I made is that I just don't accept the notion that all good ideas come out of Washington offices, and that was the genesis of a lot of travel around the country. But it was also the idea behind these Farm Bill Forums as the President has indicated.

Agriculture is a lot different today than when I grew up on that dairy farm now more than 50 years ago. For me I look back at those 18 years that I was there and I have to tell you, I think it was a privilege for me to grow up on a farm. In fact, throughout my life I've considered that to be the major part of my resume, if you will. I very proudly point to those years.

As I think about the future of agriculture and what happens next, what happens for the young people in the crowd today, I think one of the single most important considerations we have in farm legislation is: How do we do policies that impact these young people in a positive way so they have a future in agriculture?

Now I was in FFA, and I was in 4-H, and I remember the Pledge back then- the Pledge was: "I believe in the future of farming." Many of you probably remember that. Now I think it's: "I believe in the future of agriculture." Well, I do. But we need to do a lot of things right. We need strong rural communities. Rural America is an amazing place where neighbors care for neighbors, young people learn a work ethic, a commitment to purpose, real discipline. I have a vision, and you can see that our President shares that vision, that we will have a vibrant, rural America.

Good policy is the key to that. Now we're going to be doing these all over the country. Our next stop is in Minnesota on August 3rd. We then go to Wisconsin on August 4th. On August 11th we'll be at the Iowa State Fair, and then on August 12th we go on to California. If you want to stay tuned to what we're doing with these forums, get on our website. It's USDA.GOV. And there's also a great place to offer your thoughts on that website about the Farm Bill.

We'll also do some specialty forums -- food nutrition and that kind of thing -- because a fair amount of our budget, in fact the majority of our budget at the USDA, relates to nutrition programs. So we'll be doing some of those around the country also.

I come to these forums with an open mind. We're going to work here to try to organize our thinking about the Farm Bill. But I do want to hear from you. I want to hear what's on your mind. But we've got some questions that we're going to pose to you.

The first question relates to challenges for new farmers. It's that theme that I struck just a second ago: How do we prepare farm policy to provide a future for these young people?

The second question relates to: "How do we stay competitive in a world marketplace?"

About 25 percent-plus of the cash receipts for agriculture come from trade. They come from export markets. Actually I looked at your numbers when I was here the last time, and I think you're actually up around 40 percent. That's a very, very large piece of your income here in North Dakota.

The third question relates to farm program benefits. Is the current distribution system the most effective way of distributing the benefits? Benefits should stabilize farm prices and incomes. The current programs -- crop insurance is a good example, and we had some conversations about that already -- distribute assistance based on past and current production levels. Some argue that favors larger farms.

The fourth question relates to conservation: How do we do our conservation policies in a way that provides for cooperative conservation? I continue to believe that our farmers are the best conservationists in our nation.

And then the fifth question relates to rural economic development. We were visiting before we started. You know, if you look back at Farm Bills of the past there wasn't much there relative to rural economic development. Now it's a pretty significant piece.

I talked to somebody before I came up here today who talked about a project that we're helping with a loan guarantee program for treatment for those North Dakotans that unfortunately get tied up in methamphetamine. And you know that's the scourge of our nation. And so I'm very proud to tell you today that we've been working with folks here to try to deal with that issue.

And then the last area is expansion of ag products, markets, and research. We have great resources at our disposal at the USDA. What are we doing right with those resources in terms of research? What might we be thinking of?

So those are the six areas. And in addition I want to emphasize, this is really not my time; this is your time. I want to hear from you, I want to hear what's on your mind. More than anything over the next couple of hours ahead of us here I'm going to put down the microphone and I'm going to listen. And I might offer a comment here or there, but if I do too much of that I hope the moderator tells me to knock it off because this is for you. This is your program.

And again, Governor, invite me back to North Dakota; it's a great state. God bless you all.

[Applause.]

MODERATOR: Thank you very much, Mr. Secretary. As the Secretary has said on other occasions, I think we can disagree without being disagreeable. So I hope and trust that we can do that here today.

In addition to the program or discussion areas that the Secretary mentioned there are a couple of other things that we should mention. We've asked that comments be limited to a total of two minutes; that's not to say that you can't sit down and stand back up again later, but we ask they be limited to two minutes, and they've got a little system of lights up here. When that red light comes on I'm going to ask you to stop, and if you don't the man on the board back there will just simply shut the mike off. So we've got that taken care of. But if you would please, and as I said there's nothing to keep you from standing up later and commenting again. But we ask that you stay with a total of two minutes.

Some of you have issues that may be more of a personal nature, some problem you've got with a local USDA agency or whatever. We ask that perhaps you take those up with some of the USDA staff people who are here. We have state and regional staff people from the various USDA offices who are set up in the back to help out.

So beyond that, this isn't the only way that obviously you can comment on the federal farm program. Your comments can always be sent directly to USDA via the regular mail or through their website at USDA.GOV.

We have two microphones set up. We ask that when you approach the microphone you give at least your first name and hometown so the folks who are transcribing this have some sort of an identifier. You can add more if you want or if you're a farmer we might be interested in knowing what kind of crops or livestock you raise and that sort of a thing. But at least please your first name and your hometown.

Since our first subject area deals with young people and how farm policy should not discourage the next generation of producers, the Secretary asked that the first comments come from young people. And so let's get started.

MS. JAYME FEISEL: Governor Hoeven and Secretary Johanns, I am Jayme Feisel from Harvey, North Dakota. When I think about this first question regarding unintended consequences for young farmers and ranchers, I believe two words stand out as the most important-- flexibility and authority.

First of all, we need to have the flexibility to work with the situation should a problem arise. We have to work together to find the best solution to the situation, and be flexible enough to undergo change.

Secondly, authority must be given to state and local governments so they can adapt the regulations to their region. For example, policy that works in California may not be logical for North Dakota producers. Therefore, our local governments must be able to apply the policy to our particular area.

We also need to increase the support to expand farm management education programs. These programs are highly beneficial to young beginning farmers and ranchers because they assist young producers in establishing sound business management practices. More importantly, these programs help young farmers and ranchers analyze their records so that they can make the most profitable decision possible.

Increased support for expansion of farm management educational programs throughout the nation will enable a greater number of beginning farmers and ranchers to receive the benefits, advice and support needed to have a better chance at succeeding in the business of farming and ranching.

In addition, action should be taken in restructuring the current crop insurance program which will eliminate the need for continuous disaster programs. At this time, disaster programs are passed every year by Congress for specific, largely affected areas. However, when disaster strikes beginning producers are the least able to recover. If their area is not covered by the program, they suffer a much greater loss. Modifying the crop insurance program to account for regional disasters may be able to help beginning farmers through their most difficult challenges.

MODERATOR: Thank you, Jayme. It occurs to me, Governor, that the red light, when they're supposed to stop, it's pointed at you actually -- when they set this up. So you get to be the bad guy. I'll try to watch but I don't anticipate a problem.

Yes, at this microphone, please.

MR. MIKE OSLEY (sp): Secretary Johanns and Governor Hoeven, I am Mike Osley, and I am a North Dakota 4-H ambassador from Grand Forks County. There will always be unforeseen problems and issues with any new policy that is passed. And the success of this Farm Bill will all depend on its ability to conform to the changing agricultural world.

The farm policy has many different options to make production agriculture a more consistent industry. And consistency is what it takes for this new generation of producers to stay in business.

I, as a student majoring in crop and food science, believe the first option to be looked at is that young farmers would like a guaranteed supplemental income from direct payments. Since direct payments have been approved by the WTO, it would be the best way to assure that farmers and ranchers get compensation for their efforts for generations to come. Further support for direct payments would be a great move since it is one of the few programs that would be accepted throughout the world.

Programs such as the Conservation Security Program that offer benefits to farmers based on the quality and not the quantity of their products helps new farmers to keep a foothold in agricultural business. Just like any other industry it is difficult to start out. If more programs offer incentives based on the quality of the product and the practices of the individual, they will be more realistic to achieve a more sustainable business from the start.

MORE INCENTIVES also should be added to help the transition of the generations in a family farm. Some considerations for this could be through Land Grant Universities and support networks, and research to help new farmers get a necessary edge to be competitive in their field.

Family farms are the heart of the Dakotas, and we need to do whatever it takes to keep the family farms alive.

MODERATOR: Thank you, Mike. We just had some young folks up here. The Secretary might be interested in knowing that here at the North Dakota State Fair there are 20,000 competitive FFA exhibits. It is the largest assemblage of competitive FFA exhibits anywhere in the United States. We've got a lot of kids who want a future in agriculture here in North Dakota. It really is amazing.

[Applause.]

MODERATOR: All right. We'll go back to this microphone.

GOV. HOEVEN: You know, Mike, if we get some time, we might even trot them through.

MODERATOR: That would be nice. That would be great.

AARON WALSH (sp): Aaron Walsh-- Harvey, North Dakota. I am a 19-year-old sophomore at North Dakota State University majoring in agriculture systems management. This past year I served as North Dakota State FFA officer representing over 4,000 students that have agriculture interests just like me. One of my strong interests is to come back and farm. I would love to have an opportunity to farm. But I have also been running the numbers through my head. And sometimes they don't come out in the black.

With land prices rising, grain prices very unstable, and import costs increasing, farming can come across as unpromising to young farmers. How can we solve this problem?

Maybe it is by stabilizing grain prices, creating more farmland to drive down prices, or making import cheaper for farmers.

We also need to make new opportunities for young farmers so they decide to give farming a chance. A major challenge in my area is finding land that is available for production because a large percentage of land has been converted to CRP or wildlife areas. CRP may be a great program in the eyes of many, but there are some negatives surrounding this program.

First, CRP has taken thousands of acres of good quality farmland out of the market for young farmers. CRP provides nesting areas for waterfowl and our rising deer population; however, it does not provide a food supply or shelter in winter storms. Young farmers not only have to compete against big farmers but also CRP for land rent.

Finally, land taken out of production has hurt local farm businesses, grain elevators, and especially local schools. We need the Department of Agriculture to expand markets of agricultural products, foreign grain trade, and especially the beef exports are critical for young producers.

The expansion of ethanol, biodiesel fuel, and other products will help the future of young farmers.

MODERATOR: I'm sorry; your time is up. Thank you very much, Aaron. Appreciate it.

Next? Yes, please. Go ahead.

CASEY GEPLIN (sp): I'm Casey Geplin, and I'm from the Grant County FFA Chapter. I live south of Elgin, North Dakota on a farm. Good afternoon, Governor Hoeven and Mr. Johanns. Thank you for coming to the fair and listening to our opinions.

The first subject I'd like to cover is the obstacles facing new and upcoming farmers. The biggest obstacle I believe is the cost of land. Down in the southwest corner of the state land that is only supposed to range from \$300 to \$500 is selling for thousands, and there's farmers that can't compete with local hunters and out-of-staters that have large sums of money to pay for this land.

Just the other day there was a couple in town that sold a whole section of land for \$500 an acre. Well, my uncle and my cousin rent that land, and they've rented it for six years. And my cousin is 22 and would have liked to have bought the land and continued to farm there but he simply couldn't pay for it, and there's no bank in the state that would give him the loan to because he'd have gone into the red simply.

When they asked why he sold it for \$500, he stated, "Because I needed the money." Well, if people need the money -- most people are going to take that higher price because it's more money, but there's no farmer in the state can pay \$500 for an acre of land and come out in the land if they have to farm it or rent it or pasture or anything like that. I think it needs to be brought down--somehow set up a system where young farmers and old farmers together could get together and say, "Well I'm going to farm the land 10 more years but if you'd like to buy it you, you could start paying on it now, smaller amounts, and then when I decide to retire you can take it over and finish payment as needed."

I also think that the inflation in other areas such as the cost of machinery, cost of land, and cost of all the other, fertilizers, fuel and all that, has raised. But grain has not. A 1992 400 horsepower tractor cost \$170,000 brand new. That same tractor today goes for \$265,000, with no added features, just the basics. A barrel of crude oil in 1990 --

MODERATOR: Sorry. Your time is up. Thank you very much. We appreciate your comments. Excellent job. Thank you very much.

[Applause.]

MODERATOR: I don't know, Mr. Secretary, if the same is true elsewhere in the country. A lot of states face questions of urban sprawl, inflated land values. We have some of that here, but we really are facing a lot of this inflationary pressure from what he was talking about, what they call recreational demand. And it's a big issue. It is here.

Yes? Please.

MR. PAUL THOMAS: Thank you, Secretary Johanns, for allowing us to be here. First off, I'm a young farmer by definition in North Dakota, being 31 years old. I think I'm quite young. My name is Paul Thomas, and I farm just a little bit southeast of here in Velva, North Dakota; and also I have a farm closer to the Washburn area.

This is my second year of full-time farming, and I'd like to reflect some of my thoughts on the Farm Bill and what we need and don't need. And first off, I want to compliment Congress on the 1995 Farm Bill of giving us the freedom to farm. I think that is one of the most important things that we have in the Farm Bill that allows us the flexibility to plant what we want to plant and not what government dictates.

With our current farm program, I think it's absolutely critical that we maintain the marketing loan program and the provisions in there that provide price protection in the downfalls of falling prices for all of our crops and my crops that I'm growing-- wheat, barley, sunflowers, canola, flax, peas, and lentils. All are benefited by that program, and all are looked very favorably upon by lending institutions of having some price support there to give me some assurance of some income.

Second off, I think one of the major pitfalls for young farmers is crop insurance. I currently buy crop insurance for wheat, the major crop on my farm. My beginning level of coverage I'm allowed to buy is \$54 an acre. That costs me over \$100 an acre in just variable costs to produce that bushel of wheat or that acre of wheat. So obviously that coverage level that I'm allowed to buy into initially is way less than adequate, and I think that is one of the provisions we really need to look at in addressing is reforming crop insurance.

And I would suggest we need to remove our emphasis on yields and price and base it more on a gross revenue product that's the more revenue we can buy that, of course, the higher it would cost. But we'd be able to buy a dollar value that we need.

And thirdly I would really support the inclusion of a new program such as farm savings accounts where we're able to put some money away in good years tax-free and hopefully allow that money to be set aside for times when we do have disaster and the government doesn't always come through for us.

MODERATOR: Thank you very much, Paul. Thank you.

Next? Commissioner Johnson, please.

COMMISSIONER ROGER JOHNSON: Thank you, Mr. Secretary, for coming to North Dakota. In the interest of time I've got a fairly long statement that Joanne just handed out. You obviously understand that in North Dakota agriculture's extremely important; it's the biggest sector of our state's economy. We lead the nation in the production of 13 different commodities. In response to the questions, the answers are there.

I would just want to hit a couple of key points. I think, first of all, I want to recommend that we begin with the 2002 Farm Bill. There are some very good provisions that got put in the current Farm Bill that we need to make sure that we maintain, provisions dealing with counter-cyclical price assistance, the marketing loan rates at a reasonable level so farmers have some sort of reasonable kind of price protection. Those are important, and we need to make sure that we don't trade those tools away in the interest of free trade with other countries.

Secondly, I would argue that payment limitations is something that needs to be seriously considered. If we don't have realistic payment limitations for farmers, we're going to undermine public support for farm programs, and that's going to hurt us in the long run.

Thirdly, I would argue that we need to recognize that agriculture, energy, and trade policies are very much intertwined, and I would hope that the new Farm Bill has a special emphasis on energy, in particular renewable energy, along with some of the conservation programs that we began. They need to be expanded so that we have conservation in active producing lands.

Next I would argue that we need to make sure that we implement country of origin labeling. It's the law of the land; let's make sure that it gets implemented; it's broadly supported by consumers and by North Dakota producers as well.

Crop insurance needs to be reformed so that we get the quality kinds of provisions that are necessary in order to provide the levels of production farmers think they're getting.

And finally, beginning farmers-- you've heard some recommendations already. I would simply reiterate them. We need to have a focus on beginning farmers. Thank you.

MODERATOR: Thank you. Thank you, Roger.

[Applause.]

MODERATOR: Our next speaker, please?

MR. AARON KRAUTER: Good morning, Governor. Good morning, Secretary. And good morning, Al. My name is Aaron Krauter. I farm in the southwest corner of North Dakota in a community of Regent. I raise durum, peas, flax, alfalfa, and most of all I raise a family. And on that family farm we try to make a living that pays the bills. I wear another hat, and that is I serve in the North Dakota State Senate.

And Secretary, what I've got for you today is some copies of resolutions that we in the Legislature have passed unanimously in the last four years relating to agriculture. And they all kind of intertwine to all six of your questions.

But I think I want to publicly talk about four of those so that you can get a grasp of those, and I'll give these to you when I'm done.

But first of all, let me tell you that in this state of North Dakota you've got an Office of Rural Development that is doing a very good job. We in the Southwest part of the state and the North Central part of the state belong to a group called the REAP, which is Rural Economic Assistance Partnership. They help us with rural economic development, and you need to tell them that they're doing a good job.

The four points that I want to bring to you-- number one is: cost of production insurance. The insurance programs that we have for agriculture do not work in today's environment. When I go to the bank or when I go to my lender and work on things, it's not about bushels; it's about dollars. So I want to insure what I've got in the ground. previous speaker talked about that same exact thing.

We had initially set up a pilot project with RMA, and it has been stopped. That's an excellent point to take off on.

The second thing is a resolution here with trade with Cuba. We have great opportunities for exports, particularly with the country of Cuba.

The third one is a resolution in support of the Conservation Security Program. That was a part of the 2002 Farm Bill, and we see great opportunities to continue that stewardship of air quality, land quality, and do those proper things so the next generation has the same opportunities we have.

And Mr. Secretary, the last thing, you've heard already is the country of origin labeling.

Thank you very much.

MODERATOR: Thank you.

Mr. Secretary, the last two speakers have brought some prepared remarks. I see our next one has brought something else. What have you got there for us?

MR. DENNIS MILLER: Any good FFA student should be able to identify this. My name is Dennis Miller. I'm former president of the Landowners Association of North Dakota. We're dedicated to the preservation of the income-generating capacity of our farms.

I just picked this this morning from a neighboring field of CRP and what is it? Canada thistle, yes. And in defense of the landowner, he's already treated this. If any farmer is sorry enough to have land next to a field of CRP you fight weeds like that. In 1999 my combine actually burnt up because of the fuzz that was blowing off of that thistle.

The wildlife that come from the CRP have forced me to change my cropping rotations on that. NDSU has done a study that CRP has reduced the economic activity in the counties they studied by an average of \$16 million a year, and if you multiply that times the number of years the CRP program has been involved times the multiplier effects, it's easy to say \$1 billion of economic activity has been taken from the counties that were studied.

These are my maps from my farm program. The second thing I think is really hindering the farm economy is the swampbuster provision of the Farm Bill. This is an older map. This is a newer map affectionately referred to as a Blue Light Special. The wetlands that were grandfathered in as drained in this map are now only a blue light which adds to the insecurity of farmers knowing how to efficiently farm on their land.

I can personally refer you to a number of farmers that have spent thousands and tens of thousands of dollars defending themselves against supposed infractions against the Farm Bill. If I can just have one more second?

MODERATOR: Sorry. Sorry. We can't do that. Thank you very much. Appreciate your comments and we appreciate the props.

Next speaker, please.

MS. PAT TINGEM (sp): Good afternoon. My name is Pat Tingem. My husband and I are farmers in the area of Powers Lake, North Dakota. I am here to say that farmers and ranchers are natural conservationists because they depend on the land for their livelihood, and their desire to pass that land on to future generations.

But in order to keep those younger generations involved in agriculture, it has to be profitable. With that in mind, there needs to be greater emphasis on working lands conservation programs like the Conservation Security Program rather than on retirement programs like CRP. Retired land cannot be utilized by young and beginning farmers and ranchers. Acre-based retirement programs like CRP have an advantage over programs such as the Conservation Security Program because conservation dollars are first used to cover those acres and what's left is appropriated to other conservation programs.

In these times of budget constraints, working lands conservation programs are suffering. We have today a number of conservation programs that were not available 20 years ago. These programs offer a variety of targeted approaches that provide benefits to our environment. Because of these programs, we feel a reduction in CRP acres is warranted.

The money saved from reducing CRP acres would be used to provide more funding for other conservation programs like the Conservation Security Program. The Conservation Security Program needs to be our flagship of conservation programs.

But that won't happen without adequate funding. Last year money was taken from the Conservation Security Program to fund the disaster bill, and the House budget for the 2006 Conservation Security Program funds are again reduced. This is not the way to make the Conservation Security Program successful. Conservation technical assistance also needs to be supported.

Thank you.

MODERATOR: Thank you very much. Next, please?

PAUL REKLIN (sp): Mr. Secretary, my name is Paul Reclin. I'm executive director of a Ten County Economic Development District and of a statewide housing nonprofit. On behalf of both groups, I'd like to assure you your programs are making a big difference, and your staff in this state works hard to effectively deliver those programs.

As examples, 22 self-help and partnership homes helped to track \$7 million in new infrastructure commercial and housing development in a town of 2,000. Rural Development partnered with EDA and CDBG in a \$2 million utility lines replacement project at an Indian-owned college whose future was in jeopardy. Since then the school has doubled its enrollment.

For us your most effective program has been IRP [Intermediary Relending Program]. In 10 years, the \$500,000 loan helped us lend \$1.3 million to 20 rural businesses creating 600 jobs. With leverage the impact has been \$30 million in nine rural counties.

Your programs and staff in North Dakota have made that possible, but more can be done. Barriers unique to rural areas in obtaining mortgages limit work force, stifle economic development and contribute to out-migration. A housing IRP could do for housing what the current IRP does for economic development. It would broaden rural development's focus on housing and provide access to flexible financing desperately needed in rural America.

Community Works North Dakota, the nonprofit I represent, established an RLF [Revolving Loan Fund] four years ago during which time we've loaned \$4.5 million, leveraged \$10 million and created \$6 million in new construction. But rural areas have limited resources to properly capitalize an RLF. An investment of just \$500,000 would immediately assist 30 to 50 rural families; ability to sell mortgages would multiply the impact. Small investment would benefit thousands of rural families creating impact of 10, even hundreds of millions of dollars.

I encourage you to consider establishing a housing IRP or at least identifying one or a few demonstration projects. I know of no other program that could cost-effectively do more for rural America.

Thank you, Mr. Secretary.

MODERATOR: Thank you very much.

Yes?

VOICE: Honorable Secretary -- state water commission and others in supporting funding for this infrastructure. These partners work very well together combining resources. However, funding needs to develop our water resources is estimated at well over \$250 million in the next 10 years.

One subject that comes up as top priority in providing infrastructure is funding for water projects. USDA Rural Development in North Dakota has four times their annual allocation in applications on hand. So you can visualize the demand.

Grant money to reduce cost is important as well. As a representative of the rural water systems in North Dakota, I just want you to know how much we appreciate the USDA Rural Development's water loan guarantee and grant program. They have been an important link in what we have accomplished to date and what we hope to accomplish in the future.

This demand shows the need for continued funding. Especially important to include needed grant funding for infrastructure. We have five tribal nations in North Dakota. Several of these reservations have very low income and high unemployment. We have many low-income rural communities without grant funding, and the wastewater infrastructure will not be affordable.

Over and over we found that once North Dakota has started economic development, the area flourishes. It's been estimated that 25 times the cost is gained.

MODERATOR: Sorry. Thank you.

A couple of observations, Mr. Secretary, as these last two speakers. One is the broad scope of your agency. We as farmers and ranchers think you're here for us, and we hope that you are. But you're also here for a lot of other people. The other one, when we talk about this rural economic development I'm reminded of what a young farmer said. He said, it doesn't matter if I survive if my neighbors and my hometown don't I won't want to be out here anymore.

So there's more involved here than just simply just farm policy. It gets broader than that.

Anyway, forgive me for interjecting.

SEC. JOHANNIS: I'll offer a thought on our budget because you've raised a very important issue. People oftentimes look at the USDA budget and say, my goodness, that is a lot of money for farmers in America. Let me share some statistics with you. Over 50 percent of that budget is for nutrition programs. We have the hot lunch programs all across the country. We have food stamps and we have the WIC program under our umbrella. So over 50 percent of that budget actually is in food nutrition.

FOREST SERVICE -- when you turn on the TV tonight or read the paper and you hear about the fire jumpers going in to put out a forest fire, that's us. That's the USDA. We are the stewards of 190 million acres of forestland in the United States. And that is in our budget.

So if you just added those two programs -- food nutrition and forest service -- you can easily see the vast majority of the USDA budget isn't in the traditional programs related to farm programs that we think of. It's in very different programs. I think it's important to point that out because people do look at that budget and say, gee, that seems like a lot for farmers. And it's nowhere near a majority even that goes into the traditional farm programs.

MODERATOR: So your office gets pulled in a lot of different directions, and that's why it's so important to get debate going early on federal farm programs.

Yes? If you would, please.

MS. BECKY MEIDINGER: Mr. Secretary, welcome to North Dakota. My name is Becky Meidinger, and I'm from Ashley, North Dakota, which happens to be Governor Hoeven's hometown. I represent several rural communities in South Central region of North Dakota for Community Economic Development, and I'm the coordinator for the Dakota Heartland Champion Community which is a USDA designated zone.

I also provide technical assistance to rural communities throughout the state, and I'm very familiar with many of the USDA Rural Development funding programs and have used several of them in my work and found the staff to be outstanding.

I am also involved in the NDSU Extension Rural Leadership North Dakota Program, and actually got to meet you in Washington, DC during our study tour.

How can USDA provide effective assistance to rural areas? I have only one answer. That is to build the leadership capacity in the rural communities. Rural communities who are surviving and growing have leadership that is progressive, active and committed. They work together to address the rural issues and are willing to partner with outside resources to find the answers. The communities I work with who are not doing a very good job of surviving are dealing with leadership that lacks vision, commitment and who are afraid to take risks. They are waiting for a savior not realizing that to experience success it initially has to come from within. But it takes partners like USDA to succeed.

I strongly suggest that the focus for USDA programs in the future is to address the building of leadership capacity and providing funds for communities who have shown successes in building that leadership and using those as pilot programs.

Farmers and townspeople need to work together to build their communities' future. Without that commitment and resources, the communities will go by the wayside. We need to build from within and partner with USDA to bring about a rural revival. We can help rural America most effectively by developing rural leadership capacity.

MODERATOR: Thank you. Thank you, Becky. I quite frankly feel a little better about the future of rural America knowing there are people like Becky out there willing to stand up and say important things like that.

Yes. If you would, please?

MR. KENNY ROGERS: Mr. Secretary, Governor, and Al. I think as -- I'm Kenny Rogers. I'm the real gambler; I'm still farming.

[Laughter.]

MR. ROGERS: How long, I don't know. But to speak to that in the rural communities, the rural communities have been devastated. And when you go to church with no Sunday School and when if you're 50 years old you might be one of the younger members of the congregation, when you've watched your town school close and consolidate and you're looking at consolidation now of schools that are having problems, we need some hope for the future. And that revolves around targeted family farmers or average farm income and beginning farmers where they are targeted. And we need programs such as you have in Rural Development that you need to listen to not only what the people are saying but that you have really good people at the grassroots, and you need to hear them. You need to give us some hope for the future.

I encourage you to read a book from an ag economist from California called The End of Agriculture and the American Portfolio by Steven Blank. And in it he states that not even the large farms in the United States will continue in the future. And that kind of thinking just scares me, and it is wrong for our country.

So I hope that as you work on the new Farm Bill and that you listen to the people and that you give us some hope for rural America.

MODERATOR: Thank you very much, and please don't fold them there, Kenny? Okay? Yes.

MR. JERRY EFFERTZ: Mr. Secretary, Governor, thank you for being here. My name is Jerry Effertz. My wife Norma and I farm and ranch southeast of Minot on the Effertz Black Beauty Acres Ranch. Before I continue though, first as a former board member of the North Dakota State Fair Association let me thank you for being here. This is a great forum in which to have this. I would urge you to take up the governor's invitation to go and see some of the exhibits by the outstanding young people. This is truly a focal point of North Dakota agriculture, and do take time to see that.

I currently serve as chairman of the State Board of Ag Research and Education. SBARE is a unique research board in all of the states, in terms that we are responsible for all of the funding for ag research and cooperative extension in the state of North Dakota. I would urge that you continue to look for new sources of technology and information because it is absolutely essential to continue the vibrancy of agriculture and our natural resource-based industries as well as the rural economic development that you have been talking about.

NDSU as well as all of our land grant universities need to have this continued research and transfer of information technology in order to keep agriculture vibrant across the state. My fellow SBARE members and I support the funding strategies that have evolved in support of land grant institutions. However, the cornerstone is the base funds. These are the funds which help assure that outstanding scientists and educators can continue to compete with other funds. Authority for this research and education partnership between USDA and the land grant universities is through the Farm Bill. And I hope, as the 2007 Farm Bill is formulated, that you will continue to support the Hatch, Smith-Lever, McIntyre-Stennis, and the Evans-Allen bills as a part of the strategy of the future of North Dakota as well as the nation's agriculture.

I assure you that in North Dakota you will get as much bang for your buck when it comes to research dollars.

MODERATOR: Thank you, Jerry.

Yes, Governor?

GOV. HOEVEN: Maybe I can throw something in to follow on what Jerry Effertz said. I think this is really important. One of the things we're working to do in our economy throughout North Dakota and I think other states as well, and that's link the university system education, research and development with private enterprise.

And you know in agriculture we do that in a fantastic way, whether its SBARE, whether it's extension- of course USDA that's here, our experiment stations. We're doing that. And so we're creating not only tremendous new varieties of crops, disease-resistant, but also value-added ag in a big, big way. And this is that connection between the university, between research and development, and private enterprise, you the farmers and ranchers that are out there producing. A very important point, a tremendous investment for USDA.

Thanks, Jerry.

MODERATOR: Yes. Next, please?

MR. PAUL BERNSON (sp): Good morning, Mr. Secretary. My name is Paul Bernson. I'm a fourth generation farmer from Adams, North Dakota. I've come 180 miles from the Northeast corner of the state to visit with you today, and I appreciate the opportunity.

Nine years ago we added field peas to our crop rotation to further diversify our crop mix to grow some nitrogen in our ground, to save our nitrogen fixation and nitrogen costs in our farm. We enjoy growing peas, but when a few years ago when peas were added to the farm marketing loan program it really made the crop a viable part of our cropping system.

Many farmers in North Dakota have also responded to that marketing loan program and increased the acres from virtually nothing 10 years ago to near 700,000 pulse acres in North Dakota this year.

So we ask, I ask you personally that in the new Farm Bill debates that the marketing loan program for the pulse crops remain a viable part of that program. I hope that they're not put on the WTO table for negotiation, and if they are I hope that you can remove those crops from negotiation.

Also in response to question one about farm generation, the next generation of farmers, I got a comment. I have a 29-year-old son that's farming with me. He started farming when he was in college. It's been difficult for him. He's been fighting CRP, competing with government payments to accrue land. We've fought federal crop, low entry, federal crop payments as has been already mentioned.

The marketing loan programs on all our crops are vitally important so that I can remain as a father, can remain economically viable so I can transfer those assets to my son. I hope in the new Farm Bill there will be some tax incentives and some other programs where generational farms can be passed down with tax benefits to those that are doing the giving. If not, we will have no one left on these farms.

MODERATOR: Thank you, Paul.

[Applause.]

MODERATOR: Yes, please?

MR. RICHARD SCHLOSSER: My name is Richard Schlosser. I farm in the southeast corner of North Dakota. I am also vice president of North Dakota Farmers Union, and I'm here delivering testimony on behalf of the 30,000 members of North Dakota Farmers Union. And we would like to submit written testimony at the completion of my presentation.

Too many times we hear reported what's good for agriculture does not translate into a benefit for our family farmers. As you'll see in the audience here we have some members here today and some friends of ours who are sporting stickers that it's all about farm income. And that's what we believe this needs to translate into the 2007 Farm Bill, needs some improvement over what we've developed in the 2002 Farm Bill.

Granted, the 2002 Farm Bill components of direct payments and counter cyclical payments and the marketing loans brought a lot of money to North Dakota. But we have a couple of suggestions as to how we can enhance that and probably save some costs.

Number one, we believe that targeting benefits would save some cost, and we support Senator Dorgan's and Senator Grassley's proposal to limit these payments. We also support the counter cyclical portion of that 2002 Farm Bill; it just makes sense.

We also support renewables. Maybe what we need to do in the future Farm Bills is to need and encourage production of all types of renewable feed stocks for these renewable fuels and even mandate some levels of renewable fuel blends to develop that industry.

Conservation. You hear a lot of talk on conservation. CRP has met with mixed success. We believe that CSP may be a way to go and that it's done on working lands and it's an excellent program. We also believe for our livestock producers, mandatory country of origin labeling needs to be implemented and it would be an excellent complement to the mandatory identification program.

In conclusion, Mr. Secretary --

MODERATOR: Your time's up, Richard. Sorry. Thank you very much. Appreciate your comments.

Yes?

MR. DOUG GOEHRING: Thank you, Mr. Secretary, for being here today. My name is Doug Goehring. I am vice president of North Dakota Farm Bureau. I represent 27,000 member families. I raise alfalfa, hard red spring wheat, dry peas, corn, and soybeans. I know we have some time constraints today, so I'll just stick to the several points I have here, and if I may pass that out to you when we're done.

The 2002 Farm Bill is working just as it was intended. Farmers need the flexibility to produce for the marketplace. We believe no attempt to move toward supply management should be allowed. We must not revert back to failed policies of the past. We believe the next Farm Bill should continue down the same path of structure and funding by planting flexibility, decouple payments, counter cyclical payments where market prices are below those prescribed levels, continuing payment limitations at the current levels, and look at international trade negotiations will likely have a large impact on our next Farm Bill.

We cannot and must not proceed to design a new Farm Bill until current WTO negotiations are complete and their impact as known as to not jeopardize our competitive advantages in both negotiations and in our international markets.

Many producers face crop shortfalls and produce crops of marginal quality. Due to periodic weather-related events neither the current Farm Bill nor crop insurance provides adequate coverage during such events. Crop insurance must be overhauled; an effective and sound program is desperately needed to provide a safety net for farmers and fairness to the taxpayers.

We know how such a program should be structured and very much want to share our ideas with you and your administration at a time that is convenient for you and your staff.

Thank you, Mr. Secretary.

MODERATOR: Thank you. Yes?

MR. HARVEY JACOBSON (sp): My name's Harvey Jacobson. I'm a former Nebraskan. I was born and raised there, one of 14 kids, children. And I left and went in the military and I've retired from the military and civil service. I was back to farm, and I see a lot of the houses leaving and all they're doing is 1,000 acres of farmers. It's bad, lose the old house. All they do is, they don't farm anymore. They plant the crop, spray, harvest the crop. What happens to all the pesticides that goes on there for environmental?

Now this is what you got to look at. And then also you've got to look at this. The pig when it's born, the 350 pounds is less than six months. What about all the insecticide and pesticides in that? We better look at that. What's our health going to be like? Are we going to be living on pills the rest of our lives? We got to look at common food.

When I was raised on the farm one of 14, I always had plenty to eat. Sometimes it wasn't what we liked. But this is something that needs to be going into. I'm serious. When you take your bill, get with the environmental and see what we can do about some of these pesticides. Some of them are good, some of them are bad.

Thank you.

MODERATOR: All right. Next, please?

MR. EVERET DOBRINSKI: Governor and Mr. Secretary, my name is Everet Dobrinski. I'm on the board of a Rural Electric Cooperative. I'm also on the board of CoBank, which lends to producer-owned cooperatives and rural utilities across the United States.

And I would like to talk just a little bit about rural development. The township I come from is, really I think, some of the best farmland around here, 36 square miles of great, fertile country. We've graduated our last student in grade 1 through 12. We have no more young families, so I don't see any chance of anymore students coming to our area unless we develop the economy.

I believe, as the governor knows, very strongly in rural development we've worked on projects together, and I really believe in value-added processing as a natural way to go in our area.

However, some of these have been mixed as far as their success. It's getting to be a very large hurdle to come up with the equity necessary to float these projects.

To begin with, North Dakota was a leader in developing new generation style cooperatives to do this value added processing. But because of the equity hurdle much of the form has changed to LLCs or corporations or whatever to bring in outside investment. While that is still great for the community, it just does not do any good to the farmer because it doesn't put any profits back.

The profits follow the equity, and so I would like to see some kind of a program that would help farmers come up with equity to invest in these projects to be paid back with the profits of these projects.

Thank you.

MODERATOR: Thank you.

Yes. Our next speaker, please?

MR. WES WIBELY (sp): Thank you, Mr. Secretary, for coming. My name is Wes Wibely. I farm south of here between Bismarck and Minot. My concern is a couple of things.

First of all, farm income and young farmers. When you look at who's taking over the farms, you have to look at young farmers. Young farmers today basically are the small acreages, and my concern basically amounts to staying on that farm, farm income and where those farm income payments are directed to.

We have to turn around nationally. Seven percent of the farmers are receiving close to 80 percent of the funds. We have counties in this state that are nearly age 70, the farmer's average age. Who's going to be taking those farms over? The young farmer can't afford to take those big farms over. And so numbers is what's counting.

Our schools. I'm from a county when you look at my county and the neighboring county there's approximately 30 small towns in those two counties. We've consolidated schools down to eight. Those eight basically are all under 100 in number in the high school. In the 10-year projection those towns are going to be receiving less than half their projected numbers, from 50 to 70 percent loss, all because of farmers leaving there. When farmers go, schools go, and then your towns go. How about our state? We need to look at something we can direct those payments to young farmers and young -- I'm not talking about just young farmers, but small acreage farms. A lot of those farms can't compete so we need to see an income that's going to be generated with those. Thank you.

MODERATOR: Thank you, Wes. Appreciate your comments.

Next?

MR. RALPH BIRDSALL (sp): I'd like to welcome you, Secretary, to North Dakota. We've got the air conditioner on and it's very pleasant. I'm really glad to have you here. Right now the Energy Bill's presently being discussed, and we really hope it passes and with some strong renewable energy provisions that will help us in North Dakota. Right now we're just beginning the process of building a canola plant right here in the Minot area. Canola is known to be a very good crop for us, and it's a good rotational crop, and we really look forward to that, and it will be a biodiesel plant. So we're really looking forward to seeing that come on.

The good thing about that plant is that it's a brand new use for canola oil, so we're not having to go out and compete so much with other things. It's a whole new use for canola oil.

We also are good raisers of barley and corn in the area, so ethanol is of real interest to us, and there's several ethanol plants being talked about and some that are already going.

We would like to see the Farm Bill and Energy Bill, they need to be worked out so they go hand in hand because we feel they are very tightly connected with each other.

It makes sense to us as farmer producers and to help us invest in renewable energy facilities. It's a great way to help us out.

One more thing I'd like to say, these young folks have talked and I really was impressed by them. I've been farming for 46 years and by golly they got the same ideas and the same lookout at things that I have that need to be done and to keep them on the farm. Keep the kids on the farm. You know, dad's got to have enough money to help them get started. That's kind of the basis of why we need a good, strong farm program so we've got a little extra money to help the kids get going. Thank you so much.

MODERATOR: Could we get your name and home town?

RALPH BIRDSALL: Ralph Birdsall at Berthold, North Dakota.

MODERATOR: Thank you very much, Ralph.

Yes. Next, please?

MS. DEB DRESSLER: Deb Dressler, Southwest North Dakota, Richardson, the home of the newest ethanol plant in North Dakota, so we're really excited. I'm representing National WIFE today, Women Involved In Farm Economics. And their color is red. We hope someday that we can start wearing black so the farmers are all in the black. WIFE believes it is the right of every farm family to improve their financial situation, standard of living or status in life through their own investments, management decisions, determination and dedication.

Profit is necessary. That's the key to farming. We all need profit and good income to succeed from every generation. Farm policy is needed for U.S. producers to be competitive with other countries that have lower costs of production. We're talking countries that wages are from \$2.00 to \$6.00 a day. That's what we're competing against overseas.

And we would like to support consistent farm programs for producers to allow long-term management positions. And as farmers and ranchers, I come from a, we raise cow-calf pairs and feed grains and this is our best year. I've talked to older ranchers and farmers and this is the best crops and the most hay we have ever had. We really appreciate you coming to North Dakota for three times. I don't know what the Nebraska WIFE ladies are going to tell us; they're going to get pretty jealous. I don't know what our secret is. But we thank you for coming, and we have a great day and green grass all over.

MODERATOR: All right. Very good.

SEC. JOHANNNS: If I could just offer a thought here. The Energy Bill has come up a couple of times. I've got a recent update here. I just got it coming over here this morning, and the Conference Committee worked until I think about 3:00 in the morning this morning on the Energy Bill. It looks like they've got things pretty well worked out. In reference to the renewable fuel standards, they've set that at 7.5 billion gallons. If you'll remember, that's up. It was a difference between the House and the Senate; one was at 6 and the other was at 8. The Senate was at 8, so they're pretty close to the high level there.

The House could take up the bill on Wednesday which would be tomorrow and possibly the Senate on Thursday. Number of senators worked on that-- Chairman Barton, Representative Dingle, Chairman Domenici, Senator Bingaman. So we applaud them. It looks like they've had a successful conference outcome.

As the President said in his State of the Union speech, four years of debate on an Energy Bill is enough. And I think we're getting very, very close to passing this one. And it's got a renewable fuel standard here that should be very, very positive for the ethanol industry and other renewable fuels.

MODERATOR: Thank you. If I may make an observation. We appreciate all your patience, the folks that have been standing in line I do want to point one thing out though. At 1:30 we're going to take a 10-minute break. That's about seven more speakers from now. So you folks can do the math. If you're further in line than that, you may want to just take a break and sit down. If not, if you're willing to stand in line during our 10-minute break we'll do like they do at NASCAR, just keep your space in line.

Anyway, we'll be taking a break at 1:30 for 10 minutes, so we appreciate your patience. Thank you very much.

Next speaker, please?

JAYME FEISAL: Governor Hoeven and Secretary Johanns, I am Jayme Feisal from Harvey, North Dakota, where I grew up on a family farm that raises beef cattle and various crops such as wheat, barley and corn. Today I am honored to not only represent the National and North Dakota State FFA organizations as a state officer, but also to speak for young people interested in production agriculture and the family farming way of life.

At this time we have the opportunity and incredible responsibility to create a farm policy that will surpass the 2002 Farm Bill as well as improve the lives of farmers and ranchers across the nation.

My concern today is for the next generation of farmers and ranchers. With the increased out-migration of young adults from North Dakota and the aging population of farmers and ranchers, the number of family farms is decreasing. One North Dakota study of 17 counties here showed a 39.2 percent loss in the number of young farmers from 1997 to 2002. Beginning farmers need economic stability in order to have a chance of survival in this business. The cost of operation and production is continually on the rise, while prices for commodities seem to decrease or remain stagnant.

I believe the Department of Agriculture's focus is to provide an adequate and safe food supply for our country and for the world as well as providing an income safety net for the farmers and ranchers who are responsible for this production.

I believe this can be accomplished by an aggressive export policy in the world market, thereby enabling producers to receive a fair price for their commodities in the free market system. However, when this does not work I also believe the new Farm Bill must raise commodity price support and loan rates to reflect the escalating price of production and maintain an adequate income safety net for producers.

The cost of this increase in rates can be offset by setting payment limitations for extremely large producers. At the present time, only 10 percent of producers receive 70 percent of the payments. I believe these modifications can protect family farms and in turn benefit rural America.

MODERATOR: Thank you very much, Jayme.

MS. MARLENE COVA (sp): I am Marlene Cova from Southwestern North Dakota at Regent. I have three farming sons, full-time, and two in the Air Force. I represent North Dakota women involved in farm economics. And we believe that food safety is food security. We support the same strict standards on all imported food products as there are on U.S. food products, as they should be labeled as to point of origin throughout the food distribution process.

We feel the Endangered Species Act, which expired a long time ago but is still present, is infringing on many communities when habitat is established.

And in regarding to the Energy Bill, I understand that there's been inserted into there a clause about the daylight savings time. I'd like somebody to tell me how it-- daylight savings time-- is going to save energy.

MODERATOR: All right, thank you.

Our next comment, please?

MR. PETE ANTONSON: Good afternoon. My name is Pete Antonson. I'm the CEO of Northwood Deaconess Health Center in Northwood, North Dakota. I'm pleased to be here to talk about our facility and our experiences with the USDA lending and development program.

Northwood Deaconess Health Center is a locally owned healthcare facility started in 1902, providing a multitude of services including a skilled nursing home dementia care unit, inpatient hospitalization, physical speech and occupational therapy, emergency room, ambulance, and independent living apartments. And also wellness services such as foot care clinics, exercise facilities, mammography screenings, pap clinics, cardiac rehab and targeted diabetes care.

Many rural healthcare facilities struggle to make ends meet. Healthcare income statements and modes of operation are complex; thus, finding private placement financing for projects is hard to come by. NDHC is no exception to this.

Seeing a need to update our aging facilities built in the 1960s and '70s, the board of directors committed to a project including refinancing of over \$3.5 million. This didn't build a new facility or spend outrageous sums of money on frills and nice-to-haves. As our architect stated, you need to spend \$1 million on things customers don't see such as better heating and air conditioning, fire alarm, call, and fire sprinkling systems. Add some remodeling in the patient rooms and we were over \$3 million.

Attempts to finance privately were unsuccessful; however, there's good news. USDA and Bremer [bank] were able to work together in partnership to provide us the funding we desperately wanted and needed. Through a combination of a direct loan from the USDA and the USDA-backed loan from Bremer the package was complete.

Northwood Deaconess has the facilities to continue to do this into the second century of operations. With your help, we were able to achieve this. Today I'm here on behalf of the citizens of Northwood, our patients, residents, staff and many others to say thank you.

MODERATOR: Thank you for those comments. If I may, Mr. Secretary --- I did a series of reports a few months ago about farmers and health insurance and farmers who felt they could no longer afford health insurance. And one aspect of that is, we've got rural hospitals that can't pay their bills because they are forgiving the farmers' bills. And the farmers can't pay their health bills because of inadequate farm income. It is all tied together.

Yes? Next, please.

MR. TERRY WANZEK: My name is Terry Wanzek. We farm, my family farms in partnership with my father, brother, and their families near Jamestown, North Dakota in the East Central part of the state. We raise wheat, corn, barley, soybeans, dryable beans, and beef cattle.

I'm also here before you today as president of North Dakota Grain Growers, which is the state affiliate of the National Wheat Growers.

We feel that there are many positives in the current farm program that deserve to be continued. While there's some need for corrections, we feel that it's not necessary to reinvent the wheel; nor do we want to throw the baby out with the bathwater.

For instance, flexibility. I believe most farmers like this provision. We want to continue having the freedom to plant what makes the most sense, given market opportunities. We believe federal farm programs should not drive crop-planting decisions; markets should.

However, having said that, we feel there should continue to be strong financial support of farmers through the commodity title price support program payments. And we do not want to see a wholesale shift away from them while other programs are important, not want to see a wholesale shift away from them into other programs.

Our feeling is profitable farms are the answer to many problems including conservation and rural development. We feel that when farms are profiting, rural surrounding communities profit as well. So therefore we feel it's priority number one to ensure that strong financial support through commodity price support payments continues.

We also believe that when there's a cost in the current program and the federal farm budget-- for instance counter-cyclical payments and LDPs when the prices are higher--farmers should receive credit for those savings. We feel we were unfairly charged with these costs in the current farm budget, and when farmers did not actually receive them, and that these could be used to help stabilize farm income in bad years through a more consistent disaster policy.

Mr. Secretary, we believe in the American farmer and his or her ability to compete; but we must assure that our farmers have the tools to do the job, and when they have those tools, and once we've determined that, and once we feel we're in the spirit of WTO, we want our country to, within all its might and power, to defend our farmers with the farm program.

MODERATOR: Time's up. Sorry. Appreciate it.

Next, please?

MR. GREG JOHNSON: Secretary Johanns, Governor Hoeven, welcome. And thank you, Al, for your excellent job of mediating. My job is Greg Johnson. I'm a processor/exporter of peas, lentils, and chickpeas here in Minot, North Dakota. Come from a farm about 70 miles southwest of here, which is in its third generation.

As a processor of pulse crops and exporter, I am concerned about the ability of our U.S. farmers, processors and exporters to compete in the global marketplace. You mentioned earlier 40 percent of North Dakota's crops are exported. I'm sorry but it should be 80 to 90 percent. Pretty soon 100 percent because we won't have anybody left to eat them.

WTO. I've spent many years observing the GATT and the WTO negotiations. I believe our negotiators on the U.S. side have a responsibility to level to us. We need a playing field that's going to be equal, and they need to deliver an agreement that allows U.S. agriculture to compete fairly.

The last WTO agreement allowed our competitors in Europe to receive \$5.00 of domestic support -- five -- to one dollar received by our U.S. grower. The last WTO agreement allowed the continued use of export subsidies, state-sponsored trading enterprises, extremely high tariffs in developing countries, and weak disciplines on phytosanitary requirements. The WTO negotiations do not even address currency manipulations by our competitors, which is one of the largest obstacles we face as U.S. shippers.

I support the current WTO negotiations if the result is an equal agreement, one-to-one, two-to-two. That's what I learned in the first grade is equal.

Above that, I believe farmers need to continue the market loan program, and we need trade barriers lifted such as Cuba, which was mentioned earlier. It's red. Thank you.

MODERATOR: Time's up. You bet.

[Applause.]

MODERATOR: Our next speaker, please?

MR. DENNIS WUNDERLICH: My name is Dennis Wunderlich. I farm 35 miles southeast of here in Velva. And I'm the president of U.S. Durum Growers Association.

The U.S. Durum Growers Association would like to see the price supports for each commodity remain in effect. They are currently the only protection we have against market collapse. If they're not WTO-friendly we would favor a slow phase-out program. The program works well, it's known by the producers, and it's known by the FSA staff. So if they're not WTO-friendly, we would favor a slow phase-out program.

The Durum Growers Association would also like to see some sort of conservation disaster package. Every year some areas of the country receive some kind of natural disaster-- whether it be flood or drought or any other natural occurrence. In some cases they're covered by federal crop insurance, but not totally. If we can't have a program as such we'd like to improve the current levels of the crop insurance program.

Right now the crops, on an average year it costs more to produce than we can get back. So we would urge you to increase the crop insurance levels.

Conservation has had good ideas when they're implemented and work well. If the dollars budgeted for these programs aren't used, we would favor moving them over into supplementing other programs.

The agricultural portion of the federal budget is very small. By cutting portions out and not increasing the budget to U.S. farms, we're going to continue to increase the size of the average farm and we're going to put smaller producers out of business.

We need a Farm Bill that encourages farm participation, not discourages.

MODERATOR: Thank you, Dennis. We're approaching 1:30. We're going to take one more comment, and then we're going to take our 10-minute break.

If you would, please?

MS. SHARON CLANCY: Secretary Johanns and members of the Listening Committee, I'm Sharon Clancy from Valley City, North Dakota. I'm also the project coordinator for Conservation Agriculture, a five-year agriculture demonstration project. I'm here to testify that this demonstration project which specifically addresses how farm policy can successfully deal with both conservation and environmental goals.

Over the course of the conservation agriculture project it was confirmed that farmers are not opposed to implementing conservation practices. However, as profit margins for farmers decline they see many conservation practices are economically unfeasible. This project demonstrated that farmers are willing to make changes to protect the environment when those options are economically feasible.

The project's incentive payments for conservation practices entice demonstration farmers to try reduced till and no-till practices, to set aside marginal land for alternative uses like wildlife habitat, and to consider alternative crop rotation. Though the project is ending, the demonstration farmers will continue to implement some of these practices such as reduced till and no-till even without incentive payments.

However, other practices such as setting aside marginal land will be abandoned because they are not feasible without incentive payments.

The project collected extensive landscape and economic data, which documented the incremental positive, changes on the demonstration farms. I am submitting a copy of the project's final report as written comments for your review. I will conclude my comments today by urging you to review the final report I am submitting from the conservation agricultural project.

Thank you for providing the opportunity for public input on the 2007 Farm Bill through these listening sessions.

MODERATOR: Thank you, Sharon.

We will take a 10-minute break. Thank you very much for your patience and your attention. Please don't leave. We're going to just stretch a little bit, and we're going to let you folks reload out there, and we'll be back with more comments.

As Sharon mentioned, she has written comments. Any of you who have brought comments and didn't get a chance to complete them because of the two-minute restriction, please put them in the comment boxes out back and talk to the folks out there at the information booths as well if you have questions.

We'll be back in 10 minutes. Don't go away. Thank you.

[Recess.]

MODERATOR: Please come on back down in and sit down if you would, please. And those of you who are in line, we'll have you get back in line if you would, please.

I want to mention a couple of things. We mentioned these comment boxes. For those of you who have statements you're reading from and if you didn't get those completed in the two-minute time you can put those into the comment boxes. Those of you who have something to offer but do not feel comfortable coming to the microphone can put your comments in those comment boxes as well.

You can always comment to USDA on their website at USDA.GOV.

A couple of other things we want to mention as well. The USDA information booths are here. There are program specialists in a variety of areas who can answer questions that you have specific to your operation.

We want to mention too, give our thanks to Bonnie Hogan (sp) who is signing this program for us. Thank you very much. She perhaps needed the break more than any of the rest of us. Thank you very much, Bonnie. Appreciate that.

Well, let's get back. I should mention too that before, when we took our break the people that were in line were each given a card with a number on it so they could maintain their position. These aren't plants. We're trying to keep this as fair and open as we can, and so that's why the folks are back in line the way they were and hopefully we're doing this -- I can't remember which side we were on. Which side was next? Do you remember, Jane? This side, the north side. All right. Go ahead, please. Thank you.

MS. CAROL GOODMAN: Thank you. Governor Hoeven, Secretary Johanns, my name is Carol Goodman. I'm the director for Economic Development in Cavalier County. Thank you for this opportunity. And I understand you had a chance to take a look at my area of the state this morning as I was driving over here.

You've heard a lot about rural development programs this morning, and I can only add to that. Along with our local and state incentive economic development programs, the USDA programs play a large role in our economic development. We have a comprehensive county plan that addresses everything from infrastructure to medical needs to business development to technology development. We didn't miss much when we wrote that in 2001 for the empowerment zone program.

We are a champion community, and as such we have successfully leveraged several of the rural development programs along with our own resources to carry on our work. We worked with the Rural Business Enterprise Grant, we worked with the Rural Business Opportunity Grant, the Rural Utilities Service Opportunities, and also the Community Facilities Grant and Loan Programs.

Three things I would like to leave with you today. Number one: these programs are working very well. The state staffs work well with the local programs. We need to continue them and enhance them if we can.

Number two: we need to continue to be able to access these programs on the basis of out-migration. Out-migration is a serious issue. I think it's a national crisis. Our county lost 40 percent of its people from 1980 to 2000.

And that we need to support as many programs and legislation on a bipartisan basis as we possibly can to provide incentives for people to come back to the heartland. The New Homestead Act as authored by Senator Dorgan and Senator Hagel of course is one of them. And I know you support that.

Thank you for being here.

MODERATOR: Thank you. Thank you very much.

Next, please?

MR. PATRICK BECKER: Mr. Secretary and Governor Hoeven, my name is Patrick Becker. I'm a rancher. I ranch with my two sons in Sioux County, which is on the Standing Rock Indian Reservation. And I guess to start off with I'll say I'm more comfortable on the back of a horse than I am in front of this mike, but I got a few comments and observations I'd like to make.

I believe that the most important facet of the new Farm Bill must ask the question: is this in the best interest of the U.S. producers? I feel opening the Canadian border to live cattle while we have virtually no export markets is not in the best interest of U.S. producers. And the price of U.S. cattle today being substantially less than two weeks ago is not in the best interest of U.S. producers.

And why is it after the USDA's successful border appeal, cattle came from Canada in four days? Yet producers are still waiting for their 2004 disaster LAP [Livestock Assistance Program] payment. Is this in the best interest of the U.S. producer?

Helping to ensure a profitable marketplace is another important thing the USDA can do for economic development. When farmers and ranchers make money, they spend it in their communities. You need to base market and trade decisions in the new Farm Bill upon what is in the best interest of the U.S. producer.

In closing, I'd like to say my door is always open if you ever want to stop. We'll go for a ride.

MODERATOR: You can do some good thinking on the back of a horse, can't you, Pat? Thank you very much.

[Applause.]

MODERATOR: Yes. Next, please?

MS. JOCIE ISZLER: My name is Jocie Iszler. I was born and raised here in North Dakota on a small grain and cattle farm. And my husband currently operates a soybean and small grain farm. And today I'm here as executive director of the North Dakota Corn Council and Growers Association.

Secretary Johanns, Governor Hoeven, and Al -- thank you for giving me the opportunity to speak for the North Dakota Corn Growers regarding their suggestions for the upcoming Farm Bill.

North Dakota corn production has doubled in the last five years. The 2003 harvest produced a record 134 million bushels of corn; one 50 million gallon ethanol plant broke ground this month in Richardton, and another 50 million gallon plant is slated for groundbreaking next month.

While North Dakota producers benefit from many aspects of the Farm Bill, there are three interests that are of primary interest. First of all, the development of the biofuels industry, integrating producers in rural communities into the development of the biofuels industry, and a biobased economy addresses many of the challenges of the next Farm Bill.

Agriculture must move beyond food and fiber and add fuel as a third arm of its production portfolio. Shifting a substantial portion of corn and soybean production toward the creation of biofuels and a biobased product reduces the downward pressure created by increased production and leaves less corn available for export. Producers who are investors in value-added businesses such as ethanol and biodiesel plants, livestock, or other value-added ag enterprises reap the value-added potential of their commodity. This increased and diversified income contributes to rural economic development.

More research is needed on increased efficiency of biofuels and the development of biobased products and effective ways to integrate producers in rural communities in the development of biobased businesses.

Continued authorization and full funding of the Section 9000 of the Energy title of the Farm Bill is needed to accomplish many of the above goals.

Secondly, North Dakota producers see the value of good conservation practices and recommend full funding of the Conservation Title and programs such as EQIP. Producers perceive a missing link between --

MODERATOR: Time's up, Jocie. Sorry. Thank you. You can submit those if you'd like.

Next, please?

MR. CLIFF ISENDORF (sp): My name is Cliff Isendorf. And I'd like to welcome the Secretary Johanns and Governor Hoeven to Minot. I'm a diversified farmer from Bottineau County. I farm 25 miles south of the Canadian border. Our farm produces wheat, barley, dried peas, flax, and canola. When it comes to achieving environmental and conservation goals, farmers are on the front lines. Every day I go to work I think about the responsibility to the next generation and all the people who rely on us to produce safe and affordable food. I take this responsibility seriously. I feel strongly that our farm policy should reward producers for managing their soils with an eye toward long-term environmental sustainability.

In light of the WTO negotiations, I read that beginning this year the European Union is moving away from export subsidies in favor of grain payments to their producers. It is my understanding that ten member states of the EU will adopt these environmental payments by the end of 2005.

... In order to achieve our environmental and conservation goals, we need to fully fund CSP, make it available to all producers. Sign-up on the current program is time-consuming, complicated, and fails to properly recognize accepted conservation practices in our local area. Programs should reward producers for achieving conservation goals based on systems that are economically sustainable and result in significant improvement in soil, air, and water quality. CSP should be modified to reward producers for addressing conservation.

Most important part of our farm program is the marketing loan program. In my area this is the key to our farm. When we got low prices, we need LDPs to make our farms viable.

One last comment. NRCS has got to take a new look at getting water out of our farmsteads. We cannot live in water. We need to move that water out.

MODERATOR: Time's up. Thank you very much.

I just had an announcement on CSP as I recall on the wires overnight, Mr. Secretary, that are offering contracts around the country. I think here in North Dakota it's like 225 contracts or something like that. We've only got a handful of watersheds that are eligible here in North Dakota, and I'm sure Cliff is not one of those. But it seems to be a pretty popular program.

SEC. JOHANNIS: Very popular. Information's on the website.

MODERATOR: Information is on the website. Yes, indeed. All right.

Next comment, please?

MR. ELTON THEEDY (sp): Good afternoon. My name is Elton Theedy from Hankinson, North Dakota. I'm a farmer and sugar beet grower. I raise beets for Minn-Dak Farmers Coop which is a processing facility located at Wahpeton, North Dakota. It's owned by 488 North Dakota and Minnesota farmers.

Like other American farmers, sugar beet and sugar cane farmers have globally competitive yields and costs of production. U.S. farm policy must help preserve that competitiveness because unlike other American farmers sugar producers are forced to line up behind subsidized foreigners to supply our own net import market by trade agreements like the WTO and the NAFTA.

The biggest challenges to farmers should be weather, pests, disease, and low prices. But I'm sad to say that the greatest threat seems to be the United States trade representative who seems to continue to negotiate our markets away to foreign countries without adequately addressing any of their subsidies or their trade-distorting lack of labor, environmental, and other standards.

Aside from these trade agreements, no cost U.S. sugar policy is working, and the evidence is unmistakable. In developed countries consumers pay 30 percent more for sugar than Americans. This is possible because consumer prices are virtually unchanged since the 1990s. U.S. sugar policy works at no taxpayer cost. In fact it provides revenues of \$110 million.

It's easy to conclude, Mr. Secretary that U.S. sugar policy is working for consumers and taxpayers and is keeping American farmers globally competitive in a highly subsidized and distorted world sugar market. Therefore, the successful no-cost U.S. sugar policy --

MODERATOR: Time's up. Sorry. Thank you.

Is there going to be a CAFTA vote this week, Mr. Secretary?

SEC. JOHANNIS: Yes.

MODERATOR: It's going to be a vote? Any predictions?

SEC. JOHANNIS: It will pass.

MODERATOR: It will pass, huh? Okay. Well, thank you.

Next, please.

MR. KEVIN WASLASKI : Thank you, Mr. Secretary, for coming to the state of North Dakota. My name is Kevin Waslaski. I farm in Langdon area in northeastern part of the state, Cavalier County. I am president of the Northern Canola Growers Association, and I'd like to offer the following comments on the next Farm Bill.

Canola has enjoyed a solid reputation as a healthy vegetable oil as it has the lowest saturated fat of any vegetable oil on the market. The recently published U.S. dietary guidelines even acknowledge that Americans should consume more of the good fats that are found in canola oil.

North Dakota produces 90 percent of the canola oil in the industry and has attempted to grow the acres here and in other states to meet our consumer demand. However, we still depend heavily on the imports to meet demands of the American consumer.

Minor oil seed loan rate has served as a critical safety net for our minor oil seed producers. Any farmer can tell you that when they go to visit the banker, the loan rate is the utmost concern because the banker wants to see that the risk is minimized.

In the current Farm Bill minor oil seed loan rate dropped to \$9.30. This drop in the loan rate lowered our protection level at the same time we face skyrocketing market expense, input expenses.

Having the ability to include minor oil seeds in my rotation with small grains has helped me better manage my crop diseases. Growers in this region must include more oil seeds in their rotations to manage quality losses with their small grains.

Processors have also informed us that minor oil seed acreages in the United States this year will not be sufficient to allow domestic crushers to operate their plants at full capacity without relying on imports. Canola imports this year are projected to reach record levels.

My testimony --

MODERATOR: Time's up, Kevin. Thank you very much. You're welcome to offer those in the comment box.

Yes. Next please.

It's good to see you in North Dakota again, Mr. Secretary. Your coming up here three times in less than a year gives all of us some hope as we talk about the future of farming. I'm Bill Hale. I'm a sugar beet, wheat, and soybean farmer from Amenia, North Dakota, in the eastern part of the state. I grow 320 acres of beets that we deliver to the farmer-owned American Crystal Sugar Company Cooperative. The cooperative has about 3,000 farmer shareholders from North Dakota and Minnesota that grow about 500,000 acres of sugar beets, which are processed at our five factories in North Dakota and Minnesota.

Sugar has a \$3.1 billion impact in our area, and it impacts over 32,000 jobs. That makes it a big deal for North Dakota and Minnesota, and that big deal is part of the reason that my 20-year-old son is going to be able to join me in my farm.

I agree with my neighbor Mr. Theedy in his presentation previously. I'd like to emphasize some of the points that relate to U.S. farm policy in sugar beet production.

Current policy ensures that sugar is a value-added commodity that has a major positive impact on America's balance of trade. Farm policy also makes sugar globally competitive in a highly subsidized and distorted world market. We have a lower cost of production than two-thirds of the world's countries while we meet higher labor, environmental, and other standards. And in spite of all that, sugar is still more affordable for American consumers than in almost any other country in the world. The policy ensures that farmers receive all of their money from the marketplace at no cost to taxpayers.

It's easy to conclude, Mr. Secretary that sugar policy works for consumers and taxpayers and keeps American farmers globally competitive in a highly subsidized and distorted market. In effect it's economic development at its best. It keeps farmers on the land. It helps rural America survive and thrive. Therefore, sugar programs should remain alongside of other commodities as part of the U.S. Farm Bill.

Thank you.

MODERATOR: Well, thank you very much.

Next comment, please?

MR. JEROD HAGARD (sp): Good afternoon, Secretary Johanns, Governor Hoeven. My name is Jerod Hagard. I'm a producer from Emerado, North Dakota. And for the Secretary's benefit so he knows where I'm talking about, Emerado's located 14 miles west of Grand Forks and 8 miles east of Arvilla.

Today I'll talk on behalf of the North Dakota Renewable Energy Partnership,

which is a coalition of farm groups, rural electric cooperatives, renewable energy entrepreneurs, and concerned citizens. We welcome this opportunity to address the reauthorization of the Farm Bill.

In 2002 for the first time an Energy title was added to the Farm Bill. This was a bold and needed step. Rural America can make great contributions to the nation's energy security and to help provide clean energy resources. In the process, developing these energy sources provides economic growth opportunities in rural America.

The energy title provides many benefits. The support for biofuels is being felt right here in Minot where there are exciting plans for a biodiesel plant using canola and producing other value-added products. We have great hope for increased ethanol production from a wider array of agricultural products as that technology is further developed.

North Dakota has only begun to enjoy the benefits of the Section 9006 program. Wind power can be a big contributor here even while we farm the land beneath the turbines.

In 2007 we need to grow and strengthen the energy title to provide more resources to stimulate this activity around the country. The economic development opportunities, by diversifying farm income to also include energy products, can help the next generation of farmers stay on the land and become economically resilient.

Thank you for your time and your support.

MODERATOR: Thank you very much. Thank you.

Next one, please?

MR. TERRY SYKLE (sp): Good afternoon. Terry Sykle, and I'm a family farmer from the western side of the state. My address is Fairview, Montana, but I am a North Dakota resident living on the North Dakota border of Montana, which also is there. I raise sugar beets, alfalfa hay, and spring wheat and durum.

Along with my son, we raise 650 acres of sugar beets for Sidney Sugars Incorporated, which is a subsidiary of American Crystal Sugar Company. This company, located in Sidney, raises about 40,000 acres of sugar beets along the Yellowstone River from Miles City, Montana, to Williston, North Dakota. They are also sugar beets to the west and north along the Missouri River.

The sugar industry in our area has an economic impact of \$500 million. Over 2,000 jobs are impacted by sugar beet production.

For our area communities, their actual survival is dependent on the sugar industry.

We need to find ways to encourage our young farmers to stay on the farm and preserve our way of life. We need to be able to produce crops that can make a profit. The sugar beet industry in our areas can do this if the current program is run like it was intended to in the 2002 Farm Bill.

We would like to see the 2007 Farm Bill be very similar to the 2002 Farm Bill as far as its concerns with sugar. We would like to see biofuels from all commodities brought into an energy bill. We don't need to have a market access tax on sugar, and we cannot have cuts in our other farm commodities.

Yes, I know that we have a large federal deficit hanging over the country. But agriculture is not the place to be making these cuts.

MODERATOR: Time's up. Thank you for your comments.

Next, please?

MR. JEFF KNOX: Mr. Secretary and Governor Hoeven and Mr. Gustin, thank you for allowing us the time to present our concerns.

My name's Jeff Knox. I'm from up here west of town here, an hour and a half, a farmer up there representing pretty much mostly my own interests here. But I hope to say at the same time I'd like to be able to represent interests of all the farmers within the crowd.

For the past 10 years my family and I have worked hard to diversify the crops that we grow. Our farm produces a variety of pulses-- the peas, lentils, chickpeas and the small grains, of course, and the oil seeds. I believe farm policy should encourage farmers to take advantage of market opportunities and reward them for crop diversity and management that are good for the environment. Producing a safe and environmentally sustainable food supply is important to all of us. I believe it is in our country's best interest to maintain a strong agricultural base. Every country supports their agriculture in some form or fashion.

Despite our best efforts in the WTO negotiations, I do not see that changing anytime soon. The following farm programs must still be sustained in the next Farm Bill. Marketing loan program, LDP. The marketing program, loan program, is the single most important tool that I have to use on this farm. It ensures my longevity out there. This program provides some protection when prices go in the tank and pays me nothing when prices are good. I like this program because it allows me to take advantage of market opportunities and satisfies my banker's need for some downside risk coverage. This is a good program that needs to be continued because it allows me to include environmentally sound crops with targeted market opportunities.

Direct and counter-cyclical program. I fully support the continuation of the direct and counter-cyclical program payments that have sustained my farming operation and local businesses that support my farm. Direct and CC payments are the best form of rural development because all these payments go back into the community.

Planning flexibility. The best part of the '96 bill was the freedom to plant a crop based on market signals instead of base acres.

MODERATOR: Sorry, Jeff, time's up. Thank you very much for your comments. I appreciate it. It really is good to hear from the people on the land, isn't it? It is. Yes, indeed.

MODERATOR: Thank you. Your comments, please?

MR. HARLAN FUGELSTON (SP): Governor, Mr. Secretary, my name is Harlan Fugelston with the North Dakota Association of Rural Electric Cooperatives. Our association represents 17 distribution cooperatives and five generation and transmission cooperatives. Together these cooperatives have invested nearly \$5 billion to provide generation transmission and distribution services in our state and region.

The capital financing for this vast investment has come primarily through the Rural Utilities Service, the USDA agency that is our primary financing partner. The input we have for the 2007 Farm Bill is that the job of developing and renewing rural America is not done. We therefore need another strong rural development title in the next Farm Bill.

Let me comment on just two parts of that title. First, rural utilities service financing for electrification. Each of our generation cooperatives have announced that they are ready to build their next power plants. These coops will need billions of dollars and capital financing over the next decade, much of which we hope can again be provided through RUS.

At the distribution level replacing aging lines and poles is also a never-ending task, just like keeping up the highway system. With less than two customers per mile of line, we'll need to continue a strong loan level program for distribution plant as well since it costs about \$20,000 a mile for these facilities.

Second, economic development programs. USDA has approved nearly \$14 million in the next decade in rural economic development loan and grant program. We continue to support that.

MODERATOR: Time's up. Thank you very much.

Next comment, please?

MR. BRIAN BERKSTROM (sp): Mr. Governor and Secretary, I would -- my name is Brian Berkstrom. I farm from the Canadian border down to Tioga. Nearest farm is right on the Canadian border, 62 miles. That's required to do in order to compete with the amount of land that people are obtaining. For me it's a large movement of equipment. I produce anywhere from 11 different commodities -- flax, chickpeas, canola. This requires a large amount of revenue that requires storage, on-the-farm storage, machinery and those types of things.

I went in the military in 1979 and when I did that I never thought I'd return to the farm. When I did return 12 years ago my land values had doubled and tripled. I had to start in as a beginning farmer. When I did the cap on the North Dakota State Bank was \$250,000. You go back and see how many acres that you may purchase with \$250,000. Needless to say, I'm a low man on the totem pole. My rent is impacted by individuals who are large corporations. They step into the market, buy thousands of acres of land, and they're sitting in New York City, Washington, DC, and writing it off as a tax write-off; return to their brother to rent the land for a dollar an acre. This allows them to

produce the crop they produce on a dollar an acre rent. I could make a lot of money doing that, and I don't have that benefit.

The other thing is, the direct and the counter-cyclical payments are a very good idea. We need to keep those. If we don't, they're going to make a difference and see a lot of young men leave.

MODERATOR: Time's up. Thank you very much. Appreciate that.

Yes? Next.

MR. TIMOTHY HARLOW (sp): I'm Timothy Harlow from Rolia, North Dakota. My first opportunity to address the Governor, Secretary and the media star. SO I thank you for making this possible.

MODERATOR: I don't know about that.

MR. HARLOW: My comments are directed to the third question about the delivery, fair delivery of program's resources and to question five, getting them to the very rural communities. I work for the National Tribal Development Association. We have a unique cooperative agreement with the Department of Agriculture to provide outreach and technical assistance to Indian farmers and ranchers.

I brought some literature and some recent testimonies, Mr. Secretary, highlighting some successes attained under our agreement with you. I'm requesting that you take a minute or two to get an opportunity to review some of the accomplishments under this agreement.

I'm sure you'll agree that USDA's assisting Indian farmers and ranchers under the farm loan program is a worthy goal, especially considering that we are often bringing opportunities for family self-sufficiency in areas where unemployment rates typically exceed 50 percent. That rate certainly applies across the Northern Plains.

Please reacquaint yourself with our agreement, enjoy the successes that we've accomplished together. We are committed to making sure the USDA loan program can be as useful a tool in Indian country as some of the other programs have been in the past.

We thank you for your personal commitment and support to the ongoing effort to improving opportunities for Indian farmers and ranchers. Thank you.

MODERATOR: Thank you. Next comment, please?

MR. TED RINERT (sp): Yes. Mr. Secretary, Mr. Governor. My name is Ted Rinert. I'm from the Minot. I'm a member of the Dakota Resource Council. Dakota Resource Council appreciates the opportunity to give public input on the 2007 Farm Bill and to commend the inclusion of the Clean Energy title, Title 9, in the 2002 Farm Bill -- the Clean Energy title which has provided great opportunities for farmers, ranchers and rural businesses throughout the U.S., also here in North Dakota.

We have a Johns Hardware Hank in Stanley, North Dakota; Microlab in Rolia, North Dakota -- are examples of rural businesses in North Dakota that have benefited

from Section 9006 funding to make their businesses more energy efficient. These same opportunities are also available to other residents of North Dakota to help them build renewable energy projects and to make their businesses more energy efficient.

As of July 11, 2005, USDA had received over 384 applications from all over the U.S. for funding under this Section 9006, and these applicants represent \$62 million in grant requests. In total, the number of grant applicants is up 62 percent, and the total dollar amount that is being requested is up 69 percent from last year. This increase in grant applications demonstrates the strong interest in our farmers, ranchers and rural businesses across the U.S. in the developing of clean, renewable energy.

The 2007 Farm Bill provides an opportunity to expand support for growing markets for rural America in providing clean, renewable energy sources such as renewable wind energy of which North Dakota has the number one potential.

MODERATOR: Time's up. Thank you very much. I want to mention, I'm just impressed, and thank you very much for your courtesy in observing this red light thing. It's helped our program move along, and I really appreciate the way you've responded to that. Thank you.

Next comment, please?

MR. SCOTT STEVENS: Good afternoon. My name is Scott Stevens, and I work for the conservation organization Ducks Unlimited. I live and work in our office in Bismarck, North Dakota.

Ducks Unlimited has a long history of working with farmers and ranchers across the Great Plains, and since 1984 we've worked with over 500 producers in the state of North Dakota on conservation programs that seek to maintain healthy populations of wildlife and maintain profitability for the producers out there on the land.

I'd like to provide some input with respect to question four. DU believes that the conservation programs of the Farm Bill have been a huge success, and there's a great deal of science available to document this.

The Conservation Reserve Program has provided benefits to producers and wildlife alike including species like pheasants and ducks and songbirds and those species that are produced in North Dakota have a huge economic impact across the state, as I'm sure the governor can attest to, and across the country for that matter.

However, interested producers in the Dakotas have not been able to get CRP contracts accepted in the most recent sign-ups, so we're anxious to see USDA act on President Bush's pledge to offer automatic reenrollment for producers interested in CRP.

As a final note, I'd just like to provide some perspective that as a conservation group that works across the border in Canada we see the same trends in declining rural economy up there where there's no set-aside program like CRP.

Thank you.

MODERATOR: Thank you. Appreciate your comments.

Next, please?

MS. GENEVIEVE THOMPSON: Good afternoon. Thank you for coming, Mr. Secretary, Governor. My name is Genevieve Thompson. I'm the executive director for Audubon State Program in North and South Dakota. I did not plan to follow my DU colleague.

I work primarily with the wetlands and grassland birds in the state, and we do have a remarkable resource here. Audubon publishes a watch list of birds at risk, and in North Dakota you can still see Dickcissels and Brewer's sparrows and a lot of rare species. So in our states in North and South Dakota it's about 90 percent privately owned, so my highest priority is to work with private landowners, ranchers, farmers, find programs and strategies that both protect birds and increase farm income.

We've been seeing in the Great Plains a really alarming rate of native grassland conversion. Central South Dakota, six counties, 50,000 acres-plus lost in newly plowed land in three years. I think the grassland reserve program, the GRP, has been a great benefit to addressing that. It provides a solution to the conversion, and it also rewards good stewardship on the land. You don't have to have any cropping history. It just rewards good practice.

The evidence is probably in the fact that its demand far exceeds its available funds, and I believe the appropriated funds have been spent. So I would just request, respectfully request that USDA perhaps look for supplemental funding before 2007 to continue this valuable program and then in the Farm Bill for 2007 to strengthen it for the birds and the landowners. Thanks, and travel safely.

MODERATOR: Thank you very much.

Next, please?

MR. RANDY RICHARDS: Mr. Secretary and Governor Hoeven, my name is Randy Richards. And I'm a farmer from a little town called Hope. And I'm here today to tell you that I want to address your number one issue, and that is where our future is for our young people who want to come into farming. Sometimes in the past farm programs and stuff I've been asked, where do I live? And I say, "just beyond Hope" because some of those programs haven't been very good for agriculture.

And I hope that in the future that any new farm program -- you've heard a lot of comments today about there's many, many things, hundreds and hundreds of things that need to be addressed. But I think we need to address something so that we do not cut any of the funding for agriculture. I have a son-in-law and a daughter that want to farm. My daughter has one child and she's blessed with twins due in December. I'm looking forward to that. That's the next generation of our farmers here in North Dakota.

Unless we send the message that this administration, and you Mr. Johanns as our advocate in Washington for good, strong farm programs that puts the dollars here to keep our young people and to give them the future they need, we won't have any future in North Dakota or in the United States. We'll get that like we get our oil, from the other countries.

So I'd like you to go back to Washington and even though it may not be very popular that you fight for us. Don't take any more cuts in agriculture. We've had our cuts. Let's try and put some more money behind it so we can give our young people who are looking at their friends that graduate from school and go off to a job someplace and they have boats and lake homes and all the toys and they have time to use them, get their weekends off, have paid vacations. Those of us who live in agriculture and work on the farm, we do it because we love what we do but it's also a real stress to our family farms.

And our young people look at that and say, "Why do I want to do that if I can go get a job someplace else and have life a little easier?"

So if we don't have a farm program that shows some future and that this administration, this government wants agriculture to survive in the future, and I'm talking long-term this new farm program, put some money back into it. Let's not worry about cuts. Let's put some money back into it.

MODERATOR: Thank you.

[Applause.]

MODERATOR: I think Hope is more than just that man's hometown. Thank you very much. Next comment, please?

MR. MELVIN SCHRAMM: Greetings, Mr. Secretary. My name is Melvin Schramm, and I'm the president of the National Farm Marketing Board. The National Farm Marketing Board is a farmer-owned cooperative whose sole purpose is to improve farm income from the marketplace. We have people around here today with stickers that say, it's all about farm income. I agree with that 100 percent, although we think that we should get our farm income from the marketplace that has unlimited funds rather than go to a government that's running on a real strained budget.

Our plan is to establish a single-desk marketing authority for each commodity. If the majority of producers of that commodity approves. As a single desk marketing authority we would implement a supply management program and set prices at approximately 65 percent of parity. You will notice I did not say "supply controls" but "supply management." My idea of supply management is managing the supply into the marketplace. With our current marketing system now if we have one bushel or one pound too much we take a surplus price on 100 percent of our production. And we cannot survive with that.

I'm glad you came to North Dakota to see firsthand what's going on here. And you know, they always said the horse racing was a sport for kings. Well, farming is a sport for established farm families and any young people who want to get in it are just left out. The philosophy of our land grant colleges has emptied out much of rural North Dakota, and as farmers we've accepted their advice to get bigger and more efficient so we could sell for less.

The results are that here in North Dakota we lost 90 percent of the dairymen in the last 10 years. Nationally we've lost 45 percent of the dairy farmers. And our grain farmers have almost doubled in size, and very few young people can start because of high

As an example this spring we had farmers in the area plant their wheat with a \$150,000 airo-seeder pulled by a \$100,000 tractor with GPS, applying --

MODERATOR: Time's up. Thank you for your comments. Appreciate that. Feel free to submit those into the suggestion boxes in the back. Thank you.

Next, please?

MARLIN ELISON (sp): Marlin Elison from Burke County, Powers Lake. Senator Johanns, Governor Hoeven and Al, it's really a pleasure to have the privilege to address you here today. I'm not very comfortable at a mike neither. I prefer kind of in front of a classroom. I'm a former ag teacher. I farm and ranch. I have a small grain and beef cow operation. I'm also a county commissioner.

Burke County is noted in the last study to be one of the leading counties in out-migration. Our county is primarily a agricultural farming type operation. We have a town, a county with small towns. We cannot uphold or support a large industry. We don't have the population base to do so.

What my concern is and I guess when Al and I were in college one of the things that kept pushing to us was that whenever we develop a program, a teaching unit, some type of a policy, that we set a goal. I asked Senator Conrad several years ago what the goal of the farm program was. We keep hearing about family farmers. We are losing family farms. The government program isn't working.

We need to start looking at a program that's going to strengthen our rural communities, provide a safety net and provide a population base so we can repopulate our rural areas. We have room. We don't need them going to the cities.

So I would hope that as we develop a farm program that you would set your goal - - what is going to be done to restrengthen and repopulate our rural areas and provide a lively and a viable operation there on the farm?

Thank you for coming.

MODERATOR: Thank you, Marlow.

(side two, in progress)

DON: I farm and ranch with father in Keene, North Dakota. I guess what I'm asking today is, before you start thinking about this farm bill, country of origin labeling was passed in the last Farm Bill. It's law. Just implement and enforce it. That simple. Our detractors say it's going to cost too much. According to the Florida Department of Agriculture they've had a COOL program for over 20 years and it cost about one cent per household per week.

You also were quoted as saying that beef prices are too high, that we needed to open the border or they'd start switching to other meats. I was taught that's how a fair competitive market works. Let the market work. What the border closing I think proved

is what captive supply has been doing to us for three decades. When our prices have been artificially depressed by captive supply for the last three decades we were told, let the market work. So now I'm asking you to let the market work.

I guess you've been in North Dakota three times now. I feel you might like it here, but it's probably where the fires are and even though we're inundated you're probably trying to put some fires out.

I guess what I want to see is some action from these forums, not just forums to be there. Thomas Jefferson once said, 'The only exact testimony of a man is his actions. and of these others will be the judge.' So I guess we'll see after the forum what your actions are, and we'll be the judge.

Thank you.

MODERATOR: Thanks, Don.

[Applause.]

MODERATOR: Next, please.

MR. RUDY BLOOMQUIST (sp): Thank you, Secretary Johanns, for these forums. My name is Rudy Bloomquist from Starkweather, North Dakota. And later this fall I would invite you to come up to my farm and go duck hunting, and help me shoot some of these ducks that I've been feeding for Ducks Unlimited on my barley acres that are currently under water.

[Applause.]

I think we can talk about revenue assurance, and we've heard all of the things about crop insurance. I don't think the crop insurance program has been keeping pace with the input costs that we're faced with now: the cost of machinery, the increased cost of fuel, fertilizer, chemicals, land, all the other items that you've heard today.

Crop insurance reform is urgently needed. It's needed by the people who finance us, it's needed by the people who rely on us for their incomes whether we're paying rent or contract for deed for land. So many generations are counting on the income that's being produced out there.

I guess the other thing I'd like to say is, I'd like to think you're a secretary of agriculture that will fight for this industry and not be a grief counselor for the survivors.

MODERATOR: Thank you very much. I should mention that I've been asked to announce that at about this time in the program we've got about a half hour left that up to this point we've asked that comments be confined pretty much to those six areas that the Secretary outlined at the beginning. If you have comments in other areas, we would at this point in the program welcome those as well-- not to say that you can't talk about the farm program. Obviously that's why we're here is to talk about the farm program, but you need not necessarily limit your comments to that.

Next, please?

MR. CHARLES LINDERMAN (sp): Thanks, Al. Mr. Secretary and Governor. My name's Charles Linderman. I farm near Carrington, North Dakota. I'd like to address his first question about unintended consequences and beginning farmers.

When I started farming in the mid-'70s there were a number of people beginning farming, in fact a number of farms in North Dakota broke the trend and actually increased for a couple of years. And the reason why is because farmers were making a good living. And a lot of us that have left the farm and had other employment came back to our family farms, which is what I did, took over the family farm and we did well for a couple years. And then you know it kind of went to pot after that, and it probably says something about my intelligence that I'm still here. Most of the people that started in the '70s are gone and doing other things.

So if you want to make it possible for young farmers, we need farm income and when Randy Richards from Hope spoke I just about sat down because he really said it all. They need to be able to live like other people. When I talk to my kids that are off the farm or my nieces and nephews, they aren't working 16 hours a day like we are. And I don't mind working hard, but we put everything into it. Those people have hobbies. They go fishing and camping and things like that that we don't have time to do on the farm. And that's not very attractive to young people nowadays.

And as far as these unintended consequences, another thing that happens is, the farm program payments get capitalized into increased land costs and increased machinery expenditures. About four years ago we had a bad year when we got a lot of cash payment from the government I think for price supports and disaster payment, and it all went into new -- next year everybody showed up with new and bigger and better machinery. That's because we keep having to expand our farms to farm more and more acres just to make a living. And we have to put a stop to this vicious cycle of more and more and more just to stay in the same spot.

So if we can change the program to target the benefits to keep the people on the farm. Thanks.

MODERATOR: Thank you very much, Charles.

[Applause.]

MODERATOR: I'd like to think the fact that you're still farming, Charles, says something about your intelligence, your integrity, your survivability, the fact that you love being on the land. I think that's, hopefully that's why you're still there. Thank you.

Next comment?

LOUIE: Mr. Secretary, Governor Hoeven, Al, my name is Louie, and I come from Emmons, North Dakota. And I'm going to defer from the other remarks that people have said, and I want to tell you what's happening on my farm.

I'm 69 years old, I've got gray hair, probably the oldest guy that talked here today, maybe Charlie's older than I am. But I got a son farming with me full-time and another son that wants to farm. My son that farms full-time, his wife works. And my wife still

WORKS. AND I DON'T THINK THAT'S RIGHT AT ALL.

The other thing I want to tell you is that back three years ago fuel was 68 cents a gallon. Fertilizer was \$135 a ton. And grain prices were the same as they are about right now. This year the grain is a little cheaper, and fuel is up to \$1.88 cents a gallon and fertilizer was \$300-and some a ton. This made a difference of about \$60,000 on our farm. That's just like taking, adding two extra people out there to feed, and I don't think that's right.

The railroads come into play and they added a surcharge on our products going to the West Coast for their fuel. They didn't only add the surcharge, they added a charge for the whole fuel cost. We don't have that privilege on the farm. I hope the next Farm Bill will take into consideration these ups and downs that we have. If there is a fuel -- if the fuel goes up, why can't the counter-cyclical payments go up or the target price go up to offset that?

Thank you.

MODERATOR: Thank you, Louie.

[Applause.]

Good afternoon, Mr. Secretary, Governor. My name is Scott Shively, and I'm a livestock producer from Pleasant Lake, North Dakota. Country of origin labeling became the law of the land, and yet Secretary of Agriculture at that time Ann Veneman started messing with it right off the bat, and USDA has never done a good job of supporting it. We need country of origin labeling.

I want a USDA that represents the interests of those people that have been standing in the stuff like you talked about in your original remarks, whether it be mud or manure, over the interests of corporations. What I've seen so far and read about your comments and stuff out of your administration, I fear that will not be the case.

Thank you, Mr. Secretary.

MODERATOR: Thank you.

[Applause.]

MR. ROGER MUNSON: Good afternoon, Mr. Secretary. Governor Hoeven. My name is Roger Munson. I'm president of the citizens State Bank in Finley, North Dakota, east central North Dakota. I'd like to change the topic just slightly if I may and talk about the credit side for agriculture and also economic development.

I would hope in light of what you've seen today in your aerial survey as well as what you've heard from some of the farmers here about the water damage issues we have that there will be sufficient funding for the USDA, specifically the FSA loan guarantee program. That is going to be vitally important I think if we're going to continue to keep our farmers active and to give them the restructuring that a lot of them are going to need.

I would also add to that that there be sufficient funds provided for interest assist.

That's a very important program when you have statewide and regional chapters such as this.

I also would like to talk just for a moment about the rural development side of USDA and commend our folks in this state for their excellent job they do. Our bank has used them in a number of projects using business loan guarantees. It's a wonderful way to fund projects in rural communities. But I think that we need to acknowledge that there is a lack of capital in rural America, and I would encourage your department to think outside the box a bit about how we can harness some of the delivery systems that we have today and perhaps look back about how we've brought telephone and utility services to the country and how we might perhaps use those models to bring investment capital to this state.

Thank you.

MODERATOR: Thank you, Roger. Appreciate it.

[Applause.]

MR. PAT ARTS: Hello again. I'm Pat Arts from Bottineau, North Dakota, farmer, vice president of the state bank of Bottineau, and very active in our community. I was also active in the NDBA Ag Committee as well. I didn't know Roger was -- he's hitting some of my points but I'm going to hit them again.

A lot of my clientele is the younger clientele, FSA guarantees. We love them. Seldom in life there's a win/win situation. The young man or couple gets their loan with a 90 percent guarantee and it's good for the bank. Also running into situations now where the neighbor 45 years old finally gets to expand. That neighbor retires and he has a good base but it's right next door and I want it, but he's maybe had some capital growth where he can't do it without sugar daddy cosigning or the FSA guarantee, and I prefer the FSA guarantee loans. They're great.

We have a great man in Bottineau County, Irvin Crogue (sp), and I know he's here today. Ron Brosart Ward (sp). I got three, four different counties I work in. And it's a must. We need to get more funds put into that because usually by December if you don't have your program in place for that new guy that comes in and wants to do business with Pat Arts, we have to wait for the next year or go out on a limb, which my board doesn't really like as far as getting him the funds.

We need to get three, four times the money in them guarantees. We're lending the money; we just want a guarantee. I've never figured out why the guaranteed loans, you're actually not given the money. We're given the money, but you have to have the 100 percent match I believe in your funds. That needs to get addressed.

We're committed to young people, and I want to continue, so please see if we can get some more funds put in the guaranteed loan program. Thank you.

MODERATOR: Thank you, Pat. Appreciate your commitment.

Next please?

MR. BOYNTON: My name is Boynton. I'm with Steve Hartman. I'm the development director for North Dakota. Mr. Secretary and Governor, in addition to that I'm also the mayor of Carrington, and for your reference that would be similar in size to Valentine and Kimball, so that should give you a little reference.

Over the past 17 years I've worked on over 500 development projects in North Dakota, and without the partnership between the state, local and USDA a number of those projects probably wouldn't have happened. In addition those projects have borrowed over \$400 million. So we hope that you continue to support your department staff in North Dakota. They do an outstanding job. And we need to make sure those resources are available because we might not be successful if they're not.

Thank you.

MODERATOR: Thank you.

MR. WES TOSSIT (sp): Mr. Secretary and Governor Hoeven, thank you for this opportunity. My name is Wes Tossit. I want to speak on CRP. In the next five years we're going to renew about 2.8 million acres of CRP or some people want to. And I'm to speak that if CRP is such a good deal, spread it all over the United States. Don't concentrate it here in North Dakota. North Dakota has probably -- we're number three behind Texas and Montana, and they're much bigger states than we are. And I for the life of me, NDSU done a study in 16 of our 52 counties, and they determined that CRP has cost just those 16 counties over \$37 million.

And we can't afford that, and I would like to see -- you know we've had nonfarmers come up here and say we've got to do something more for CRP. You know, they don't make their living off that. And so that's what motivated me to get up here today because these nonfarmers have a lot of clout and they spend their full time lobbying, and that's what I don't like.

Another thing on, I'll just touch on it briefly is the regulation creep that we are experiencing. Back when the swampbuster provisions, they drew blue circles on my cropland maps and they didn't come within 60 miles of my farm. Now they don't -- they put a blue dot and the blue dots have increased by 10 to 15 percent. That's regulation creep.

MODERATOR: Thanks, Wes. Thank you very much. Appreciate your comments. Yes?

MR. ALLEN LUND (sp): Good afternoon, Secretary Johanns, Governor Hoeven. My name's Allen Lund. I'm a rancher from Selfridge, North Dakota. I'd like to address issue number one, consensus that discouraged the next generation of farmers or ranchers, which would be my case.

I have a 23-year-old daughter at home and an 18-year-old son. At this point in time I wouldn't allow either one of them to take over my ranch. For the past two years I've lived under the constant threat of the Canadian border being opened to live cattle and causing our cattle market to collapse. Every day I live under the threat that someone will leak a story about BSE and cause the markets to tumble. My industry is a fragile one, and any given year I can turn a profit or flat go broke.

If you want the next generation on the ranch, work on providing them with a level playing field, enforce the Packers and Stockyards Act. Take care of the U.S. rancher first and the rest of the cattle producing nations second. Thank you.

[Applause.]

MODERATOR: Thank you. Yes, go ahead, please.

MS. TARA HOLT: Mr. Secretary, Governor Hoeven, Al, my name is Tara Holt, (sp) and I'm the interim director of North Dakota Rural Development Council. One of our current projects, and I think you need to know what your money pays for, is to sign up senior citizens for Medicaid Part D. We don't get out into our rural areas and assist people hand-on, they will not be able to sign up. So it's my job to go out and marshal the resources-- state, federal local, and bring these projects out to the rural areas.

So I know also that on the federal level you are looking at a larger organization that will coordinate those services at the federal level.

Now a year ago I would not have been a believer. Until I had this job I thought, it's just more of the same. But I will tell you that there are so many resources available that people do not have a chance to take advantage of that we need to coordinate both in our states and federally. So that's what your money pays for. It gets to the people. It actually goes out to the people, and they benefit. And that's going to keep our rural communities vibrant.

Thank you.

MR. BILL HALE: I'd just like to make a bet with the Secretary. Mr. Secretary --

MODERATOR: Your name, please?

MR. BILL HALE: My name is Bill Hale. I'm from Amenia, North Dakota. I'd like to make a bet, Mr. Secretary. If CAFTA passes, I'll do some volunteer work for USDA, a couple hours here in North Dakota. If it fails to pass, would you come back here and drive a beet truck on my farm for two hours?

SEC. JOHANNNS: Sure, absolutely.

MR. HALE: It's a bet.

MODERATOR: Next, please. Go ahead.

VOICE: Talking to me? John, Mike and Al, welcome. And I had one of Al's bulls, one of the best bulls I ever had.

MODERATOR: Thank you very much. We've got more for sale this fall.

VOICE: I was wondering if Mike, has Wal-Mart offered you free rides on the airplanes yet?

MODERATOR: Are you asking the Secretary if that man has checked him out on the airplanes? I don't get the significance of the question. He said no.

VOICE: No? Okay. I find one common thread running through all these different speeches I heard today, and the common thread is money. Now we've had one farmer offer a plan here and I think he's worth listening to. He's got a plan that would work and we've got to get farmers working together and do what we got to do. The government is not able to work with the plans like the farmers can do it themselves. So with that that's all I have to say. By the way, did you subsidize (unclear)?

SEC. JOHANNIS: I don't think so.

MODERATOR: All right. Thank you very much. Next?

MR. HERB NATHAN: Yeah. Hi, Al.

MODERATOR: Hi.

MR. HERB NATHAN: Governor Hoeven. Secretary of Agriculture. My name is Herb Nathan, and I'm from Cool (sp) Harbor, North Dakota. I'm a retired farmer. I started farming in 1945, so that gives you an idea about how old I am, in the 80s. And I've had the opportunity to witness many farm programs. I made several trips to Washington to lobby on farm programs. But I didn't get down on the 2002 farm program, didn't lobby on that. But there's a few things that I am concerned about the 2002 farm program.

And one of them is the country of origin, which was passed by the 202 Congress, and to my knowledge our present Secretary of Agriculture I don't think he's implemented to carry that law. And yet in North Dakota we've had several farm organizations, the two largest farm organizations supporting that bill, plus the Stockman's Association of this country, and yet the Secretary of Agriculture did not implement -- or did I ever hear of him promoting that part of the program?

Now my question is to him, supposing we passed the 2007 program; is he going to implement that program? That's my question?

MODERATOR: All right. Thank you, Herb.

Yes, please, go ahead.

MR. ROB FALGETTER (sp): Mr. Secretary, Governor Hoeven, and Al. My name is Rob Falgetter. I'm from Steele, North Dakota. I farm with my son Steven. We raise cattle. I'm a rancher with a beef, cow/calf operation. And my script is from the Aberdeen newspaper. It's written by Larry Gabriel who is South Dakota Ag Secretary. You may know him.

His question is this, the title of the story -- it says: What If We Abolished All Farm Subsidies? And it goes on.

"What would happen to the farm economy of South Dakota if all farm subsidies were abolished? I have heard people say that as many as one-third of our farmers would

go wrong. The general is producing that, but some farmers believe it.

"Some think that it will never happen. Others think it is inevitable. President Bush recently promised that it will happen if the European Union abolishes farm subsidies. Only one industrial nation has tried it. It's been tried. What happened there may be the best indicator of what we could expect. New Zealand abolished all farm subsidies except indirect funding for scientific research in 1984, over 20 years ago. They were more dependent on both agriculture and its subsidies than we are. Agriculture was a larger share of their national economy and prior to reform, quote unquote, as they called it, government subsidies were about 30 percent of the value of production.

"The United States, the number is about 22 percent."

MODERATOR: Okay, thank you.

Feel free to put that in the comment box. Thank you very much.

Comment over here, please?

MR. MIKE SEBERTSON (sp): My name's Mike Sebertson. And I noticed that the price of fuel has gone up so much lately and a lot of it the ethanol now has gone into quite a bit of the fuels that I see now and now downtown they have 85 percent ethanol and 15 percent regular, you know gasoline. And I'm wondering if that could be pushed more into get that more into the system. And probably some of the price of the fuel would go down more, and that would help you know pretty much everybody along the way.

So thank you.

MODERATOR: Sounds like the conferees are making some progress on that Energy Bill to that end.

Yes. We've got time for a couple more perhaps. Yes?

MR. TOM GRAINER (sp): My name is Tom Grainer. I'm a Catholic priest in North Central North Dakota. I serve parishes in Rolette, Willow City and Bisbee. And I'm a member of the board of directors for the National Catholic Rural Life Conference. And I want to thank everyone who has presented here today. I think you've done an eloquent job of speaking about some of the struggles that we have out here, and I'd like to mention just a few of the principles from Christian social teaching that I've heard come up over and over and one I would really like to emphasize.

We've heard a lot about care for creation and I think that comes through in the CRP, CSP and EQIP programs. We've heard about subsidiarity in terms of flexibility for local regulation. And I would like to encourage some support, as a market grower myself, for local food systems and especially regulations that impact what's able to be done in small processing units.

I especially encourage focus on the principle of the universal destination of goods, the idea that we have one planet, that everyone shares in it, and I think that means that as American farmers and producers and the communities that make those up, that means we

...entirely on exports that undermine farming in other parts of the world in order to balance our own surpluses. And I think there's also a meaningful caps on farm programs here in the United States so that everyone has the opportunity to benefit from them so that our communities can grow stronger.

I'm facing churches and schools closing in directions all around me, and you mentioned a number of towns that were near where you're from. I can go through a list as long and longer, but those towns don't exist anymore because Fonda and Manson and Thorne (sp) have been wiped off the map by the expansion of farms. And we need to find ways to meaningfully cap --

MODERATOR: Thank you. We're going to take two more comments, keep them brief please. One over here?

MR. BRUCE FAGERELL (sp): Thank you. I'm Bruce Fagerell. I farm in Northeast North Dakota in the Red River Valley, very diversified farm, and I farm with my one son. I have another son that just went to work for ADM. His starting pay out of college is far more than my other son and I could ever hope to net on a, like I said a, farm of sugar beets, potatoes and edible beans.

And so because of that I just think there's something wrong with that equation. That's all I have to say. Thank you.

MODERATOR: Thank you. One more comment. Yes, go ahead.

MR. ARDEN HAYNOR (sp): Thank you, Governor Hoeven, Secretary Johanns and Al. Good afternoon. My name is Arden Haynor. I come from Douglas, North Dakota. If I last one more year I'll be part of a centennial family in the same township. Agriculture is an industry in its own right. And the policies set forth by the federal government needs to be cost-effective for agriculture, not for some other branch, wildlife or environment or anybody else.

The CRP program has cost this country a generation of young farmers because they could not compete with the government. Swampbuster in 1985 was a mandate without funding. And it's not been cost-effective for agriculture itself. So as you set the policies you need to keep this in mind. I basically support the loan program, the counter-cyclical payments, the things that have been talked about today. And I oppose some of these things that don't work.

But as these people come to testify and they want to attach themselves to the farm program, I make a joke about Lewis and Clark and the great duck hunt. If you can find that in the journal I'd like to read it. Thank you very much.

MODERATOR: Thank you.

I'm going to ask the Governor and the Secretary for just some brief comments as we conclude, and please extend to them the courtesy of your attention. Thank you.

Governor?

GOV. HOEVEN: Well, again, I want to thank Secretary Johanns for being here,

but I want to thank all of you for coming. I think this is incredibly important. We've heard from a wide range of folks here today, and your input is important. And I know Mike Johanns well enough to know that he listens, he takes this in and he's going to take it back and make it part of the work that goes into getting a good Farm Bill.

It is very important, it is very important that we get a good Farm Bill. It is vitally important to North Dakota, to our rural areas. It is vitally important to our country, to rural America throughout this great country. We need a good Farm Bill.

Here in North Dakota we grew our population for the first time in eight years last year, and we're growing in our larger communities, and we need a good solid Farm Bill to continue that growth and to create that growth in our small communities and our rural areas. And we'll work hard to get that.

One of the of the focuses that Secretary Johanns talked about coming in when he talked to the press and he brought it up here is that we need to have a Farm Bill that will make sure that the next generation can come into farming, that our young people can come into farming and ranching. So it's about creating some stability, not only for existing farmers and ranchers abut to bring that next generation in. Very important.

I think that means a long term Farm Bill. I think that means a good counter-cyclical pricing mechanism. I think that means more work on crop insurance. We've got to get a better crop insurance system that deals both with quantity and with quality, strong support for value-added agriculture, sensible conservation measures and strong trade policy whether it's beef or sugar, anything else, good, strong trade policy that supports our producers, our farmers and ranchers.

Again, thanks to all of you very much for being here. We're going to continue this dialog with Secretary Johanns. We appreciate him being here, and we're going to work very hard for our farmers and ranchers.

MODERATOR: Thank you.

Mr. Secretary, some final thoughts, please?

SEC. JOHANNNS: Well, I think Al did a great job. Maybe we should take you on the road. We could -- (laughs) I thought you did a great job.

[Applause.]

SEC. JOHANNNS: We learn from these Farm Bill sessions in many ways. One is, just how to do them better. And one of the things we realized from Nashville was that we weren't getting enough people to testify because these are interesting topics and Al you just -- I don't know how many testified today but we ran through a lot of people in three hours, and that was because of the way you conducted this. So I want to express my appreciation.

Governor Hoeven, thank you so very much for inviting me back to North Dakota.

I do want to say thank you to everybody that is here. We are going to be doing these all across the country, and it's an interesting phenomena. You do learn a lot. Most

of my experience of course has been in the Midwest. I did grow up on that farm in Northern Iowa, was governor of a state that is much like your state. We were kind of comparing notes here, and Western Nebraska is cow-calf country. It's great big ranches, thousands and thousands of acres, great operators. You have ranchers that literally can date their time, their family's ownership of that ranch dating back to when it was settled.

As you move more in the eastern part of the state then it's more row crop-- corn, soybeans and that sort of thing. So it's very, very much Midwest agriculture. It was interesting when I was governor payment limitations were something that were almost universally supported in my state. As I move through the Midwest people talk about payment limitations in a very supportive way.

I will tell you though as our Farm Bill listening sessions move south, you get a much different view of the world. You know this gentleman that stood up and said you know I want you to stand up for me, the producer, that's exactly what I hear from our southern producers. They say, you know this is very important issue to us, and so when we put out a proposal that said we believe in payment limitations we got almost universal support through the Midwest but in the South it was very, very controversial.

Well what we're trying to do here is listen to all sides of the issue. We're trying to hear from people who are absolutely affected by what this Farm Bill is going to be about. You know I was, when I was governor, I was lead governor for Western Governors on the reauthorization of the 2002 Farm Bill, and I was also lead governor on Midwest Governors. So I had a lot of input on the 2002 Farm Bill. But we're learning some interesting things. We've talked about unintended consequences, but most importantly for the months ahead we want to listen. And that's exactly what happened today.

I appreciate your comments immensely. I accept your criticism when it's offered in the spirit of trying to do everything we can to get good farm legislation because I do believe in farming. I do believe in what you do, and I want you to know that we appreciate your contribution.

So to all of you who have been here today, thank you. God bless you. You'll be in my prayers. Thank you.

[Applause.]

MODERATOR: Thank you, Mr. Secretary, and please allow me a couple of observations. First of all, we want to thank again Bonnie Hogan who's been out here signing, who's worked harder than anybody else here today. Thank her.

Thank you for your well-thought-out comments. I was so very, very impressed by your comments, your suggestions, your patience, the way you observed the clock, your courtesy to the Secretary and to the other people who wanted to make comments. It was very, very nice.

And I just want to leave you with one thing for those of us who tend to be cynical or critical or skeptical. The Secretary did not have to do this. And so it is a refreshing opportunity for us to meet the Secretary one-on-one, to speak with him face to face, to make our points. He did not have to come here, and we thank him very much for doing that.

Thank you for your attention. Safe travels. Thank you very much.

[Applause.]

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