

TRANSCRIPT

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OF NORTH CAROLINA FARM BILL FORUM WITH ASSISTANT SECRETARY OF AGRICULTURE FOR CIVIL RIGHTS VERNON PARKER AND DEPUTY UNDER SECRETARY OF AGRICULTURE FOR FARM AND FOREIGN AGRICULTURAL SERVICES FLOYD GAIBLER, WITH MODERATOR MARLIN BOHLING, KOURY CONVENTION CENTER--GREENSBORO, N. C., OCTOBER 19, 2005

MODERATOR: Good morning, my name is Marlin Bohling. I'm the farm director and broadcaster for the Southern Farm Network in Raleigh, and I broadcast to farmers and the agribusiness folks in North and South Carolina, and I'm glad to be your moderator for today, and thanks to USDA for the invitation to moderate this event.

This meeting has been set up so that the management at the highest levels of USDA can receive input directly from you, the farmer, the agribusinessman, the agribusinesswoman, the banker, the retailer, the supplier, the student, the ag organization leader, and anyone with a direct or indirect involvement in agriculture and an interest in the future of agriculture here in the U.S.

Our representatives from USDA in Washington are here specifically to gather your comments about what you see as the most important components of a new Farm Bill, slated to be written in 2007.

At this time, before I go any further, please take a moment to join me and turn off your cell phone, or your pager or your BlackBerry, or your Grape, or whatever you have that makes noise, and we'll try and keep it quiet during the session here. So thank you for doing that. I appreciate it.

If you do need to make a call or take a call, please step out into one of the hallways, so you don't disrupt the proceedings here.

Originally Deputy Secretary of Agriculture Chuck Conner was scheduled to host the event today, but due to complications in scheduling, he's unable to attend. But don't fear, USDA is well represented nonetheless, as we're honored to be joined today by, first of all, Assistant Secretary for Civil Rights Vernon Parker, to my immediate right here; and also by Deputy Under Secretary for Farm and Foreign Agricultural Services Floyd Gaibler to the far right. And they'll be the ones listening today and taking note of all the comments that are made. So please give them a warm North Carolina welcome, if you would please.

(Applause.)

Agriculture in North Carolina is unique, of course. It's unlike any other state in the nation. We are the third most diversified state in the land when it comes to agricultural production. Even after the tobacco buyout, we still remain the nation's largest producer of flue-cured tobacco, and we're consistently, of course, a leader in the production of swine and poultry here in the state. And in fact, in case you didn't catch this, according to "Farm Futures" magazine, we have the number one and the number two most profitable counties for ag production in the entire U.S. We also have five of the top 10, and 21 of the top 100, right here in North Carolina. So we have something to be proud of.

Our wide array of vegetables and fruit crops offer a variety of products to consumers that are seldom matched in North Carolina, and even the rest of the world. Our state is proud to be looking ever forward. We have some of the nation's leading research at our universities and private companies being used to create advances in such exciting fields as biotechnology, genetic research, and also pharmaceutical products.

Now, while this diversity in ag production is a blessing and a tremendous asset, it also brings with it a unique set of challenges, and that is what we hope to examine right here today.

So what are the greatest obstacles and how can they be overcome? What has worked and what hasn't? Let's find out today. Our diversity of agricultural products is matched only by the diversity of our people. People of all ethnic backgrounds make up the agricultural workforce right here in this state. It's something to be proud of and something that we need to protect.

Well, I know we all look forward to hearing what's on your mind today, and we'll begin this morning's Farm Bill Forum by hearing the Pledge of Allegiance. With the pledge this morning we have Tyler Bishop of the Southern Guilford High School FFA Chapter, and we also have Logan Brown of the Northeast McLeansville 4-H Club to say the Pledge of Allegiance. I ask you all to please rise.

(Pledge of Allegiance.)

MODERATOR: Thank you very much. If you would remain standing for just a moment. To lead us in the singing of our National Anthem, we're pleased to have Kathryn Hill of USDA's Office of Communications. She's from Washington, D.C.

Our National Anthem will be sung by Kathryn Hill.

(National Anthem.)

MODERATOR: Excellent. Thank you, thank you. Please be seated. Well, of course, I'd like to thank all of you for attending today's Farm Bill Listening Forum, hosted by USDA. A special thank-you goes out to all of our political and education and ag organization leaders that may be in attendance and that have helped with this event.

While I wish we could recognize, we want to save as much time as possible to allow for comments from everybody here. What I will do is first of all recognize our speakers, our co-

hosts, from USDA in Washington. We'll begin with Assistant Secretary for Civil Rights, Mr. Vernon Parker. And, Vernon, if you would like to make just a few comments here, we'd like to hear from you.

USDA ASSISTANT SECRETARY FOR CIVIL RIGHTS VERNON PARKER: Thank you so much. Good morning. Thank you, Marlin -- Marlin Bohling -- as you can tell, a great announcer. We're going to have a great moderator today. And I'd like also to recognize -- I know that Commissioner Troxler isn't here, but some folks from his office are -- are you all here from the commissioner's office, from Troxler's office? We'd like to recognize you all. And thank you, Kathryn Hill, for the -- where did Kathryn go? -- thank you, that was just lovely. Let's give her a hand. (Applause.) Kathryn has a wonderful voice. But, more importantly, she's a wonderful person, so we want to thank you. And the Pledge of Allegiance -- we want to thank both of you for that. That was just spectacular also.

I'm just so very pleased to be here, and to begin with I just want to thank the USDA state Farm Bill -- it's kind of difficult without a little podium here -- can I borrow your podium? (Laughter.)

MODERATOR: Here's a chair.

ASST. SEC. PARKER: --State Farm Committee and organizers of the Fourth National Small Farm Conference for their hospitality and their very, very hard work. You all did a great job, so we want to thank you for that. Welcome. Welcome to the North Carolina Farm Bill Forum. And Deputy Under Secretary Mr. Floyd Gaibler and I, we are very privileged to co-host this event this morning.

And our conference host here today, for the past few days, we want to thank you again. And those conference hosts once again were North Carolina A&T State University and North Carolina State University. We really want to thank you for the great job that you all did over the past few days.

And we greatly appreciated their help in putting on what we thought was a great event, and an event that took a comprehensive look at our nation's small farms. Experts from across the country explored how we can maximize our resources to help small farmers thrive and prosper in this century. This forum here, that we are at now, flows directly from that conference. With this session we will look at the future in terms of all American agriculture.

And we're here to listen to what North Carolina farmers have to say. And this is a very important point, because these discussions are not designed for *us* to speak. These sessions are designed for *you* to speak. And whatever you have to say, believe me, it will be recorded, it will be taken into consideration, for the upcoming 2007 Farm Bill. So don't get that nervous when you don't hear us reply, because we're here really to hear what you have to say.

But, more importantly, over the years USDA has been there for you. And in particular in 2005 we've given North Carolina producers \$227 million in farm program payments. That's a huge amount. And we've also given \$76 million in crop disaster payments and \$80 million in

direct and countercyclical payments. Now we're asking for your thoughts in the upcoming Farm Bill, because the issues that affect you concern farmers across this country. And to look at the production for a moment, North Carolina, as you have just heard, ranks second among all states in hog production. Boy, that's a lot of hogs coming out of here -- producing 14 percent of the total for hog production across the country. Hogs are North Carolina's most important agricultural commodity and value, accounting for 25 percent of the state's total farm receipts over the last year. North Carolina is the nation's fifth largest producer of broilers, and the third largest producer of turkeys. And I assume those are poultry turkeys. We have a very serious crowd today. Thank you, George.

This kind of production means that increasing our exports is vital to this state's economy. U.S. pork exports this year are expected to be up 25 percent from 2004. Other meat exports are forecast to be up 12 percent from 2004 also. This is good news for North Carolina producers. It is absolutely vital that we keep increasing trade, because as a nation we produce more than we can consume.

Secretary Johanns at this moment is attending trade meetings in Geneva on behalf of U.S. agriculture. And what happens there will affect cash registers here in Greensboro. And for all of these reasons we want your thoughts on the competitiveness of U.S. agriculture in global markets and reducing barriers to international trade. This is important to North Carolina agriculture, to American agriculture, and the national economy. And we'll explore farm policy in terms of our conservation and environmental goals. Agriculture plays a major role in natural resource stewardship. Through August, the total North Carolina signups under the Conservation Reserve Program came to almost 8,000 contracts, covering 129,000 acres being rented for almost \$8 million. And the total North Carolina enrollment under Conservation Reserve Enhancement Program came to more than 43,000 acres as of July. And we're here to get your input on all of these issues as we start deliberations for the 2007 Farm Bill.

And I want you to know that a lot of people are paying close attention to the feedback that we are receiving from these forums. President Bush has asked us to visit as many places as we can, and that is what we are here doing right now. And so, once again, I am very pleased to be here, and I look forward to hearing what you all have to say, and am very, very proud and honored to share the stage with my friend, Mr. Floyd Gaibler, deputy under secretary, and with that I will pass the microphone on for you to say a few words.

USDA DEPUTY UNDER SECRETARY FOR FARM AND FOREIGN
AGRICULTURAL SERVICES FLOYD GAIBLER: Well, thank you very much and good morning to each and every one of you. And I would also like to offer a warm welcome to all of you, and again to everybody who has worked so hard to put on the Small Farm Conference that preceded us, as well as this National Farm Bill Forum. Just for your information, this is the thirty-fourth in a nationwide Listening Tour that the Department has conducted. And from President Bush to Secretary Johanns and Secretary Parker and myself, we believe that each of you at each of these Listening Sessions has tremendous insight to offer as we prepare for the development of the 2007 Farm Bill. That's why we're here. We're here to listen to your ideas, your opinions, and that's why the Secretary has been committed to conducting a Farm Bill in every region of the country.

Obviously farm policy affects America's entire agricultural community. So obviously the entire community should have a say in what we're trying to look forward to in terms of future farm policy.

Clearly there are many challenges ahead that we must address. Our farm policies need to keep pace with an evolving agricultural industry in a faster, ever-changing world. And clearly we believe the single most important consideration is: What is the impact of these policies going to be on our future farmer generations? We must ask ourselves whether our policies have helped them to succeed. Strong rural communities are essential, obviously, to the success of agriculture, and we here at the Department and in the Administration have a vision, and the President shares it, for the need of a vibrant rural America.

However, good sound policy is necessary to accomplish that vision. Developing good sound policy obviously needs to begin here at the grass-roots levels, listening to you as we have done at these forums throughout the country.

We have received tremendous feedback all across the country, and we're beginning to see patterns in the responses. There does seem to be a consensus among producers and stakeholders on some policies, and a definite diversity of opinion of others. We have heard, for instance, unanimous support for USDA rural development efforts. Our contributions to everything from new water systems to hospitals are clearly appreciated and wanted. We've also urged tremendous support for conservation. A few folks have expressed concern about the potential of competition between conservation and grazing needs, but overall there's been very positive feedback.

When it comes to trade, there is widespread support for a policy that will open doors and seek meaningful access to new and expanded markets for U.S. agricultural products. And as well there should be an understanding that 27 percent of our total farm cash receipts are generated from U.S. exports. And as the Secretary has mentioned often, 95 percent of the world's population, our potential customers, lie outside our borders. And here in North Carolina, your exports are about \$1.6 billion each year in ag products, and that number continues to grow.

The area we are seeing significant diversity of opinion in is our farm support programs. The responses vary both by region of the country and by program. For example, when we're in the Midwest we're hearing many urging the need for stricter payments limits. Yet in the South there is strong support for the current structure. On a broader scale, many have expressed concern about farm payments being capitalized into increased land costs. We've heard some very compelling stories -- and we'll probably hear some more today from young people who grew up on farms and want to carry on the family farming tradition but are financially unable to because of the land costs. Some people are calling for policies that look to the future for things that invest in things like renewable fuels. We've also heard from small and minority farms expressing frustration about the lion's share of the federal farm support being focused on large operations.

So we truly are getting some tremendous feedback, and are realizing that times have

changed since 2002 when the current Farm Bill was passed. Based on that feedback, Secretary Johanns has summarized some of his Farm Bill forums held to date. He has said that the concerns and the ideas of farmers and ranchers are having a tremendous influence on his view of farm policy. The Secretary has specifically noted concerns that farm program support is directed toward one-third of all producers, with the greatest benefits going to the largest farms. And while program crops represent a quarter of total farm cash receipts, they receive virtually all the funding. So the nation must decide, in the view of the Secretary, whether to continue relying on a policy structure conceived for a very different agriculture 75 years ago.

A safety net is clearly more than subsidies. It's good farm policy that provides substantial access to global markets. These are some of the major issues that we ask you to consider today. We are committed to building farm policy from the ground up, starting with your feedback.

I want to emphasize that Secretary Johanns, with his background both in farming and as governor of a very large agriculture state in Nebraska, my home state as well, is committed to receiving your input. And so then once that's completed he'll take your thoughts and go to the Congress and work with the agricultural committees in the House and the Senate and play an active role in the Farm Bill process. So this is your chance to weigh in. Let me again say how much we appreciate your being here. The ideas and advice we receive today will help develop strong policies and support a successful future for agriculture. With that, I, and as Assistant Secretary Parker indicated, do not intend to say much more. We'll have our pens ready and we'll be taking notes as you share your thoughts. So, again, thank you very much. (Applause.)

ASST. SEC. PARKER: Just on one more note. I did speak with Deputy Secretary Conner the other day, just yesterday, and he was very, very disappointed that he could not be here personally. He tried as much as he could to be here. When the President calls, you have to respond, and the Secretary was already in Geneva, and the President really needed a representative from the Department to be at a special meeting. So that's the reason why the Deputy could not be here. But he truly, truly sends his sincere apologies.

MODERATOR: Thanks very much, I appreciate that. And thanks for those great words from USDA.

Now, before we go any further, I would like to do just a couple of introductions at the state level. But, before we get to that, I realize Congress is in session, and I understand that they have some votes that they need to be doing today. I don't know if we have anybody from our congressional representatives from North Carolina. If there is, please raise your hand and be recognized. G.K. Butterfield's office -- thank you for coming. Appreciate that. Anyone else? In the back? Thank you for coming. I appreciate that. Very good, well thank you for coming down. I appreciate it. (Applause.)

At the state level, I also would like to recognize someone from the North Carolina Department of Agriculture and Consumer Services. The commissioner, I know, could not attend today -- he had prior commitments. I know there's a lot of things going on around the state today -- several meetings -- and he was already previously committed. But we do have someone representing the office, and Richard Reich, I believe you're out there somewhere, Assistant

Commissioner Richard Reich from the North Carolina Department of Agriculture and Consumer Services. (Applause.) Also we have some state leaders that are involved with USDA. First of all we've got Keith Weatherly. He's the state director of the Farm Service Agency in the state -- over here. (Applause.) John Cooper -- there you are -- state director of Rural Development. John Cooper. (Applause.) And I believe we have someone here from the Natural Resources Conservation Service -- Jacob Crandall, are you here? There he is, right on the end over there. Thank you, Jacob, appreciate that. (Applause.) Jacob serves as assistant state conservationist for NRCS in the state.

Well, with that, we're going to get this meeting underway here just very shortly. Here's a reminder of the guidelines and the rules for how we're going to hold this event today. First of all, I don't know if you have referenced the six questions. Most of the information that we want to listen to today is going to be related to six questions. You may or may not have seen these ahead of time. I wish we had handouts. I guess the turnout has been so tremendous on the previous Farm Bill Listening Forums that all the handouts are already used up. The USDA didn't print enough, apparently. But here are the questions. I'll just briefly read these to you. So if you want to jot them down, fine. If not, you can remind us later on.

First of all, question one that USDA wants to know about: How should farm policy address any unintended consequences and ensure that such consequences do not discourage new farmers and the next generation of farmers from entering production agriculture? Good point. I can attest to that myself.

Question number two that they would like to receive information on: How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

Question number three that we'll be relaying information on today: How should farm policy be designed to effectively and fairly distribute assistance to producers? That's always a key topic.

Question number four: How can farm policy best achieve conservation and environmental goals?

Question number five today is: How can federal rural and farm programs provide effective assistance in rural areas?

And our final question that we will be considering today: How should agricultural product development, marketing, and research-related issues be addressed in the next farm bill?

So these questions serve as the core of what we are going to be seeking information on today. That doesn't mean that everything has to be specifically related to one of these six. If you have some comments on something else related to the Farm Bill -- if you have an idea -- please forward that anyway. But we would like to focus on these, if possible. And if we have time we'll get into other issues as well.

We do have a system. We have a timekeeper in the back, and we have, if you've noticed, we have a series of three lights. Timekeeper, if you could turn them one at a time, I'd appreciate it. There we go. That should be a green light, and that will be on for I believe the first minute and a half. We're going to have two-minute turns for everyone here today. We'll try and adhere to it fairly strictly, so everyone has a chance to speak. If you can't get it all said in two minutes, go right back and get back in line and maybe you can pick up where you left off. Anyway, a minute and a half on the green light. At the minute and a half mark it changes to the yellow light in the center. And then that will be on for 30 seconds. At the two-minute mark, the infamous red light will come on and you need to wrap it up in a big hurry so we can get on with the next item. If you go much beyond the red light, we may have a bouncer come in from the back.

Okay, with that, let's see. Also, I want to mention, before we get started, if you don't get a chance to make comments today, or if you think of something later on, USDA would still like to receive your comments, and you can do that by two methods. You can do it by U.S. mail. The more popular method these days of course is through the Internet. And USDA has a fantastic Web site. Go to www.usda.gov, and there will be links plainly marked on their home page that will take you to the Farm Bill Forums section, and you can submit your comments online. I don't know if there are any restrictions on the length as far as to what you can comment online? There's not. Okay, so that might be a good opportunity, if you want to go into more detail, submit it online. And from what I understand, comments will be received up until the end of this year, December 30th, I believe. So if you need to get the comments in, you do have a little bit of time.

I also understand that all comments received either through the mail or through the online service will be given equal weight with the comments received at these forums. So, again, if you don't get a chance to make your comments today, please take advantage of that. And if you don't have Internet at home, you may be able to contact someone in your locality, maybe at a library, maybe at a school district, and possibly even at that FSA office, and they can help you find a place to do that.

This Farm Forum is being recorded, and it's also going to be transcribed. So there's a good possibility you may actually be able to read the contents of what takes place today online later on, and with the detailed version of everything that is then spoken at today's forum.

Now, when you come forward -- we do have three microphones set up -- we have one in the center, we have one on the left side, one on the right side. What we would like you to do is start forming lines at each of these microphones. We'll take them in turn, if there is someone at each line. And what we would request is that when you begin your comments, please give us your name and where you're from so we can log that. And you might want to give us your involvement in agriculture or connection to agriculture. That might be helpful as well.

Please remember to keep your comments civil today. We do request that. Keep a decorum that's appropriate for an event like this. And please abide by the time constraints -- appreciate that.

Now, if there is time at the end of the forum we'll be able to take other questions.

Well, with that, we will get this Farm Forum underway, and we'll get to the very first comment right after we receive a brief message from the commissioner of agriculture in the state that could not be here today, and with some comments real briefly from the Commissioner Steve Troxler, we have the assistant commissioner with us, Mr. Richard Reich. Richard, if you'd like, make a few comments, would you please?

MR. RICHARD REICH: Good morning, everyone, and thank you. Assistant Secretaries Parker and Gaibler, we certainly appreciate this opportunity. I'm Richard Reich, assistant commissioner with the North Carolina Department of Agriculture and Consumer Services. We appreciate the opportunity to be here today. I appreciate the opportunity to speak on behalf of Commissioner Troxler. Commissioner Troxler could not be with us today due to his commitment, including the North Carolina State Fair -- if you haven't been, there's still time -- running through Sunday.

It's certainly appropriate to discuss the Farm Bill here at the conclusion of the National Small Farm Conference. We have about 50,000 farms, and 30 percent of our land is dedicated to farming. Our average farm size is less than 200 acres. In fact, Commissioner Troxler is a small family farmer right here in Guilford County -- this is his home county.

The importance of agriculture in North Carolina cannot be understated. Agriculture is our number one industry, bringing in about \$60 billion to our state's economy. As has been mentioned here, we are leaders in many parts of the agricultural industry. We're number three in overall diversity, number one in sweet potatoes and overall tobacco, and at least number two or three in production of hogs, turkey, trout, and several other major commodities, historically a tobacco state, and our livestock now accounts for 60 percent of our farm cash receipts, especially crops such as nurseries, fruits, and Christmas trees are an increasingly important part of our agricultural industry. These farmers share the same concerns as the major program crops currently included in the Farm Bill, such as issues of affordable crop insurance.

The North Carolina Department of Agriculture is working hard to attract new businesses, new agribusinesses, to our state, and help farmers create value-added opportunities for their farms. We must return profitability to the farm and to our rural communities so they may prosper.

Preserving family farms is one of Commissioner Troxler's top priorities. Each day in North Carolina we lose about 400 acres of open space and working land to development. We must help our farmers remain profitable and increase the long-term viabilities of our farming operations. The continued support of environmental quality incentive proposals, EQIP, Agrilight (ph) and the farmland and ranchland protection program will create a positive atmosphere for agricultural development. Investing resources in agricultural research and collaborating with universities such as North Carolina A&T State University and North Carolina State University are also vital to our farmers.

One of the bright spots of the recent state legislative session was the passage of House Bill 607 that could boost efforts to preserve family farms here in North Carolina. This measure

will require that conservation agreements between local governments and farmers in enhanced voluntary agricultural districts cannot be revoked for at least 10 years. These agreements can be enhanced further by coordination with federal farmland preservation programs to achieve maximum value. The bill also encourages the development of new business opportunities, including pick-your-own operations, agri-tourism, manufacturing food products, and on-farm sales. These are all critical issues in North Carolina. Passage of this bill puts Commissioner Troxler's strategy into action. We must strengthen current family farms, build opportunities for new businesses, and plan for future businesses. And this legislation will help us get started.

We have also launched two new marketing initiatives this year. The certified roadside farm market program calls attention to roadside markets that sell directly to the consumers from the farm's locally-grown produce there from those farms. We also work with the Department of Defense, with the Farm To School program to provide schoolchildren with fresh North Carolina fruits and vegetables, another critical area which we think is so important.

And Commissioner Troxler literally rolled out a new marketing program that will raise consumer awareness about North Carolina agriculture and the many products it provides. It's called "Got to be N.C." We want consumers to know if they want fresh high-quality products, it's got to be N.C. We want food companies and distributors around the country and the world to know it too. We're already seeing benefits of North Carolina's agricultural diversity. Dole Foods plans to locate in our state, and it will be a tremendous boost to growers across North Carolina. Many of our initiatives match up with the Farm Bill. The creation of viable markets for our farmers will sustain agriculture so Americans can enjoy safe and economical food supplies. Thank you again for being here, for coming to North Carolina, for listening to our concerns. And we certainly commend Secretary Johanns for having these Farm Bill Listening Sessions across the country. The North Carolina Department of Agriculture plans to have similar sessions with our growers and with farm leaders across the state, and we plan to work with you to shape the Farm Bill for our future. Thank you very much again for this opportunity.

(Applause.)

MODERATOR: Thank you. Assistant Commissioner Richard Reich from Raleigh, the North Carolina State Department of Agriculture and Consumer Services. Appreciate that.

We're going to open it up for general comments from the floor. So anybody who wants to come forward, this is the time. Grab a microphone and line up. I do have one reservation for the first comment from the open floor, and that I guess according to protocol from Secretary Johanns, who used to be an FFA member, he always invites an FFA person to make the first comments. And today we have the immediate past president Laura Hofner right over here to provide the first comments today. Come on up to microphone, Laura.

MS. LAURA HOFNER: Thank you. Mr. Secretary, I would like to address and comment on question number one. I think that there are many challenges facing future and new farmers and ranchers here and across the United States. And one of these major challenges is the financial aspect of being a new farmer and rancher in our society.

I come from a family dairy farming operation, and I know and understand firsthand how difficult it is to make a profit, especially when there are high expenses, and oftentimes low returns. I think that we need to be very aware that it is difficult for new people to come into the agricultural industry. It's expensive for individuals who want to become a part of production agriculture to just have enough money to be a part of this industry. We need to look into ways where we can provide individuals who want to become a part of the agricultural industry the financial help that they need to become involved in agriculture. We need to get these individuals into agriculture, but we also need to have a way to keep them in this industry. We need to provide the financial support necessary so that they can come into production agriculture and stay here to produce the food and fiber necessary to feed our nation.

Another big issue and challenge for new farmers and ranchers is technology. Many of the new farmers and ranchers coming into our society today are very technology-minded. Technology is a very important mechanism that we can use here in the United States to keep farmers efficient and proficient. If we are able to provide financial assistance to help farmers utilize technology on their farm, then we can become a more efficient and proficient nation in agriculture. Much like we give financial help to conservation practices, I think that it would be a good idea to give financial assistance to those involved in utilizing technology on their farm.

Lastly, one of the biggest issues facing new farmers and ranchers is education. We are educating individuals in our school system today about agriculture. There are individuals that are learning about agriculture that have never come from an agricultural background. They find through agricultural education that they have a passion for agriculture and want to get involved in this industry. Our first priority needs to be to educate these individuals. When we are able to educate, then we can provide a more fruitful agricultural production in the United States. Thank you.

(Applause.)

MODERATOR: All right, thank you, Laura.

With that we'll move on. And, as I mentioned, go ahead and line up at the microphone so you can each take a turn. This is a time to speak from the heart, if you have any concerns about the next Farm Bill. If you don't like the way things are now, this is the time to put your two cents' worth in and let the folks at USDA know what you would like to see changed or included in the next Farm Bill.

We'll move to the center aisle, and we have Peter Daniel with the North Carolina Farm Bureau. And again I'll remind everybody to please watch the time lights in the center of the stage here. Peter?

MR. PETER DANIEL: Secretary Gaibler, Assistant Secretary Parker, my name is Peter Daniel, and I'm assistant to the president of the North Carolina Farm Bureau, and we're certainly glad to be here today and we're especially pleased that USDA has chosen North Carolina for a Listening Session. And on behalf of our president, Larry Wooten, who had board meeting conflicts today, and our state board of directors, I welcome you to North Carolina.

North Carolina agriculture is experiencing a great deal of transition right now, and it's good to know that USDA is listening to North Carolina farmers as it prepares to work with Congress on the next Farm Bill. It is a fact that very few people know exactly what the new Farm Bill will look like. However, there are two critical issues that will influence the Farm Bill debate: the progress of the World Trade Organization ag trade talks and the size of the federal budget deficit. The North Carolina Farm Bureau is closely following both of these issues. We appreciate the effort that Secretary Johanns and Ambassador Portman have put into jump-starting the stalled WTO agriculture talks. The future of North Carolina's farmers is inherently linked to the outcome of these talks, and we are hopeful that the administration will bring home the best deal possible for agriculture. We know that trade is a game of give and take. But let me be clear: the U.S. must not abandon domestic support for farmers without securing significant increases in foreign market access.

North Carolina can compete on a global agricultural playing field, but that field must be level. As you know, soaring budget deficits present a significant challenge to American agriculture. As you work with Congress on a new Farm Bill, we urge the Administration to remember that Americans spend only 10 percent of their disposable income on food. This is the lowest figure in the world. Our food supply is the most abundant and affordable in the world, and that fact is a direct result from the investment that Congress has made in agriculture through the years through the Farm Bill.

MODERATOR: Peter, we may have to have you pick up where you left off in a little bit, if we have an open microphone. And let's see, it looks like next in line is you, sir, right in the center aisle. Give us your name and where you're from and your comments, please.

MR. BOB COOPER: I'm Bob Cooper. I'm a tree farmer, which has not been voiced here today in the comments, and I'm from Winston-Salem, North Carolina, about 30 miles slightly west and south of this location.

I address question three that has been proposed, the equitable distribution of funds from the conservation program to farmers. The FLEP program was designed -- that's the Forest Land Enhancement Program -- it was designed to support tree farmers or forestry in general. The EQIP program was designed to support animal husbandry, and about 60 percent has been earmarked for that, and row crops -- and most of that money goes to eastern North Carolina.

Unfortunately, when the program was developed, although the FLEP program was proposed, in 2005 only about \$10 million of almost a billion dollars in the two programs was apportioned to the FLEP program. In North Carolina, \$15 million goes to EQIP and none in 2005 went to the FLEP or for forest landowners. What I am suggesting, as you consider writing the 2007 Farm Bill, that you take into consideration the problem it poses when you note that 60 percent of the money goes to animal husbandry, because that takes care of hog lagoons and cattle crossings and open wells mainly in eastern North Carolina. But it puts us at a disadvantage as tree farmers in cost-sharing programs across the state. So think carefully about how you develop the language of the 2007 Farm Bill. I'm not speaking on behalf of putting more money into the

program, but more equitable distribution of the funds that are already apportioned to the program. Thank you.

(Applause.)

MODERATOR: Thank you for your comments.

We're working on an alternating microphone basis today, if at all possible. And I see we have someone in the left-hand aisle over here. Give us your name and address please.

MR. DELVIN JONES: Good morning. My name Delvin Jones. I'm a senior agriculture education major at North Carolina Agricultural and Technical State University. I'm a dedicated member of Collegiate FFA. I'm the president of the Minorities in Agriculture and Natural Resources and the League of Sciences chapter. And I'm an FSA intern.

As a young minority in the field of agriculture, I've noticed the sharp increase in the disinterest of young minorities and women in the field of agriculture, particularly farming. It can often be seen where a young minority would rather sell out -- sell the family's farm as opposed to inherit it and keep the family enterprise in operation. Therefore I would like to see a focus on the attraction and retention of young minority farmers in the 2007 Farm Bill.

(Applause.)

MODERATOR: Thank you very much. Very good point. Looks like we're back to the center aisle. Go ahead and step up to the mike, and your name and town please.

MR. GERRY COHN: Great. Thanks very much. My name is Gerry Cohn. I raise Heritage Breed turkeys on pasture, and direct market produce in Snow Camp, about 30 miles southeast of here. I'm also the Southeast regional director for American Farmland Trust, the national conservation organization working to stop the loss of productive working lands. On behalf of my own farming operation, and also my organization, I'd like to thank the secretary and the USDA for holding these sessions.

AFT believes that major changes in ag policy are on the horizon. We believe that changes must include the active participation of farmers and ranchers from all sectors of agriculture. To that end, we've held eight forums from February through June 2005, with 280 farmers and ranchers from throughout the country, to gather insights and ideas on farm policy reform. All these forums involve small farmers who though they tend to have the most direct contact with the tax-paying public, but traditionally have not received their fair share of Farm Bill benefits.

Three broad concerns emerge from these meetings. First, farmers and ranchers want access to programs that enable them to effectively manage risks such as revenue-based insurance, improved crop and livestock programs, and farmers' savings accounts. Second, they support programs like the Conservation Security Program that promote stewardship by rewarding farmers and ranchers based on the amount of environmental benefits they produce

rather than simply on the production of commodities.

Third, farmers and ranchers are in favor of programs that nurture entrepreneurship and enable them to increase revenue through value-added products, direct-marketing opportunities, or renewable energy production.

Finally, in order to minimize the impacts of globalization, they support programs to help producers and communities by identifying new markets, developing business plans, and providing technical assistance. I encourage people who want to learn more about the feedback from these forums to take a look at our Web site, which is www.farmland.org.

Based on the input from farmers and ranchers, AFT is working with partners to develop a new U.S. farm policy that links federal agricultural spending to stewardship rather than to the production of commodities, provides effective risk-management tools, and promotes new marketing opportunities. We have a unique opportunity to create new policies that maintain needed protections, encourage diverse production and save our best land. American agriculture - farmers, consumers and taxpayers -- deserve no less. Thank you.

(Applause.)

MODERATOR: Thank you very much. We're bringing up some very good points already this morning, and we're just getting rolling. Let's move back to the left-hand aisle. And go ahead, ma'am, and give us your name and where you're from.

MS. LORETTE PICCIANO: My name is Lorette Picciano. I'm with the Rural Coalition. We have members all over the United States that work with minority and other small farmers. One of the things -- we've all been meeting during this conference, and we really are going to be strongly recommending in the Farm Bill is that the next Farm Bill says small farms and many, many more places that there be a way -- that there becomes a much larger small farms entity at the Department of Agriculture where small farm positions -- there be an infrastructure for small farms within the Department to think about, to work with the groups that are out working with small farmers.

We've also determined that there are two major problems in agriculture. Number one, the current programs cannot be accessed by small and particularly minority farmers. We need a lot more resources to work one-on-one with farmers to eradicate all the problems in the system, to get the farmers into the programs that do exist. And then we also need to create new programs that are going to help farmers, both with credit and perhaps direct grants, to do risk management, to do marketing, and to adapt to this new marketplace. It's really a program not only for new and beginning farmers, but also to help farmers transition into other forms of programs to help them with the difficulties of accessing -- most of the minority farmers produce some kinds of fresh foods, and marketing those is even more complicated than many of the grant and commodity crops. There needs to be much more support for that whole sector to bring fresh food to the population of the United States in every way, shape, and form. So we want to see a lot more investment in that.

And then we really do want to see proactive efforts by the Department of Agriculture -- much larger funding to eradicate the discrimination that has happened over time that's left the small farm sector and the minority farm sector with much smaller operations and much less ability to adapt. So we want to make up for that lack with some new resources and spending. Thanks very much.

(Applause.)

MODERATOR: Thank you for the comments. Good points.

Of course North Carolina is one of the states most active in transition right now, with the tobacco buyout -- a lot of folks wondering what they should be doing in the future. So excellent points.

Let's move back to the center aisle. We need to fill up the right aisle over here before long. Center aisle, go ahead and give us your name and location.

MR. DESMOND JOLLY: Good morning. My name is Desmond Jolly. I'm from the West Coast. I'm the director of the University of California statewide small farm program. I also served in the late 1980s on the National Commission on Small Farms. I have a little bit of experience in this area.

I want to first address the philosophical platform in which U.S. farm policy is based, because I think whatever innovations we develop start on the premise on which we develop our farm policies. U.S. farm policy, I think, needs a major retooling. Historically our farm policy was grounded, from the late 1800s with the Homestead Act, through the 1930s, through the early 1900s with the Reclamation Act, the 1930s with the various marketing acts, et cetera. It was grounded in a philosophy of family farm. It was about family farming and about basic rural community viability.

In the last half a century I think we've seen an evolution of U.S. farm policy, where it's now oriented more to corporate-scale farming. To wit, 10 percent of our farms now receive 60 percent of your payments, and it's the 10 percent of the largest farms. So it no longer can be defended on the basis of maintaining a viable family farm structure out there. If 10 percent of our farms receive 60 percent of the payments, that is clearly not a level playing field. There is no way in which you could say that's a level playing field.

So we need to revisit the idea of capping subsidies. We talked about this in the late 1990s -- using the \$250,000 family farm scale figure as a kind of income cutoff for eligibility. The savings from these program payments could then be used to create incentives for innovations by family-scale farmers to serve markets more competitively here in the United States.

We need to create, as Lorette Picciano said, a more institutionalized structure for small farms in the department. We have Denis Ebodaghe doing a fantastic job, we have Al Drain and the other coordinators, we have the agencies really doing great. But we need a more

institutionalized framework. And we need to increase the 4(b) and 3(b) funds, the formula funds with the land-grant universities received to serve their small farmers so that they can do a better job.

I've been director of the program for 10 years. We receive the same amount of money for 10 years -- \$80,000 to serve 60,000 farmers in the state of California. It hasn't changed in 10 years. Those formula funds need to be increased at least for inflation, if not for enhancement.

(Applause.)

MODERATOR: Thanks for the comments. I appreciate that.

Time to go back to the left aisle over here. Next up.

MR. TOM KRIEGL: Thank you. My name is Tom Kriegl. I'm from Wisconsin, and I was attending the Fourth National Small Farm Conference, and that's why I'm here. But it's fortunate, because it gives me this opportunity to comment.

I grew up on a small farm, and I'm an ag economist by profession at this point. And those in the room that are as old as I am remember the '70s and the '80s and how the overall economic policy of this country had a bigger impact on the well-being of our agricultural system than even the most perfect Farm Bill would be. And that's what I want to focus my comments on today.

There's always enough money for what the policymakers want to do, and there's never enough money for what the policymakers don't want to do. Our economic policy in this country is a disaster. It seems like every -- the answer of our President to every economic problem is a tax cut that benefits the wealthy versus the less well-to-do. And all of our policies nationally seem to be focused on favoring the well-to-do, versus those that are not so well off. And the supply-side economic theory has proven to be a failure. Practically everyone that's taken an economics course in this country in the last 50 years has read a textbook by Paul Samuelson that would do us well to see and see what Paul Samuelson has to say about supply-side economics. We need to get back to a philosophy in this country whereby we do not favor the concentration of power just among the very few and distribute the wealth among the many once again. So we can have the most perfect Farm Bill, but if we don't fix our overall economic policies in this country we can see the same kind of disaster that we saw in agriculture in the 1980s where a lot of people who work very hard their entire lives, did a great job of production, did a great job of management -- still lost their family farms and so forth because our overall federal economic policies were a disaster. And, unfortunately, it may take a regime change to fix that. Thank you.

(Applause.)

MODERATOR: Thank you very much. Wisconsin did you say? Wisconsin and California. I didn't guess we would see people from that far away today. This is terrific. I appreciate the comments.

Back to the center aisle. State your name and location, please.

MR. EDGAR HICKS: Howdy. My name is Edgar Hicks. I'm from Omaha, Nebraska. I'm a past member of the Secretary's Small Farms Advisory Committee. I'm also chairman of the Nebraska State Grange's Executive Committee. The Grange was founded -- it burst out of the USDA. I'd also like to brag on my former Governor -- he appointed me to the Small Farms Advisory Committee. I think we have a friend in the Secretary.

My question is: We receive a 2501 grant, and I'd like to think that's one of the most greatest things that we have for small farmers, and I encourage the Congress to keep that up in terms of funding it. I'd like to see it really fully funded.

My question is in our grant we received -- part of our grant was a diversity effort to move farmers away from traditional commodity markets -- and my background is 30 years as a commodity trader and exporter. And I believe that commodity markets in general haven't been a friend of rural development, especially small farmers. And in our grant our effort was to divert attention away from selling grain as a commodity, then put some value on it. And as a member of the Kansas Black Farmers Association, as a community in Nicodemus, Kansas that we've been working on this project, and what we'd like to do is we'd like to move away from traditional wheat production and grow our grain -- "teff" is the name of the grain, an Ethiopian grain. And what I would like to see in conjunction with our work on our grant with the NRCS is: Is there a way that we could have a pilot program or as a cover crop -- since this grass is a cover crop -- could we use it as a way to encourage the surrounding community of Nicodemus as a black settlement -- surround it -- and it doesn't have a system of government, so everything that it gets, it gets from the county? And my problem is -- in looking at the project -- is we have a hard time getting people to see the successes of Nicodemus from a historical standpoint. And so if we could have a way through our 2501 funding and through our effort with the NRCS to have this grain as a cover crop maybe, as a pilot project, as a grass -- because it uses less water in traditional marketing, and it also has a very -- a nutritional value. Is there a way that we could have a pilot project for maybe a year or two to encourage the surrounding farmers to grow teff as a way to move away from traditional commodity markets? So I am just asking that you would consider that, because our local representative from NRCS says we can't do that. So I'm just hoping that from your standpoint that you might see some benefit as a rural development tool to allow us to use that grain as a project for black farmers.

(Applause.)

MODERATOR: All right, thank you very much. Appreciate the comments. Kansas and Nebraska -- close to my heart. That's where I moved out here from about four years ago. I was a farmer out there for 25 years, and that's why I'm here -- couldn't do it anymore. (Laughter.) It needs to be fixed. Anyway, thank you for the comments. I appreciate that very much.

Let's move back to the left-hand aisle. Give us your name, sir, and where you're from.

MR. DAVE GOLAN (sp): Good morning, my name is Dave Golan (sp). I'm from Hawks, Michigan, which is in the far northeast corner of lower Michigan. I'm also here as an

unexpected state, I'm sure, as California and others. I'm attending the small farmer conference. I appreciate the warm welcome.

I really come in two capacities. I'm a small farmer in northern Michigan. I specialize in grass-fed lamb as well as chemical-free, non-organic, but chemical-free produce. I also work for Michigan State University Extension, working with our small rural communities in northeast Michigan.

Really three things I want to address. I'd just echo the comments made earlier in the introductions on the rural development programs that are available for our rural communities, that they have been extremely important, and especially in our rural community -- we have 14,000 people in one of our largest geographic counties in Michigan. We have a very low population, but they have been very important in supporting some of the infrastructure and some of the programs, so I won't go beyond that, but I would support those comments.

Talking about the energy programs, I think there we have to again probably focus more on and continue to focus on our energy funding for small communities and farmers to work on beyond though hopefully bio-fuels or a lot of other alternative energies that could be addressed and supported in a more aggressive way, I think, through USDA that we have opportunities to follow through on.

Lastly, I guess I would really encourage more -- you know, we've had our value-added producer grants, a lot of value-added money available for many years now. They have been tremendously supportive and great for our communities. I would take it one step further: that value-added sometimes can be very short-term and can be commoditized very quickly as others see others making money. So value-added is great -- we don't want to ignore it -- but I would encourage the thought process in USDA to encourage more community vitality funding rather than just value-added, because if we can make our communities vital, especially these rural communities with small family farms, that's much more sustainable, long-term, than I think some of these value-added opportunities that we have. Thank you.

(Applause)

MODERATOR: Excellent comments. We used to do a little bit of that on our own farm operation, selling retail.

All right, let's move back to the center aisle. Give us your name and location, please.

MR. JOSE GARCIA: Good morning, my name is Jose Garcia, and I'm with the University of Missouri Extension, and you've probably got more people from other states than you maybe thought.

I'm the coordinator for the community food systems and sustainable agriculture program at the University of Missouri, and I would like to share two points with you today. One is related to the 2501 program. I submitted three grant proposals to the 2501 program. Although I received high scores, I didn't get any funding. The latest one was scored 90 percent out of 100

points. What does it tell me? It tells me that the 2501 grant program is underfunded. I think that my grant proposal, the latest one at least, made a lot of sense to the reviewers, and that's why I got actually that high on the score. But it wasn't funded, and I think that's because of the lack of enough funds in that program. That's one of the points that I wanted actually to share with you.

The other one is related to the partnerships that I would like to see USDA having at the local level in order of reaching out to minority partners, Latino partners in particular and immigrant partners. I do a lot of work -- Missouri is the state with the second largest number of small farms in the country. But I see that there's really not enough effort, there's not really enough resources to support that kind of programs and services to minority and immigrant partners. So I would like to see USDA partnering more at the local level. I would like to see USDA partnering more with extension services to provide programming and services to the minority and immigrant farmers. Thank you.

(Applause.)

MODERATOR: Very good, thank you. He brings up a good point. North Carolina does have one of the fastest -- if not *the* fastest -- growing Latino and Hispanic population in the country. So a tremendous population, and a high percentage are involved in agriculture, so a very important point.

Let's move back to the left-hand aisle. Go ahead and step up to the mike, ma'am. What's your name, and where are you from?

MS. JUDITH GILLAN: I'm Judith Gillan. I represent the New England Small Farm Institute in Belchertown, Massachusetts. I would like to speak in support of the comments made by the young woman from Future Farmers of America. And I would also like to add to those comments by reminding us all of the need to support education and training opportunities for post-secondary adults, young and older, who are prepared to invest energy and resources in new farm businesses. I believe they are a critical human resource and we simply cannot afford to overlook their needs. Thank you very much.

(Applause.)

MODERATOR: Thank you.

Moving back to the center aisle. Go ahead and step up to the mike.

MR. YARBOROUGH WILLIAMS: Yarborough Williams. My comment is related to the first question that you commented on, and this is related to problems that we have on the local level. I think if we can correct some of these problems we have on a local level -- of course we have policy, we have a lot of funds coming down the pike in different areas. But we have problems in the local level that we need to correct, and I'm hoping that this way we can correct some of these problems we may have on a local level as we look at structure and policies at this time.

One of the things that I can see that I would hope that every county level would do would be identify every farmer in his or region, number one. After identifying every farmer in his or her region, have those farmers come in and explain to those farmers what funds are available, what funds come down from Washington, what funds are available in every category. Explain to these farmers to make sure they understand what funds are available in every category -- not only explain to them what funds are available in every category, but also explain to them how they can go about receiving these funds. That's some of the problems we have on the local levels. Identify the people, identify the farmers, develop a map throughout the county identifying all those farmers in that area, bring those farmers in, make sure they understand the funds that are available to them, including grants and loans from all areas. After that's done, there needs to be a checklist to send back to Washington, to whoever, to make sure we hold the local people accountable for doing their job, for having the checklist. Every farmer that they bring in and identify and they have explained to them what sources are available, make sure that someone sends that checklist back to Washington saying that this kind of thing has happened in these local areas. That's the problem we have, I find out, not only in Warrenton, North Carolina, but throughout the state of North Carolina. I'm from Warrenton, North Carolina, I'm a hog farmer, Yarborough Williams. Thank you very much. As you structure this next policy, sure hope you consider those ideas.

(Applause.)

MODERATOR: Thank you for the comments.

Let's move back to the left-hand side here, and go ahead and give us your name and location, please.

MR. ROBERT KLUSON: Good morning, thank you for letting me have a chance to speak. My name is Robert Kluson. I too have been here enjoying this wonderful National Small Farm Conference. I'm from Sarasota County, Florida. I'm an extension ag agent, and although my experience in agriculture has been mostly in research -- I'm a brand-new extension agent, and I wanted to share with you my impressions and the focus of my work that is promoting small farm development.

I have found myself heavily involved in my county's policy formulations. For example, my county is very committed to implementing smart-growth policies in the future land development of the county. Like many counties, we're experiencing incredible growth rates at the time.

I'm also involved with my school district, which was trying to implement wellness policies. Both of these activities have led me to the direct conclusion about the important role of small farm support and development. Small farms in our county can serve to contribute and support our conservation efforts and our smart-growth planning. For the wellness policies, having more small farmers in our area will allow us to have more field trips for our schoolkids to go to farms who aren't able to go to do such activities on large farms. This will let the urban component of our society always maintain that knowledge and familiarity about where their food is coming from -- and not think it comes out of cartons and packages.

My county has taken -- one of the few counties in the state -- in the country -- to do a psychological footprint analysis. This is a measure, if you're not familiar with it, on the comparative rate of your inputs and waste products for your current lifestyle. In our country, we all require about 24 acres per person. My county, even though it's been doing a lot of sustainability initiatives, still requires 22 acres per person. On a worldwide basis, there are only about four acres of productive land to support all of us. We all have a long way to go to improve ourselves. For example, 1,500 miles is the average distance to bring food to our table in our country. A locally-based agricultural economy would reduce that down to 36 miles. You could imagine the savings in energy requirements and the use of our natural resources if we could have more small farmers.

My point is: please look at other programs. Make more linkages that support small farm development and support especially communities that are trying to do the right thing, and apply smart-growth principles. Thank you much.

(Applause.)

MODERATOR: Thank you very much. So we have Florida represented, and our thoughts and prayers are with you folks now -- I understand, if you haven't heard, Wilma went from a tropical storm to a Cat 5 hurricane just overnight, and is expected to make a right-hand turn and head toward Florida. So we're definitely thinking about you the next three or four days here.

Let's return to the center aisle. And just for the sake of the recording, go ahead and give us your name and location again.

MR. BOB COOPER: I'm Bob Cooper from Winston-Salem, North Carolina. I'm a tree farmer. I believe in sustainable forestry.

I want to speak on behalf of the state conservation office. And I believe and hope that we will have a sustainable conservation office when all of the shooting is over in the Farm Bill project. Mary Combs and Dick Fowler and then Jacob Crandall is here today -- and I commend those people to the USDA. They do a wonderful job.

As a member of the State Technical Committee, however, I have made an observation. We have too many farm programs that they have to administer. Every meeting they roll out another program, requiring a great deal of technical expertise which they have. It's an all-consuming project. However, because of inadequate funding, it may be only for one or two farmers or farm projects, and to me it's inefficient use. So they have at least 20 programs to administer with inadequate funding for any of them. So we need an economy of effort and to rethink how the programs are developed, and put adequate funding for a few programs rather than a disproportional and inadequate funding for multiple programs. Thank you.

(Applause.)

MODERATOR: Thank you very much.

We move back to the left-hand aisle. And go ahead and give us your name and where you're from.

MR. LEON MOSES: My name is Leon Moses. I'm from Northampton County, eastern North Carolina. I reside here in Greensboro and serve as the farm superintendent for North Carolina A&T State University. Much of what we do at North Carolina A&T State University has been focused on the small farmer and the minority farmer. And I think if we were to take the opportunity to study the history, the depth, and the breadth of what has happened, the demise of the small farmer, we will come to the conclusion that the lack of information and technology was at the heart of that problem. And I say that to say as you all prepare to give attention to this Farm Bill, that we give attention to how we get that technology, that information, back to those farmers that are interested in being small farmers -- or not just small farmers, but farmers, period. Because I think as we think about being small we are thinking too small. We ought to be thinking about making those persons that are small farmers become whatever size farmer they would like to be. But if we think about it, the lack of that information and how do we dispense that information, history will show us that the information has been given to some and not to all. My feeling today is: how do we come to people? Do we come with our hands wide open to give them information, or do we come to our hands half-cuffed? I say now that we ought to open up our hands and make that information equally dispensed to any person that's interested in being a farmer. And if we do that, I think we'll have done our part as it relates to this Farm Bill. Thank you.

(Applause.)

MODERATOR: Very good comments. Thank you. I appreciate that very, very much.

Back to the center aisle. And for the record, give us your name and location again.

MR. YARBOROUGH WILLIAMS: Yarborough Williams, Warrenton, North Carolina. I just want to make just a couple of comments. Thinking back on what the young man just said a couple minutes ago, certainly along with bringing the farmers in, we also need people that care enough about farmers to get those forms to them and help them fill those forms out. That's how we improve the Farm Bill. Make sure they know which funds are available, make sure the forms are available, and make sure they get those forms filled out, and make sure there's some accountability back in Washington that this is taking place. Thank you very much.

MODERATOR: Thank you.

Let's move over to the right-hand aisle, and give us your name, sir, and where you're from.

MR. HEZEKIAH GIBSON: Hezekiah Gibson from South Carolina, president of United Farmers USA, an active farmer from Manning, South Carolina.

One of the things that have hit us this particular year is the rising cost of energy. As you know -- well, I have two parts -- but, anyway, as you know, the rising cost of energy have really put a monkey wrench, so to speak, in our operation. I think agriculture is one of the largest consumers of fuel. Also, a lot of our components -- fertilizer and so forth -- use a lot of petrochemicals. The point is that we, as limited resources, the small farmers have gotten to a place now where nitrogen has escalated to \$265 a ton, and there's no end in sight. If you're farming corn, you realize that you need 120 units, so it don't take a rocket scientist to figure out that you're going to have almost 80 percent of your costs, your net, in the energy sector. The point that I'm saying is we can't afford to continue to farm and try to produce corn, 150 bushel an acre corn, at the cost that we have for energy, and especially when the price of corn is about 52 cents. I agree with everyone here. We need to look at other alternative crops.

The other thing -- I'm glad to see Mr. Gaibler here, and it's a pleasure to see him and also Mr. Secretary -- but the Office of Civil Rights I think have done more in the past since that creation to bring awareness to the plight of the limited resource small farmer.

I would love to see in the Farm Bill, like the gentleman said, a protection or an avenue for young farmers to come in. I'm 60 years old, and I'm the average age of American farmers. There's no one behind us. So if anything could be done to help us stay in business, especially with the energy crisis -- that's the most urgent part coming up now -- and also to bring young farmers in. Thank you very much.

(Applause.)

MODERATOR: Very good. Thank you very much.

Moving right along here, let's go back to the left-hand aisle over here and state your name and where you're from, please.

MS. RASUSAN LEKEY (sp): Hi, my name is Rasusan Lekey, and I'm from Virginia, and I wanted to talk about commodity subsidies. As Mr. Jolly had stated, the current subsidy system is broken, and it's broken because 78 percent of the subsidies go to 8 percent of the producers. That's not helping small farmers in this country. And it's helping fuel overproduction and consolidation of our farms.

I urge you to consider lowering the cap from \$360,000 to \$250,000 per person per year and closing the gaping loophole that allows some farmers to get up to a million dollars in subsidies every year.

I also wanted to address one of the comments that you made in the opening part of this, which was that in the South you've heard generally that farmers are in support of the current commodity subsidy program. And I just wanted to say that in Virginia the two largest agricultural income-producing counties in the state have recently passed in their county farm bureaus a policy that supports lowering the cap to \$250,000 and closing the loopholes. So I really hope that that shows to you that the South is not united in supporting the current subsidy system. In fact, there's lots of farmers in the South that don't support it. So I urge you to

consider lowering the cap and also not only to protect our farmers here but also to fulfill our WTO obligations. Thank you.

(Applause.)

MODERATOR: Thank you very much. Kind of amazed that hasn't come up before today.

All right, we move back to the center aisle. Go ahead and step up to the mike. What's your name and where are you from, please?

MS. SUE ELLEN JOHNSON: I'm Sue Ellen Johnson. I'm from Massachusetts, and since 2001 I have worked with a group of farmer researchers, primarily livestock farmers, looking at energy costs and energy production issues for their farms. Research investments over the past two decades have not addressed this scale farm in terms of energy, particularly methane generation. There has been research done by the Agricultural Research Service, but it's generally been leveraged by the larger farm sector, including the corporate farm sector. And I guess we wanted to encourage research attention be given to the idea of scale-appropriate research for small farms so that they can in fact contribute to the energy economy and also not really suffer the dis-benefits of raising energy costs. And the leveraging issue for small farms is very challenging. We don't have that level of organization, and that's generally an assumption of many programs now promoted by the USDA at the research level.

(Applause.)

MODERATOR: Thank you very much for the comments. Appreciate that.

Just so you know, of course, we are holding this Farm Bill Forum today in conjunction -- in the same building with the Small Farm Conference going on. We also do have large farms in the state too, believe it or not. So, anyway, we do have a broad cross-section here.

Moving back to the left-hand aisle, step up to the mike and give us your name and where you're from, please.

MR. ALTON ARAKAKI: Yes, my name is Alton Arakaki. I'm an Extension agent in Hawaii. I'd like to talk about something very, very basic to agriculture, and that's the preservation of agricultural lands, of course the other side is water, a very basic resource that will continue our farming activities in the United States. I see tremendous erosion of this area, and this is coming to a point where I think it's becoming a national security issue. The tremendous amount, not only in Hawaii, but recently I had a great opportunity to take a tour to visit some of the farm areas in North Carolina, and have seen this also taking place here, where land is being moved out of farming and moved into -- and it's more magnified now because of the real estate boom that I see here -- and I see that agricultural land is moving away from being a resource to this country and moving into the arena of being a commodity, where land no longer is the wheat or the soybeans or the cotton that we grow on our land as being the commodity. Already the land is being the land. When we see land move from the threshold of being a resource to a

farmer, or water being a resource to a farmer to moving to the threshold of being a commodity, I think we've lost the agricultural land forever. Where land is being sold for \$70,000 an acre, in some places here, to \$500,000 an acre in Hawaii -- that land -- it doesn't matter if it's put under conservation reserve -- will no longer be able to grow a competitive legal crop. And that land is lost -- lost forever, for the next generation and to the next generation it's lost. And water is also starting to -- we see the same kind of threat with water where there's some property rights to water. There are those that manage water and resources saying that maybe our resource should be -- the way we allocate resources should be highest and best use. If that's the case, then I think many farmers will be required to farm using less-cost water will not be able to compete for the resources. So I think while that part of our regulation is left to our state and county government, I think it's about time maybe we should develop a national policy regarding right to land and right to water for farmers.

(Applause.)

MODERATOR: Thank you very much.

And remaining on the left-hand aisle, go ahead and give us your name and your location, please.

MR. BROWN HAWKINS: I'm Brown Hawkins, Warrenton, North Carolina, and I'm part of that hog production numbers that you read earlier. I find that regulations for small hog farmers, or small farmers in particular -- hog farmers, particularly me -- is not always fair. What I in particular, and we as small -- the resource farmers need is honest, fair people in these offices that (unclear) out the regulations and the policies. I would like to see something done concerning regulation as far as small farmers go. I have to compete with the same regulations as an American farmer does when he has 50,000 sows and I have 50. I talked to a senator concerning this, and he said the regulations are the regulations. But I cannot financially do the same things that's required by law to an American farm on my farm as he does. And I would like to see something done on this.

The other thing is FEMA. We had two hurricanes a few years ago, and both times I was denied. One of the reasons was that I didn't live on my hog farm. And I told them: What large farmer lives on a hog farm? And that was the reason I couldn't qualify. So one of my hog houses right now is still halved in two that the hurricane blew a tree across. So these are the types of things that I would like to see talked about in the Farm Bill. Thank you.

(Applause.)

MODERATOR: Excellent points. Thank you. Thank you very much. I guess I would echo those comments, being a small farmer myself in the past. They do run the risk of being regulated out of business. You can't afford the regulation anymore in some cases. So very good points.

Let's continue on the left-hand aisle. What's your name and where are you located at?

MR. CHUCK LEPRETT (sp): My name is Chuck LePrett. I'm from Ashboro, North Carolina. I'm a poultry farmer, contract farmer, tenant farmer, sharecropper -- whatever you want to call them.

I'd like to comment on how the federal rules in farm programs provide effective assistance to rural areas. One thing that has greatly enhanced rural economic growth is to ensure fair -- I repeat "fair" -- and competitive markets for America's farmers and ranchers. Therefore I urge you to make the issue of agriculture competition and market concentration a top priority in the 2007 Farm Bill. Specifically, the following items should be included in the Farm Bill: Producer protection act. This proposal is designed to set minimum standards for contract fairness in agriculture. It addresses the worst abuses contained in processor-drafted boilerplate contracts. It includes clear disclosure of producer risks, prohibition on confidentiality policies, prohibition on binding arbitration in contract adhesion -- in case you don't know what "adhesion" is, it's when the chicken farmer is out there and the person he grows chickens for comes out with a new contract, puts it out in front him, says, You sign this contract or you don't get chickens. Which happens? Recapture capital investment. There again the poultry contract farmer is told he has to upgrade his houses; if he doesn't, he does not get birds, and he may or may not recapture that investment.

Two, closing poultry loopholes in the Packers and Stockyards Act. USDA does not have the authority to bring enforcement actions against poultry dealers. We seek to clarify that the USDA's authority on poultry applies not only to broiler operations but also to growers raising pullets or breeder hens. These loopholes must be closed. Thank you.

(Applause.)

MODERATOR: All right, thank you for the comments.

I think what we're going to do is we're going to take the next two in line here, and then we're going to take a short break right after that to stretch for just a little bit, and then we'll come back after not a very long break and we'll pick up where we left off and wrap this up. So that will give you a chance to come up with your final comments.

(TAPE CHANGE)

MR. RICHARD BOYLAN: (In progress) -- Cooperative Extension agent in Ashe and Watauga Counties, in the headwaters of the New River, the very northwestern part of the state.

My interactions with USDA begin usually with ATTRA, the Appropriate Technology Transfer for Rural Areas resource that is both on the Web and available by phone. Oftentimes growers contact me with questions about alternative or new crops, and that's one of the resources that I turn to for information initially. I found it very valuable. But my understanding is that usually in farm bills their budget started out as zero. And especially for someone as innovative as them, I believe it's very hard to progress and move forward if you're always fighting just to maintain what you have. And my understanding is you usually have a political fight, where the growers who gain the resources and knowledge from ATTRA raise a fuss and contact their

legislators. It's usually their budget is raised again to a maintenance level. But I really do want to see that move forward.

Right now we're seeing markets growing in areas of alternative crops, and particularly in organics, and I think that USDA support for growers, and particularly for small farmers who are entering this market at a period of growth, needs to grow proportionately with the market size.

And, finally, I'm echoing some of the comments that have been made earlier about crop subsidies. I would really love to see the fundamental nature of subsidies change. I know that might not happen overnight. But particularly in my area, which is in the headwaters of North Carolina, farmers are asked to provide ecological services every day. We at the Cooperative Extension encourage them to steward their soil -- to not move down the mountain -- to protect their water quality, and thereby do a service to everybody in the whole rest of the state as the water passes from the mountains to the sea. I believe that farmers ought to be receiving subsidies on the basis of those ecological services, on clean water, on providing carbon sequestration, on cover crop production, and that that could be a way that could be fairer to both large farmers who are stewarding large acreage, but also the small farmers who might have smaller acreage but are providing key services to their communities around them.

And, very finally, I think that any time we ask about sustaining farming and sustainable farming, it's worth asking what we want to sustain. I think that the subsidies are directed toward local food systems, where those dollars do cycle locally within that 36- or 50- or 100-mile radius is key. Local food systems should be part of every future Farm Bill. Thank you.

(Applause.)

MODERATOR: Thank you for the comments.

And this will be our final comment before our short break. And I know you've been up to the mike before, but give us your name and location once again for the recording.

MR. TOM KRIEGL: My name is Tom Kriegl. I'm from Wisconsin, and I was, as I said a few moments ago, I delivered macroeconomics message, and this time it will be a microeconomics message on behalf of small farms.

Our society tends to have a bias towards the concept of bigger is better, and I'd like to point out that there's a lot of research that shows that small farms can be as economically efficient, if not more so many times, than large-scale farms. My own research indicates that small dairy farms can actually have a lower cost of production per hundredweight than large dairy farms. And research out of Cornell also indicates that. I believe all three of you sitting on the stage have connections to Nebraska -- I think you mentioned that. And the University of Nebraska did a nice research project several years ago in which they showed the same concept with hog operations that the smaller producers were actually more cost effective. They had a lower cost of production.

There's a lot of confusion about what economies of scale is. As an economist defines

"economies of scale," it means that the more units you produce, the lower the cost of production goes. And clearly in production agriculture we've reach the level of economies of scale at a much lower level than many other industries apparently do. However, there are other economic advantages that larger operations have. Many times those economic advantages are caused by policy. And that's what an economist would call an "artificial incentive." And I'd like to make a pitch for avoiding policies that provide those artificial economic incentives toward that bigger, better concept. Thank you.

(Applause.)

MODERATOR: Thank you once again. I appreciate that. Well, this is a time where maybe some of the comments that have been made, up to this point, have jogged your memory a little bit, and you're thinking: Well, maybe I have a comment related to that, and I'll get that straight in my head right now during the break. What we're going to do is we're going to take, I guess, about 10 minutes. We'll make this real short. There's some ice water in the back, if you want to wet your whistle a little bit. I think there's some restrooms right outside, and we'll meet right back in about 10 minutes. Thank you.

(Break.)

MODERATOR: Okay, everybody situated? I hope everybody had a chance to grab a sip of water or something and relax a little bit, stretch. We're going to wrap this session up here before too long. We'll get some final comments from you folks. We want to get some words out that USDA may be interested to hear. Gentlemen, any comments before we get started here? Mr. Gaibler? Mr. Vernon? You've got any comments here?

ASST. SEC. PARKER: Yes, just briefly. I heard a lot of comments about dissemination of information to minority and small and limited producers. We have what we call a "Minority Farm Register" that, if you fill it out, then you can get a lot of information pertaining to farming as far as the programs that are available. And so see me if you would like to sign up for the Minority Farm Register after the session, and we'll make sure that you can have access to that and you can get the information that you would like to have.

MODERATOR: All right, very good. Well, I think we'll pick up where we left off. And let's see who we've got out here with some comments. We'll begin -- anywhere we want to begin? You want to go first, the left-hand aisle? Give us your name and where you're from.

MR. TOM SIMMONS: I'm Tom Simmons. I'm a farm loan manager with the Farm Service Agency and I cover an area in north-central North Carolina, including Guilford County, right where we're at here.

I'm making these comments on behalf of the National Association of Credit Specialists of the Farm Service Agency, which -- we're a professional organization. We strive to enhance FSA programs, services, and efficiency. And our organization consists of loan officials and program managers, and we administer the FSA Title V credit programs.

Essentially what we are recommending is -- the first thing is: abolish term limits. Presently the direct loan program limits seven years of operating type loans and 10 years of farm ownership type loans. These term limits do not allow adequate time for beginning farmers to become financially stable and grow his or her business. Term limits assume that over a lifetime a producer will experience no more than seven years of financial distress or adversity due to natural disasters or depressed prices. Personally I have five borrowers that I'm servicing now that are no longer eligible for another loan, because they've reached their term limits of seven years of operating loans. That means we cannot help them continue to farm next year -- right now, next year they're finished.

We also -- guaranteed term limits were suspended during the last Farm Bill and are due to be reinstated. These limits should be suspended permanently. Commercial lenders should have the flexibility to make business decisions, including the request for a guarantee, without having the limits imposed on their individual customers.

Secondly, we recommend to increase the loan limits for Direct Farm Ownership and Farm Operating Loans. The current limit of \$250,000 was set over 20 years ago. Production costs and real estate values have gone up greatly in the past 20 years. The loan limits are greatly limiting our ability to help beginning farmers, socially disadvantaged farmers, and financially distressed or expanding farm operations. We suggest they should be increased to \$400,000.

Third, we would like to allow FSA to guarantee loans made by commercial lenders for tax-free bonds. Currently FSA procedure prohibits the use of guaranteed loans in conjunction with many farmer programs conducted in various states due to the fact the funds are generated by tax-free bonds. The use of tax-free funds by guaranteed lenders would be a valuable tool in helping these producers obtain rates and terms they can reasonably meet.

Lastly, we have several incentives to help beginning farmers. First, let's provide tax incentives or benefits to landowners that sell or rent their property to beginning farmers. Second, let's increase the maximum FSA term loan for beginning farmer downpayment loans to 20 or 25 years from the present 15 years. Third, let's permit FSA to offer guarantees of seller-financed contract for deeds and to facilitate a secondary market to purchase those contracts under these conditions, plus facilitate a secondary market for contract of deed for guarantee of FSA loans. That's one of the keys to getting that, is being able to have a secondary market. Thank you very much.

(Applause.)

MODERATOR: All right, thank you for the comments.

And we head back to the center aisle. Peter Daniel, with the North Carolina Farm Bureau. I'm sorry I had to cut you off earlier this morning. I know you had a lot to say, and maybe we can pick up where you left off there. Peter, what do you have?

MR. PETER DANIEL: Thank you, Marlin. We're pleased to continue our comments today. We know these Listening Sessions are important. And on behalf of our entire

membership, we are pleased to be here today.

I know at a lot of these Listening Sessions that have been held, and even here today, there are many comments about young and beginning farmers and about the difficulties that they face in entering agriculture. And, like every other state, North Carolina's farmers are growing older. The average producer age is almost 56 years old. We applaud the attention Secretary Johanns is paying to this issue, and we agree that something must be done to encourage young people to take up agriculture. And I'd like to highlight North Carolina's private nonprofit initiative, entitled the Farm Transition Network, in which one of the components of the program is to match young men and women, that would like to enter agriculture, in a mentoring program with established farmers in their operation; also providing farmers with counseling and opportunities to sell and lease development rights for income, to lower the cost of farm land so that young farmers can transition into those very same operations. And I offer that to you, and we would be glad to share with you the details of those programs. It's been very well received within North Carolina.

While we are deeply concerned about the issue of the age of farmers and allowing young men and women to enter farming, it would be unfortunate to see new farmers who enter agriculture ultimately fail because there is no safety net to support their operations. So there are two sides to the issue. While we all encourage young farmers to get into agriculture, and we need new farmers in agriculture, we must assure their continued viability. And that is through Farm Bill initiatives.

Finally, I would like to praise your boots on the ground in North Carolina -- NRCS, the FSA and the Rural Development -- here in our state. Mary Combs, Keith Weatherly and John Cooper do an outstanding job for the administration in North Carolina, and we work very closely with those offices, and we appreciate the attention to detail that they give to our requests and our issues.

I do know that the administration yesterday stepped back from closing -- or a "consolidation" -- of the county FSA offices, and we're deeply appreciative of that. North Carolina Farm Bureau's position on the consolidation is that farmers need adequate, timely access to their local officials, and that we need those programs administered in a very efficient way. And we certainly believe stepping back and looking at the large picture will allow for a more orderly transition in these consolidations in the future.

The Rural Development -- the Administration has sent many -- or funded many worthy projects in rural North Carolina. And we are still suffering from the devastation of Hurricanes Fran and Floyd, and these funds have been very instrumental in helping these communities recover. But I will say there's more work to do.

And, finally, I want to highlight the importance of agricultural research conducted by our land-grant institutions. North Carolina A&T State University and North Carolina State University at Raleigh -- these two institutions are training tomorrow's ag leaders. We urge the administration to continue to recognize the overall value of these institutions and their peers by maintaining the funding within the Hatch Act. These two institutions -- their research covers so

much in helping small farmers, and specialty crops, Southern specialty crops, that the funding for these institutions is not replicated anywhere else in the nation, if not the world. It's extremely important if small farms are to remain competitive, not just within the borders of our country but nationally, these research institutions need to continue to be funded well.

That's the end of my comments, and we appreciate the opportunity to be here today, and thank you very much.

(Applause.)

MODERATOR: Thank you, Peter. I appreciate that. And just to follow up on something Peter mentioned -- he talked about the specialty crops -- speaking from personal experience in the past, we used to grow some specialty crops on our small farm back in Kansas, and one of the problems back then was you could not get federal crop insurance on specialty crops. They had what was called the NAP program, but to be real honest with you it was almost worthless. So hopefully USDA can maybe take a look at that. That's my two cents' worth.

Let's move back to the left-hand aisle. Thanks for being patient. Give us your name and location.

MS. LORETTE PICCANO: My name is Lorette Picciano. I did speak before. I'm from the World Coalition. We work with small farmers and farmworkers around the country, and again we want to thank you for this opportunity.

A couple of weeks ago at the end of August there was a Listening Session in Las Cruces, New Mexico, and it was a little less pleasant than this one -- it was out in the hot sun for three hours -- Vernon Parker made (unclear) -- he gave everybody (unclear) water. And my farmworker colleague was not able to say all that was on his mind. But after the session he told us, you know, we've been standing out here in the hot, hot sun. He said the farmworkers in New Mexico oftentimes stand out in the hot sun after they've picked to wait for their pay -- just to wait for their pay, and oftentimes without water. And I just think that we need to put farmworkers on the list of our people that are important to agriculture and whose conditions we really need to look at. We've been recommending for years that USDA have at least one person, a farmworker coordinator -- they had for a little while. There needs to be a farmworker coordinator at USDA. There needs to be a disaster program. We've heard down in Louisiana some farmworkers didn't get paid for work that they did at the end of the month. The hurricane came at the end of the month, and now they're being kicked out of their rental housing, because they couldn't pay, and that housing is going to someplace else -- to other people who need the housing. But the farmers are saying: We're now going to be without workers. And we really need a more just condition. We need disaster assistance that goes directly to farmworkers so they can stay in the region.

We also have some interesting programs going on through the Risk Management Agency, where we're getting small farmers and farmworkers to work together to make sure labor needs are met and to learn about health and safety regulations, and to do hands-on kind of training. And in the next Farm Bill we really need to look at how do we have farmer-

farmworker cooperation, how do we have programs that allow farmworkers to move into agriculture if that's what they want to do, and then also how do we do a lot more of the hands-on training also to help small farmers understand all the things that they need to do to protect their own health and the health of their workers. Thank you very much. (Applause.)

MODERATOR: Thank you for your comments. Very good.

Let's move back to the center aisle. Your name, ma'am, and where you're from.

MS. TINMYAING THEIN: I'm Tinmyaing Thein. I'm with the Pacific Gateway Center of Honolulu, Hawaii, and I just want to give you a few points on background. The sugar plantations and the pineapple plantations have been leaving the state of Hawaii for cheaper labor overseas, and this has created opportunities for small farmers, and we have seen a tremendous growth of small farmers in the state of Hawaii.

And along with that, about two or three years ago there was a dockyard strike in California, and at that time we as a CBO was working with the civil defense, and we learned that we have three days of food on Oahu and the state. And our governor flew to talk to the strike leaders as well as the powers that be, and negotiated something that was special for Hawaii so that they could continue to bring food. But that brings me to the point that food security is a major issue for us and the small farmers have been there. The older generation is retiring. The younger generation is not interested in farming. And the group that's interested in farming are minorities, immigrants, and refugees. And what we see are that the minority population is not being treated equally or fairly. The farmers are targets of agricultural theft. Their crops are stolen just before they harvest, and the police turn a blind eye. The INS, now known as ICE, target them as places where they can pick up illegal aliens, even though these farmers who once were immigrants and refugees are now citizens.

And I think what we need in the Farm Bill is stronger language to protect our minority farmers and to protect their human rights. I can give you lots of other examples, but I think suffice it to say these two examples will tell you that they are not being treated equally.

Protection is just one part. The second part is to continue encouraging them to farm, because without them Hawaii will be without food. And we were talking about how North Korea has long lines for food -- and we don't want to look like that. And, if you can, please encourage the small farmers through your 2501 program which has been really, really good. And I would like to request more funding for that program.

(Applause.)

MODERATOR: Thank you for the comments. Appreciate that.

Well, we're back to the left-hand aisle over here. Give us your name and location, please.

MR. DAVE ANDRES: My name is Dave Andres. I'm a forester with the North Carolina Department of Environment and Natural Resources, Division of Forest Resources. I work in our

central office in Raleigh as the forest management program head. I also work closely in my job with the USDA U.S. Forest Service, state and private cooperative forestry program out of Atlanta, as well as with 12 other states that are in our Southern group of state foresters.

Forestry is very important to North Carolina and to the South for many reasons, specifically for our landowners. I look at it that it's not strictly farm and it's not strictly forest. For many of our landowners, it's farm and forest land together. And this is particularly true in the eastern United States more so than in the West where there's so much public land.

Last year we had, in North Carolina, two forestry summits. We had one in Statesville, just west of here; one just east of Raleigh, in Smithfield. We had over 500 attendees at each conference, one-day conference. We put some surveys out, and the results of the surveys were -- one of the top results was that landowners wanted incentive programs like we have in the Farm Bill. They wanted to see those programs continue.

Fortunately, North Carolina has their own -- we have an incentive program, called the Forest Development Program. And in this program it's been pretty much a reforestation program. However, out of these summits this year legislation was passed in North Carolina where we can now have some timber stand improvement funds out of this Forest Development Program. So we have grass-roots support for forest incentives in North Carolina, and we hope that it will continue to be in the Farm Bill and be a strong part of the Farm Bill, not only for reforestation, but also for the intermediate practices of timber stand improvement.

And I would leave you with one thought: A well-managed forest is a healthy forest; and healthy forests benefit all of us.

(Applause.)

MODERATOR: Good point. Thank you very much.

Back to the center aisle. Tell us who you are and where you're from.

MR. EDGAR HICKS: I'm Edgar Hicks again. I had spoken to you earlier about a Nebraska and Kansas issue. I forgot the most important reason why I came was to speak to you about a national issue in which Nebraska, the national grant back at the national convention, which was here in North Carolina in 2000 -- I think it was 133rd convention -- really the only farm organization that has really addressed, from a convention standpoint, the issue of risk management for minority farmers. And of course I brought it to the convention floor. But is there any way that we can put, in the Risk Management Agency, some of the emphasis on price risks, like we've put on for crop insurance risks? One of the issues that I believe -- of course as a commodity trader -- I believe that part of the downfall of minority farmers is -- farmers in general -- is the fact that they don't understand how markets function. And I guess maybe I'm plugging my own interests in this in that -- is there a way that we could have an educational program specifically geared to minority farmers speaking about the issues of how markets work? Now, I know we have the 1862s that have done it in a more conventional way, but after 30 years in this I've been to some of them in Iowa and Nebraska, and it's boring the way it's presented --

it's so academic. My idea is to try to present it like I did yesterday in the movable school, taking the value of Dr. Carver and Booker T. Washington -- trying to put it in a platform that makes it more somewhat entertaining and historical, because I believe rural development -- the downfall of many communities in the rural development aspect of it is the fact of price risks. There's no way that farmers really understand how markets work. And that's not just black farmers -- that's farmers in general.

So my idea is -- I've been working on this program, like I said, for 30 years. And yesterday was my first chance to really present it, and that's why I'm glad we had this forum. I would like to see us try to develop a way to present to minority farmers an understanding of how commodity markets work.

I also believe in the fact that the ultimate goal of all of this is to move farmers more to value-added, because I really do believe that commodity trading in general has not been a benefit to rural communities. So I leave you with this thought: my idea is an educational tool to present how markets work, keeping in the spirit of Dr. Carver, the historical analysis of markets as they impact the South, how we've migrated, how markets work, how the transportation system works, how energy issues, interest rates -- and put it in a way that they would find entertaining and relate to as opposed to the traditional 1862s. And I would think the vehicle to do this would be through the 1890s. Thank you.

(Applause.)

MODERATOR: Very good points. Thank you very much. I guess to expand on that just a little bit, I think I'd put on several marketing meetings myself in the past, and I think it applies not only to minorities but across the spectrum. I think there's a lot of educating that needs to be done for proper marketing, so folks can protect their bottom line -- a very good point.

Up on the left-hand side. Give us your name and location, please.

MS. SABINA SWIFT: My name is Sabina Swift. I am an Extension specialist with the University of Hawaii, and I'm here as an advocate for the Southeast Asian farmers in Hawaii.

According to the National Census, 2002, there are 5,500 farms in Hawaii. One out of those five farms is being worked by a socially disadvantaged Southeast Asian farmer. They work less than five acres of land, and they contribute tremendously to the diversification of Hawaii's agriculture. But they do lack a tremendous amount of information in agricultural production, in marketing, financial resources, and little information even. And, besides, there is a problem with language. And they need land to farm. As you all know, land is very limited in Hawaii, but they cannot afford to buy land -- nobody can in Hawaii anyway, it's very expensive. But they can lease land. And they want more land, but there is no land to lease. So that is why one thing I don't know what the government can help with, but that is one issue that I would like to bring to you folks.

As far as the lack of information, lack of government programs -- well, any of these government programs except recently when just a few year ago I got a grant from EPA, an

environmental justice grant, and also from the Risk Management Agency. And that's when we got started to reach these socially disadvantaged farmers, and thanks to these granting agencies we have money from Risk Management Agency. We have some money from CSREES, the Farm Service Agency is there, and they are being reached by these agencies just maybe three, four years ago. And I ask the project director, thank you very much, these agencies.

So what I'm trying to ask you folks is if you can assure me, and assure these farmers who have fallen in between the cracks, that their education and their lack of information could be continued by -- be assuring me that the \$25 million appropriation for small farms through the U.S. Department of Agriculture programs could filter in and can come down to these farmers, to these small farmers -- not only the small farmers, but small farms in this country. I think these farmers will be very much -- their success is ensured. And they are the future of farming in my state, and they are the future of farming in this country. Thank you.

(Applause.)

MODERATOR: Thank you very much.

Anyone else? We're running out of time. Okay, we've got a couple more -- well, one or two more. Okay, we'll take one more from the left-hand side, and give us your name and location again.

MR. NOAH RINELLS (sp): Back to North Carolina. Noah Rinells, a small farmer from (unclear), North Carolina, just two counties east of here, Orange County. Maybe one of the reasons that a lot of North Carolina farmers aren't here is that they are probably at the fair. It might have been a good alternative location to hold this, even though there's valuable information at the end of this conference.

I am grateful to USDA for the changes based on the 2002 Farm Bill that do provide certain incentives to new farmers, transitioning farmers. I'm a recipient of that, and I have nothing but good things to say about the Farm Service Agency as well as the NRCS in partnership with local soil and water conservation districts in my county.

I think overall, if we can look forward to the next Farm Bill as being equitable, honest, and innovative in its approach at all levels, from the Secretary himself all the way down to its implementation at local levels, it would guarantee success. That's a lot of different programs, I realize. But equitable, I'm specifically talking about small farm issues. And what you've heard several speakers already mention that the majority of payments don't go to small farmers who hold most of the land. Honest in its presentation and implementation at the local level I think speaks to the equity issue again that minority farmers and new farmers may not be as well received by local offices in certain locations. And that's a concern for us in places where we do get good support to have the USDA agencies (unclear) names so to say, we always wonder about why that's not happening in our location -- grateful that it's not. Innovative in its spirit, specifically with a focus on added value for both produce and animal products; innovative also with regard to issues related to organic or local production, new food labels, brands that food co-ops and other groups are looking to encourage. And everywhere I see they're very, very

successful. We market at local farmers markets in Durham, Hillsborough, and (unclear), and we have more customers than we have product for -- especially for meat, dairy, and eggs. And finally, innovative in its spirit towards forage-based systems, which can work with agri-forestry in certain scenarios, especially here in the Southeast with a proven track record. And finally crop-animal integration where it's appropriate, as new farmers see the advantages of incorporating livestock into traditional crop-only systems. There are definite advantages.

So just a few words, and thanks for the programs to date.

(Applause.)

MODERATOR: Very good. Thank you.

Yes, sir, on the left-hand aisle.

MR. DAVID MEREDITH: I'm David Meredith with the North Carolina State Grange. I'm a former dairy farmer as well. I think that the Farm Bill when it is discussed, we need to address regional differences in our country, as we know that all areas of the United States have different costs of production. It's essential that we keep all areas of our country -- production agriculture, animal agriculture, dairy, perishable foods able to be produced in all areas of the country.

In the Southeastern United States we've lost a tremendous amount of our dairy industry. We have not been able to sustain our industry because our costs of production are higher. Our costs for building our facilities, for just getting rid of our waste is higher here in the Southeast than it is in the regions of the country -- the West, where we have such a tremendous growth of production in the dairy industry. I would encourage the Department of Agriculture to look at ways, when we move into the new Farm Bill, to provide some equity in the way that the monies are distributed. Now the way dairy farmers are paid in the Southeast, they have to pay for the cost of production -- not production, but transportation -- when milk is shipped into the Southeast when we have a shortage of milk in our region. North Carolina used to sustain -- had provided its own production, or enough production to meet its own needs. We no longer do that. We've lost over half of our dairies in the last two years. Dairies in the Southeast tend to be larger than they are in other regions of the country, and from the New England states and the Upper Midwest. The monies that were paid out through the MILC program went more to the smaller dairies that were located in those areas. Small dairies here in North Carolina still tend to be larger than what the caps were for the production levels where monies would be paid. Again, we just encourage you to look at making all areas of the country equitable. If there were to be an outbreak of a contagious animal disease in another area of the country, it could shut down the production or the transportation of milk into the Southeast. Now we're at a point where we don't have enough dairy farmers really to sustain the processing. We have milk brought in all of the time. If we lose our processing industry through the fact that we don't have enough dairy farmers to sustain the processing industry, and if there were to be an outbreak somewhere in the country, there would be a shortage of this perishable commodity here in the Southeast. So please look at ways to address this. Thank you.

(Applause.)

MODERATOR: Thank you very much. If there aren't any other comments, I think we'll bring this to a close, and we'll invite some closing comments from the Secretaries next to me on my right. Being a former farmer, can I do a couple of comments myself? Do I qualify? (Laughter.) Farm broadcaster -- I talk to them every day. So --

One thing I would recommend that USDA really look hard at is to actively -- I mean very actively -- promote the bio-fuels across the country. I know they're doing a lot of work on that, and any help they can offer in research and promotion of bio-fuels -- maybe wind farms as well. I know a lot of farmers out in the Midwest are making some pretty good incomes from wind energy and leasing out space to put them. We were talking about that along the eastern part of the state here as well.

Something else -- I heard a couple of folks allude to that -- hopefully USDA can offer some help when it comes to helping prevent the widespread outbreaks of things moving in. We've had "mad cow" -- we've had to deal with that. That really threw a monkey wrench into the market for a while. Hopefully we're over that hump. But "foot and mouth" is out there lurking in the wings, and now this avian flu situation could be a real monster. Any help that USDA can offer for -- or state agencies, or maybe our land-grant universities research -- that would be terrific. Hopefully we never see it, but it's something to be prepared for.

And, lastly, of course the "FSA Tomorrow" program I guess is now shelved as of yesterday. I don't know if that means right away, but it is on the shelf, so due to a lot of opposition from the grass-roots level and politicians. If that ever does come to fruition, and that evolves into a play where they end up maybe closing a bunch of offices around the country in favor of using Internet access for farmers to do their own program materials through the Web -- a lot of folks, especially the older generations, don't have access to the Web, or they don't know how to do that. Hopefully USDA will take that into their mind-set and allow for that to offer some assistance there for people who may not have that capability down the road. I just wanted to plant that seed.

Anyway, thanks to everybody for sharing those comments today. That's been a super broad array of comments. And our thanks again to Mr. Gaibler, and also to Mr. Parker for coming down today. And I'd also like to thank you in the back -- we have Zach Whitman and the entire USDA staff for helping to put this meeting together.

In closing, I'd like to ask both of you gentlemen to maybe make just a few closing remarks -- maybe your own thoughts on what's down the road for a Farm Bill, or what you might be taking away from this meeting. And we'll start off with Mr. Gaibler. Go ahead.

DEPUTY UNDER SEC. GAIBLER: Okay, thank you, Marlin, and again we thank you for taking your time and the effort to put together very constructive thoughts and ideas and approaches that we're going to be able to take full advantage of, when we finish up this Listening Tour.

Obviously here just trying to go through here, I think there are several themes that have come out of this specific session. I think the first one that caught my attention is one we have not heard a lot about, I think, and others, is this whole area of outreach and our effectiveness in outreach, of reaching small and disadvantaged farmers, and trying to not only identify who they are, but provide access to them of our programs and help them do that.

Now, I must admit that when we first came here to this Administration, we recognized that and Assistant Secretary Parker in particular needs a lot of credit pointed his way, because we have made a of effort with some of the groups that are here today to try to do just that. But we obviously still have not done enough based on what we're hearing here today.

Another area of a theme is this whole area of trying to get better funding and better access and better focusing on value-added, on new innovative programs, on things like the risk management -- that's an issue that, again, we have put some attention to through the Risk Management Agency in our education and outreach. But I think that's been a theme that I think is going to have some resonance in the new Farm Bill. I think we'll see, if not a new risk management title, certainly a focused effort on risk management alternatives, on trying to help farmers and ranchers understand how markets work and how they can best understand them. And then, more importantly, what are the tools that they can utilize to take advantage of managing the risks. And I think this idea of whole revenue insurance farm accounts -- those sorts of things I think we're hearing more and more about, and I think that they're going to be more seriously looked at in the new Farm Bill.

Other issues -- you know, we did come back and catch a little bit of the theme of the current commodity farm program structure. Again, you know, we're hearing differing views on how commodity programs are structures and the equity of those in terms of who gets the dollars of funding in the financial support for those. We've had some other issues that came up -- this whole issue of farm loans is, I think, a new area that we hadn't really heard a lot about. And then again this whole issue of regulations and the impact that that's having on small farmers versus larger farmers. Several instances of that came out today that have been very useful.

And then, finally, just let me address this whole issue of "FSA Tomorrow." You know, clearly we have a -- as I mentioned in my opening comments -- we have a changing agriculture. We're seeing major changes and shifts of growing patterns of crops. We're seeing the influence of things like ethanol plants. We're seeing changing structures of our farm systems, of the number of farmers, of the demographics, of how they do business. And what we have here in our current FSA structure is one that's really -- (Tape Change) -- one that's still been in place that was established frankly back in the New Deal era in the early '30s. We have a structure of offices co-located around the country -- over 2,300 of them. And while there's been consolidations and closures over time, they've happened on a very limited basis. And we recognize that we're struggling here to provide the level of service that we want to provide here.

I can't say enough about what FSA has done in terms of implementing a 2002 Farm Bill and having to get it in place for the same year that it was passed. We're having to do three disaster programs -- a tobacco program, buyout program, that we had to do simultaneously. We've done those in record time. We've had some glitches with some of our software, and that is

one of the fundamental issues that we're trying to address here. We're in tight budget situations. We can't always get the amount of funding that we want for either our employees for their training, for their equipment, and we can't get enough to modernize our technology. So we're wanting to take a holistic look from top to bottom -- not only the county offices but our federal offices, headquarters, our regional offices, all the way down.

And while we have set aside the "FSA Tomorrow" approach, we have told the Congress we want to continue this dialogue, but we do need to reach a consensus here and try and find a way to come up with a process that everybody can agree that is fair to everyone but that will ultimately help not only our employees, but help improve the program delivery for our farmers and ranchers. And we recognize that technology is not used by every farmer, either because they don't have the access or they're disinclined to adopt it. But it is an important key and it's going to be a continuing influence over time.

So we do want to continue to reengage and continue this process, and in our own process we urge Keith Weatherly, for example, to work with the local officials, the farm program groups, the employee groups, the local county officials, our congressional delegations -- and we think that makes sense. We have to have -- there's local conditions that we don't in Washington have any idea that exist. We don't know what specific county offices have situations where they're co-located, for example, with other government agencies, et cetera. They are the ones that have to determine what is the best situation. Ultimately what we want to end up with is a configuration of offices that are strategically located, that are well staffed and that will be more accessible to producers, either through information technology or through face-to-face exchange of information to try to help farmers out.

One of the goals of this whole "FSA Tomorrow," that we weren't really able to communicate, is that once we have new information technology we will be in a position to allow a producer to choose which FSA office he wants to go to and do business, so he can go into any -- he or she can go in any direction they want to go, to designate where they want to do their service. So, again, this effort, I think, is one that's important, but we continue to need to do. So, with that, I will close. And, again, I want to thank everybody for their participation. We will take every bit of this information back and include it with everything else that we have. And we do intend to follow through, and the Secretary will pay special attention to each and every one of your comments here as we work this all together and try and help formulate our thinking as we approach the 2007 Farm Bill. So, again, thank you very much.

MODERATOR: All right, that's deputy under secretary for farm and foreign ag services, Floyd Gaibler. Give him a hand.

(Applause.)

And we'll wrap up with comment from assistant secretary for civil rights, Mr. Vernon Parker.

ASST. SEC. PARKER: Well, first of all, let's give a big hand for a great job done here. I've been to quite a few of these, and this is probably one of the better ones.

(Applause.)

MODERATOR: Thank you.

ASST. SEC. PARKER: You kept it flowing, you kept it interesting, and you are to be commended.

In closing, I just want to say I really cannot say much more than what was said over here. You did a great job in summing things up. But I just want to thank you all for caring, because it takes special people to come out and to voice their opinion. So many people sit at home, they complain, and they complain at the results. But when people care enough to come out, that means a lot. I don't care how many people are here, the number is not important. But what *is* important is that you felt it important enough to come and share your thoughts.

And, believe me, your thoughts will be taken into consideration, because I'm sitting here because of your thoughts. I'm sitting here because you out there wanted an assistant secretary for civil rights in the last Farm Bill, and that happened. Now, hopefully over the few years to come or the years in the future, this job will not be necessary. Hopefully we can continue to strive to do better so we will not need an assistant secretary for civil rights. But once again, on behalf of the Secretary and the President, we thank you all and we really appreciate -- this is my fifth trip or sixth trip to the great state of North Carolina in the past year and a half, so I'm no stranger. So I want to thank you again for a job well done.

(Applause.)

MODERATOR: Thank you very much. Glad to have you. That's, of course, assistant secretary for civil rights, Vernon Parker. Thanks to both of you for coming out. I appreciate that very much.

Now just a reminder: if you haven't filed all your comments today, you can still do it online at home, and you can go to www.usda.gov, and fill out a form on there up through the end of this year -- up through December 30th. Other than that, I think we're done for the day. It is 12:58 right now. We have a whole minute to spare, gentlemen. I appreciate everybody's constraints of time. Please have a safe trip home, and I'll see you on the radio. Thank you.