

TRANSCRIPT

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**TRANSCRIPT OF THE WASHINGTON STATE FARM BILL FORUM
WITH AGRICULTURE SECRETARY MIKE JOHANNIS AND
MODERATOR BOB HOFF, NORTHWEST AG INFORMATION NETWORK
CHENEY, WASHINGTON
NOVEMBER 3, 2005**

MODERATOR: I'm a farm broadcaster with the Northwest Ag Information Radio Network that serves the Pacific Northwest.

We should have some of our guests arriving here momentarily.

I'd like to welcome forward now to the stage the interim President of Eastern Washington University, Dr. Bryan Levin Stankovich. We also have with us today 5th District Congresswoman Kathy McMorris and, of course, the Secretary of the U.S. Department of Agriculture, Mike Johannis. Welcome, all of you.

(Applause.)

MODERATOR: So would you all rise please, as the Eastern Washington University ROTC color guard will present the colors, and remain standing.

(Color guard presentation.)

MODERATOR: We will be led in the Pledge of Allegiance by David Dobbins with the FFA and by Loren Cordill with 4-H.

MR. DAVID DOBBINS: Please join us in the Pledge of Allegiance.

(Pledge of Allegiance.)

MODERATOR: The National Anthem will be sung by Eva Vogel.

(National Anthem sung.)

(Applause.)

MODERATOR: You may be seated.

Now we will get some welcoming remarks from Dr. Bryan Levin Stankovich, interim President of EWU.

DR. STANKOVICH: Thank you.

Good morning. It gives me great pleasure, on behalf of the faculty, the students, the staff, and the board of trustees, to welcome Secretary of Agriculture Mike Johanns and our own Congresswoman, Kathy McMorris, to Eastern Washington University. We are honored that you are hosting your Farm Bill forum here with us today.

We also want to give a warm Cheney welcome to all of our guests who have come today, a special note of welcome to State Representative Don Cox who is with us today as well.

We congratulate you for navigating the construction here on campus. It extends out quite a bit and it is just an indication of continuous growth of Eastern Washington University. We do not have an agricultural school here, but we have been tied to the farms and the rural communities of eastern Washington throughout our history since 1882 through our programs in education, business, social work, urban and regional planning, public administration. Our faculty and students have gone out and worked with you in your communities for many, many decades and will continue to do so in the future.

Our Center for Farm Health and Safety has been working with over 4,000 of your friends and neighbors and, hopefully, some of you over the last 18 years. They have a booth out in the rotunda if you care to stop by and take a look at some of their work.

We also have the majority of teachers under whom your parents, you, and your children have studied in the elementary, middle, and high schools of eastern Washington and who are educated right here at Eastern Washington as well. In fact, we are the only public university in the State of Washington that proudly says that we predominantly serve the students east of the Cascades and by a large margin. So we are your university and we take that role very seriously.

We are also engaged in the last couple years with an American Democracy Project, a national project to help educate our students better about the rights and, most importantly, the responsibilities of citizenship in the United States. Having this forum is a great example of American democracy at work as our elected officials and our Secretary of Agriculture have come to listen to the citizens and talk to them. So we are really proud to host this example of democracy on our campus.

We ask you to enjoy your visit today, and we are certainly honored and proud to have you here. Thank you.

(Applause.)

MODERATOR: Now some opening comments from the Congresswoman.

MS. McMORRIS: What a great crowd. I just want to say thanks to everyone that is here to help me welcome the Secretary of Agriculture, Mike Johanns, to Eastern Washington. He was telling me earlier this is his 21st farm forum in this country, and he just took office in January as our Secretary. He started making these visits in March, so you can imagine he has had a busy schedule, but I am really thrilled that he is here.

Washington State, as you all know, is very pro agriculture. It is the number one industry in Washington State and it drives our economy. And you are going to hear today from a variety of producers and others that are impacted by farm policy as to some concerns about the future. And we want to be involved in helping draft a Farm Bill that is going to serve eastern Washington well.

Washington leads the Nation in the production of 12 agriculture commodities, including apples, carrots, concord grapes, sweet cherries, dried peas, hops, lentils, pears, red raspberries, spearmint oil, sweet corn, and wrinkled seed peas. Just south of here, Whitman County grows more wheat and barley than any other county in the United States, and our potato growers have the highest yield per acre of any State.

Having grown up on a family farm myself, I understand some of the challenges that are facing our family farmers and ranchers. Agriculture is so important to our economic stability, and our farmers are facing many challenges today, whether it's issues related to world trade and competition, rising fuel and fertilizer costs, reliable water supply, a difficult tax and regulatory climate, transportation costs, and the list goes on and on.

Today I am honored to introduce our Secretary of Agriculture, Mike Johanns. He was sworn in as the 28th Secretary of Agriculture at the beginning of this year. He has strong agriculture roots that stretch back to his childhood. He was born in Iowa, grew up doing the chores on his family's dairy farm. As the son of a dairy farmer, he developed a deep respect for the land and the people who work it. He still describes himself as a farmer's son with an intense passion for agriculture.

Most recently he was Nebraska's 38th Governor. He has also been a county commissioner and a State senator. So he has seen this from several different perspectives.

And I am really pleased that he has taken the time to be with us today. This is really important to all of us. Thank you.

SECRETARY JOHANNNS: Thank you very much.

(Applause.)

SECRETARY JOHANNNS: Well, thank you, Congresswoman. I appreciate the very warm welcome and I appreciate the facts. You have your facts down, and that is very impressive.

It is great to be here, ladies and gentlemen, to walk in and the place is filled. So it indicates to me that you have a tremendous interest in agriculture and, of course, the next Farm Bill.

Let me, if I might, start by remembering my manners here and say thank you first, Bob. Bob is going to be our moderator today. He will be the enforcer. What do I mean by that? We have a time limit on speaking because we want to get as many people to the microphone as possible. So when you hit that time limit, he will raise his hand or do something. So he will be the enforcer, and Bob, thank you for doing that.

Somewhere out here I think we have the Director of Agriculture. Is that right? Where is the Director? Stand up and wave at us. You bet. Director Loveland.

(Applause.)

SECRETARY JOHANNNS: Thank you so very much for being here. We appreciate that.

Eastern Washington ROTC who did the colors did a great job.

Eva Vogel. Eva, I want you to stand up because, ladies and gentlemen, lay your eyes on this young woman and remember that name. I think you are going to hear more about this young woman in the years to come. What a beautiful voice. How about another round of applause.

(Applause.)

SECRETARY JOHANNNS: Then we were led with the Pledge of Allegiance by David Dobbins from the FFA and Ms. Loren Cordell from the 4-H.

Then I also want to thank everybody who has worked to put this Farm Bill forum together. Needless to say, it is very successful.

A couple of things I wanted to mention before I offer a few thoughts about the forum. The first thing is these days we are working on a lot of issues, a lot issues that impact agriculture, everything from avian influenza to WTO negotiations. What I am going to try to do during the forum is make some notes as you raise issues, and I suspect that these might be a part of that, and then maybe in the last 10 to 15 minutes, maybe 5 minutes, I will just do a quick summary and maybe an update of what we are doing in these areas. So I just wanted to mention that at the start.

Mention was made that I did grow up on a dairy farm. I did near a little community called Osage, Iowa. You are puzzled, aren't you? You don't all know where Osage, Iowa is. I can tell that. So I better clear up where Osage is so you are not thinking about that while people are testifying here.

Osage, Iowa is just south of Stacyville and Saint Ansgar and it is straight east of Manly. So now you know where Osage is.

(Laughter.)

SECRETARY JOHANNNS: I have had an interesting life. I have done a lot of things in elected office, as the Congresswoman pointed out. My father raised three sons and a daughter, but John Johanns' idea of building character in his sons was that he would hand us a pitchfork and send us to the dairy barn or the hog house or the chicken house. We would stand about knee-deep in you know what, and we would pitch away. That was his idea of building character. Little did John know that he was preparing his son Mike for a life in politics. Right?

(Laughter.)

SECRETARY JOHANNNS: You know, your Congresswoman has a good sense of humor. She was one of the first to laugh. Yes, you have done that too.

I also bring greetings, ladies and gentlemen, from a good friend of yours. When I was talking about the Farm Bill and what role we might play in the administration, the President personally encouraged me to get out across the country and listen to farmers and ranchers. So we brought along a little greeting from the President of the United States. If we could roll that.

(Video shown.)

SECRETARY JOHANNNS: Great. There is your President, ladies and gentlemen. Yes, you bet.

(Applause.)

SECRETARY JOHANNIS: Well, here is my role for the next few hours here. I am going to sit back, take out my ink pen, and make notes as you visit with us about what you are interested in relative to farm policy and the next Farm Bill. What I would ask you to do -- we are very interested if you have got an individual issue with the USDA. I don't know what that might be. Maybe you have made application for a loan and you think it is going too slow, or whatever it is. If you have an individual issue, we have a lot of people here to help you, and we want to hear about that and we will team you up.

What we would like to do, however, is ask people to focus on kind of the policy issues, the Farm Bill. We put out six questions. They should be in front of you, but it is an open mike. We really, really want to hear what is on your mind relative to farm policy.

What I am going to do for the next 3 hours really is sit back. You'll hear very little from me because the more time I take, the less time you have. Then, like I said, as we kind of near the end, the last 5, 10 minutes or so, I will make some notes on a side of piece of paper here so I could just address maybe some of the things that you've raised in your testimony.

Let me just wrap up and say it's great to be here. Thank you. Thank you very much for your hospitality. God bless you all.

(Applause.)

MODERATOR: There is one more person in the audience we would like to recognize. I believe he is here, and that is the Mayor of Cheney. We have the whole city here today. That is Mayor Amy Jo Suey in the back of the room there. Thanks for having us.

(Applause.)

MODERATOR: Okay, now to the role of enforcer. The format is this: 2 minutes to make your presentation. We want to get in as many people as we can. You should make your comments, if you can, to the response to those six questions. You have got the brochure. Those questions are on the back of that. I will just review them for you quickly.

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?

How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

How should farm policy be designed to effectively and fairly distribute assistance to producers?

How can farm policy best achieve conservation and environmental goals?

How can Federal, rural, and farm programs provide effective assistance in rural areas?

How should agricultural product development, marketing, and research-related issues be addressed in the next Farm Bill?

As the Secretary said, he wants to listen, not just answer questions here, but listen. But he is welcome to jump in anytime if he wants to make a comment.

Now, in addition to coming up to the mikes and speaking today, you are welcome to submit written comments and testimony. Outside in the hall, there is a box there at the USDA table that you may put your written comments in or at the Web site, www.usda.gov/FarmBill. You'll find comment on the 2007 Farm Bill, and you can submit comments that way. I'm emphasizing that no matter how you make your comments, written or oral, they will all be treated equally with the same weight. The forum is going to be recorded today and transcribed so they can ensure that all comments are documented and considered.

There are USDA booths out there from various agencies within the Department. If you want to question someone about the various programs, please do so. We will have a break later you could that in.

Now, to keep you to 2 minutes, the light system, traffic lights. Green, go. Yellow will come on with 30 seconds to go. So kind of start wrapping it up. I don't know about Cheney, but in Spokane, we have got a lot of red light runners.

(Laughter.)

MODERATOR: So that means stop, or at least wrap it up fairly quickly. If we do that, everybody can get a chance to speak.

We have microphones in these aisles here, if you can see them. There are some people there that can help adjust them for you if you need to. Four or five people in line. We would like to have not too long a line at a time. I will alternate between those, picking on you to speak. Give us your name, where you are from, what is your involvement with agriculture. Are you a farmer, agribusiness, whatever your interest in the Farm Bill. If you need some assistance in getting to a microphone, there are people around with name tags. USDA people will help you.

I also want to mention we do have some signers up here if you need a signer. So anybody who needs better vision on that, there are still some seats up here so you can see better. Come forward and have a seat.

We will be taking a break. We got a little late start, but about 2:30 or so. There are rest rooms. I think men to the right out in the hall. Women are to the left, men to the right, and on each floor that way. So break it up.

We want to get started. So I believe we have some young people who wanted to be first to make some comments, the future of agriculture, as the Secretary said. She just made the decision. I want to know if I should start on the left or the right. We will start with you.

MS. LOREN CORDELL: Mr. Secretary, thank you. I would like to thank you for coming to the wonderful State of Washington to learn of our concerns of our livelihood, agriculture.

My name is Loren Cordell and I represent Washington State 4-H. I also live on a fourth-generation farm which was homesteaded in 1897.

I believe that our country was built upon the leadership of hundreds and hundreds of small businesses like I come from, but we are being squeezed out by businesses, huge global companies who dictate our input of prices, as well as the prices we receive for our crops and livestock.

My question to you is, Mr. Secretary, how can we, as upcoming leaders in this country, help you design a program that safeguards our small businesses and protects the food security of our great country?

MR. DAVID DOBBINS: Mr. Secretary, my name is David Dobbins, and I am a local farm kid from here in Cheney on a wheat farm.

I have heard many accounts of farmers getting out of farming. It is a good opportunity for young farmers like myself to either get started or expand, but with the skyrocketing prices of fuel and fertilizer, how can we raise our profit margin without more of a push on bioproducts, including biodiesel, so we can keep going?

MODERATOR: Who is next? Do not tell me your are bashful. Okay, Nat.

MR. NAT WEBB: Mr. Secretary, my name is Nat Webb. I'm a wheat farmer in Walla Walla. I've been looking for somebody young to take my place.

Thank you very much for making the trip out here and taking time in your busy schedule. I know you are here to take testimony regarding the next Farm Bill, but there are some features in the existing Farm Bill that are making it very difficult for some of the farmers, wheat farmers specifically, to make it even into the next Farm Bill.

As you know, the wheat provisions consist of three items: one, the direct payment, the loan provision, and a counter-cyclical provision. All the wheat farmers are getting the direct payment, but when it comes to a loan, there is a lot of inequity there. In previous farm programs, the loan for wheat has been the same regardless of class. In the current Farm Bill, the USDA made the determination to differentiate the wheat loan by different classes of wheat. Consequently, the wheat loan that's set for soft white wheat is far below our cost of production and most farmers cannot survive. In fact, it is 50 cents per bushel less than for hard red winter, and that is a big differential. So we're not getting that safety net that we all need from the loan.

The counter-cyclical is determined by wheat in general and not by class, and consequently, white wheat is priced at this time less than where the rest of the wheats are, and so we're not getting any protection from that.

So I would ask you to go back and please see what you can do to help rectify some of the problems that we're facing here because we're not going to survive into the next farm program if something isn't done. Thank you.

(Applause.)

MR. LEE HIMMER: Well, thank you for coming to our forum here, Mr. Secretary.

My name is Lee Himmer. I'm a producer and represent Douglas County landowners and the Foster Creek Soil Conservation District.

What my concern is is on our conservation and environmental goals for like CRP, SCP, and EQIP and the environmental programs. Our main concern in Douglas County, which we are 33 percent CRP. Right now 30 percent of the ground is. We have got sage grouse and sharp tail grouse, pygmy rabbit, which are on the Endangered Species List as a concerned species or a candidate species or an endangered. We would like to see that possibly some way that we can make our private lands in the western United States that have sage grouse and sharp tail grouse habitats into Federal priority areas because the Federal lands have got protection, the State lands have some protection, but private land has nothing except for programs through USDA like CRP and such. And that was our main concern.

Another concern is that in the provision of 1410.4 of maximum county acreage, which is 25 percent, you expanded above that. I think the provisions in it for expanding, it has to be HEL ground and not detrimental to the economics of the county. We would like to see another provision put in there that would read wildlife, species of concern, candidate, endangered species per Endangered Species Act. That would maybe open the door so that some counties would get above the 25 percent if they've got endangered species in their county that have to have some more protection.

Thank you very much for your time.

MODERATOR: Over here on the left.

MR. JIM DAVIS: Mr. Secretary, I'm Jim Davis. I'm a fourth-generation farmer and 1969 graduate of Eastern Washington University and President of the Washington Farmers Union. You are going to hear more about CRP, ESA, and Douglas County now. I'm going to amplify on some of the things Lee just said.

The future of the Conservation Reserve Program must recognize the success of the past 20 years in providing a foundation of economic and environmental benefits that farmers and non-farmers have strongly supported in Washington State. Many family farmers have realized, through their participation in the CRP, that good stewardship pays, not just in terms of the rental values in their contracts or the health of their soils or the viability of wildlife populations. CRP has been the financial tool that has allowed family farmers to make a positive contribution to the economic health of rural communities. There is overwhelming support for CRP contract extension in my own county from farmers and businesses.

The State of Washington enjoys a symbiotic relationship with the Columbia and Snake Rivers that provide hydropower, irrigation, recreation, transportation, flood control, and habitat for wildlife. The PNW continues to grapple with the consequences of Endangered Species Act protection for some species that depend on these same river systems that Washington family farmers depend on for their livelihood. The CRP is a Federal farm program component that provides benefits to all citizens in the Pacific Northwest because it helps farmers reduce soil erosion in order to protect critical habitat for ESA-listed salmon.

My recommendation is that where ESA impacts farming activities that can be mitigated by CRP enrollment that EBI values reflect more fully the benefits of CRP. In the case where there are listed and candidate species in a county that can be protected by collaborative efforts such as HCP's where the CRP is a key component, that additional EBI point scores be granted and that the 25 percent cap waiver be extended.

Contracts that are longer would be preferable. Up to 15 years would be our hope. This provides the most likelihood of ensuring that ESA candidate species meet the delisting

requirements, which is the goal of the Endangered Species Act. Farmers are on the front line of the endangered species battle and CRP is our weapon of choice.

Thank you.

(Applause.)

MODERATOR: Thanks. Over here on the right.

MS. MARY GUY: Hi. I'm Mary Guy, chief financial officer, janitor, child care worker, and general pain in the butt on my husband's wheat farm in Pomeroy, Washington.

(Laughter.)

MS. MARY GUY: Secretary Johanns, I have three questions for you to consider.

Ag information reported by the USDA lacks analysis and context. Could you please consider for me groups of bankers, farm budgeters, and accountants in each State FSA office that could do cost of production and pure comparisons by crossing systems and enterprise prices, compare apples to apples, as it were, and note changes in historical cropping patterns, changes in profitability, and equity trends, and exclude off-farm income in that analysis? Good analysis might help mitigate the impact you will have on land tenure and profitability, the further urbanization and destabilization of our democracy, should you continue to constrict the opportunities by that analysis for the historical, multi-generational family farms producing traditional program crops.

The second question for you is the WTO friendly Conservation Security Program is a policy disaster. The program wasn't designed at all to spread across every farmer. It was to pick winners and losers. So please do not make the Conservation Security Program the centerpiece of the next Farm Bill. It excludes innovative growers developing new technologies. The 10-year contract written lease requirement for the contract is questionable. It's not customary, and in today's uncertain production environment, it doesn't work. And the payback requirement, should a grower default on a contract, makes the program too risky. The Conservation Security Program destabilizes land tenure and that land tenure is a fundamental requisite to viable domestic agriculture.

And thirdly, could you please develop a national fertilizer security policy? It needs to address three things: the export of mined phosphate that creates domestic shortages; the construction of new fertilizer manufacturing in the United States, something that hasn't been done for 40 years; and also address the shipping and maritime laws that prevent the efficient distribution of fertilizer and create regional shortages.

In conclusion, I urge the USDA to consider these points as you construct the next Farm Bill. Thank you for your time.

(Applause.)

MODERATOR: Harold.

MR. HAROLD COCHRAN: Mr. Secretary, I'm Harold Cochran from Walla Walla. I want to follow up Nat Webb's comments. We were in Washington, D.C. together last week and met with members of the USDA. Burt Farrish would know what we presented.

As Nat described, the loan rate has been separated out by class for wheat for the first time in 25 years of farm programs, which has led to white wheat not getting an LDP this year even though our price got down to \$2.90. So our suggestion to the Department was if they had the authority to change the loan rate by class, they should also be able to figure the counter-cyclical payment by class. Yesterday they notified us that they didn't think they could do that.

So basically what is happening is the price of white wheat looks like the average this year will be about \$3 bucks and so we should get a 40 cent counter-cyclical payment, but since the price is figured for all wheat, it is going to be above \$3.40. There will be no payment to any wheat growers for counter-cyclical. So not only do we lose out on a possible LDP, we won't get a counter-cyclical payment. So we're at a 40 cent disadvantage relative to other classes of wheat. We haven't even got our share of the Farm Bill we already passed, and until we rectify what's wrong with this bill, I don't see how we could have a good bill after this.

The other thing is most of us are worried about being here for the next Farm Bill. So right now, we have to do something. I mean in the next month or two. This is immediate. This region needs help.

Thank you.

(Applause.)

MR. MARK GRAY: Thank you for this opportunity, Secretary Johanns.

My name is Mark Gray. I work for the Washington Department of Natural Resources, and I'm here today to provide some comments on behalf of the Washington State Forester, Pat McElroy.

Farm programs are important to keeping family-owned forests producing economic products and ecosystem services in Washington State and throughout the Nation. Nearly 60 percent of the Nation's timberland is classified as non-industrial private forest owned mostly by family forest owners. These forests provide public benefits like clean air and drinking water, wildlife habitat, and recreational opportunities, as well as almost two-thirds of the Nation's timber and wood products. The Farm Bill plays an important role in keeping family forests working and producing these public benefits.

To meet these needs, there should continue to be a forestry title in the Farm Bill, for forest owners are sometimes eligible for the Environmental Quality Incentives Program. Programs targeted at farm producers do not meet the specific needs of forest owners who are growing a crop that they will likely harvest only once in their lifetime. These forest owners often need technical assistance, more than financial assistance, to apply sustainable practices to their forests. These producers need a program like the Forest Land Enhancement program that can be tailored by the State forester to provide education, technical, or financial assistance to help them provide public environmental benefits.

We also request that forestry practices be fully incorporated into the conservation title programs, such as CSP. Non-industrial forest lands provide some of the best and most cost effective opportunities to meet the environmental goals of the conservation title. Future Farm Bill programs for forest owners, as well as other producers, should be focused on priorities. The age of first come/first serve access to programs has passed. Monitoring and evaluation will be

key to demonstrating the Farm Bill programs are providing public benefits. I hope the next Farm Bill will encourage these policies that help spur private markets for ecosystem services.

And finally, the Farm Bill should provide support for renewable fuels development, bioenergy, for both farm and forest producers.

Thank you.

(Applause.)

MS. LINDA STONE: My name is Linda Stone and I'm a child advocate. I'm here on behalf of the Children's Alliance. I'm here to talk about another piece of the Farm Bill that I know is not on the top of your agenda today, but as with my colleagues around the country, we can't let a Farm Bill forum go by without talking about the food stamp program, which is our Nation's number one defense against hunger.

I have submitted a variety of written comments to Secretary Bost outside here today, so I won't talk about that.

I actually just want to mention that the congressional district that we are sitting in, Representative McMorris', includes about 72,000 people who every month receive food stamps. This may seem a large number to some of you or a small number to some of you. It is about 10.5 percent of the population in this part of Washington. In the Spokane area, this represents about half the people who are eligible, but in the rural areas, it's only a third. So we have a long way to go to make sure that folks who need food stamps can access them.

We're very concerned about a variety of issues: the benefit level and its correlation to having a healthy diet in America, the access to the program by working families who need it. And frankly, we're also extremely concerned about the House budget reconciliation bill, which will go before the House of Representatives next week and will have \$884 million in cuts to the food stamp program. We strongly oppose these. They will affect Washington State. They will affect the Washington State budget. They will affect people in this district, and we hope Congresswoman McMorris will vote against it.

Thank you.

(Applause.)

MR. DALE FORMAN: Mr. Secretary, thank you for coming. Kathy McMorris, thank you for being our Congresswoman in Washington, D.C.

My name is Dale Forman. I am an apple, pear, and cherry grower from Wenatchee, Washington. I'm also on the commission of the Washington Apple Commission and on the board of the United States Apple Association.

There are over 3,800 men and women who operate family orchards in Washington State. There are thousands more throughout the rest of the United States who grow tree fruits.

We are very concerned about the Farm Bill and we hope that the new Farm Bill will increase the MAP funding. The Market Access Program, according to my notes, under the new bill is going to be increased to \$200 million in the new Farm Bill. We are very much in support of that because that helps us open foreign markets and sell our fruit crops abroad.

We also are hopeful that the vegetable and fruit snack program will be fully funded in the new Farm Bill. I understand that the way the bill is written right now, it will be, and we hope that you will support fully funding fruit and vegetable snacks for our school children throughout the country.

Briefly, the Conservation Security Program and the EQIP program are very good incentive-based programs to get producers to improve our environment and to do so with the Government's assistance, with a carrot not with a stick. I understand from recent conversations with people at the Department of Agriculture that because of Katrina and because of the problems in Pakistan, there are tremendous demands on the funding and that we may not be able to fully fund these environmental initiatives in the next year. We hope that as you do your job -- and we know it's a difficult job -- that you will continue to focus on the environmental initiatives and the conservation program.

Thank you, sir.

(Applause.)

MS. GRETCHEN BOREK: Good afternoon, Mr. Secretary and Congresswoman McMorris. I'm glad you could make it out.

My name is Gretchen Borek and I'm the State Executive for the Washington Association of Wheat Growers. I've worked for the growers and the association since 1993.

The first Northwest wheat crop was planted in 1815 at Fort Vancouver, Washington. Farmers who homesteaded and expanded the western territories discovered Washington is wheat country. By the late 1800's, eastern Washington had become the center of wheat production for the entire Northwest and it remains so today.

The completion of the transcontinental railroad to the Northwest in 1883 not only brought my great grandfather and his brothers out to homestead, but added coastal ports and export markets to broaden the horizons for wheat farmers. Today the Northwest is a principal white wheat producing area in the United States and a major supplier for both national and international markets.

The value of wheat production in 2003 for the State of Washington totaled \$528 million. The ripple effect of wheat dollars in the State economy creates jobs and revenue for food processing, transportation, wholesale, retail industries. When those wheat dollars that are used to purchase goods and services are taken into account, wheat production contributes about \$1.18 billion, with a B, total State output and \$82 million to the State and local taxes.

The importance of American agriculture in protecting this industry first came about in 1917 when you, the Federal Government, saw the need to have a secure source of food for this Nation. With Government intervention, the wheat economy assured farmers of a minimum wheat price and encouraged production and was their first step towards the first National Food Security Act, which we commonly call the Farm Bill.

The program ended in 1919 at the end of World War I, and through the '30's, the Federal Government enacted the Agricultural Adjustment Act to gain voluntary acreage reductions along with payments of plant surplus and covered the land with clover.

By 1938, it was apparent that there was more of a need to assure the wheat industry to maintain a stable economy. Crop insurance, parity payments, and the increase for farm income and price support programs were instituted. Over the last 60 years, the Federal Government has been involved in farming.

It's not just rural America that benefits from the acts of Congress to support farmers. The perception of the public is that the Government continues to spend billions of dollars on agriculture that benefits only producers. Please remember that the program is not the Farm Bill. It's the National Food Security Act. Its intent is to provide a safe, abundant food source for all America. The fact that here in the U.S. we have many choices of food to eat, combined with the fact that Americans spend the least amount of disposable income for their food is evidence that the program benefits all Americans, both rural and urban.

You are looking at a room full of endangered species: the American farmer. When I came to work for the association, the 1992 Census stated that I had 5,000 wheat farmers. Today the 2002 Census states that I only have 3,000 wheat farmers. Unless we have a level international open market, support of Government for all programs such as research, marketing, trade, conservation and production -- we need to have your support and please note that we built the history for this Nation and we want to continue to be part of this Nation. Please be a strong voice in Washington, D.C. for us.

(Applause.)

MR. NEAL JOHNSTON: Good afternoon. I'm Neal Johnston representing the Washington State Department of Natural Resources. I want to talk about State trust lands and the Conservation Security Program.

The Washington Department of Natural Resources manages more than a million acres of agricultural land for the benefit of the common school trust fund in the State of Washington. That's to build schools around the State for the K through 12 program. These federally granted trust lands are managed as an endowment for school construction, and historically these department- managed lands have been eligible for farm program payments.

The Conservation Security Program is one of the few programs that State trust lands are not eligible. The DNR manages trust agricultural lands via leases. These lands are long-term and traditionally are renewed with the same lessee over a long period of time. Many leases have been with the same family for generations. The lessee is required, through the lease agreement, to implement conservation practices to ensure sustainability, to provide resource protection, and to maintain and improve the capacity of the lands. DNR leases are very beneficial to local farmers, communities, and the agricultural community.

The DNR has required our lessees to be very aggressive in implementing conservation practices. Our leases are long-term in nature. They are passed from generation to generation. Our lessee is the decision-maker and they make the decision on crop selection and programs.

What is needed is that we are requesting a statutory change making all State trust lands throughout the country eligible for the Conservation Security Program just as currently is allowed with all tribal lands. Participation in CSP will benefit the federally granted trust lands, good farmers that lease lands from the States, and most importantly, ensure good conservation practices throughout the Nation.

Thank you very much.

(Applause.)

MR. MICHAEL BURKE: Good afternoon. I'm Michael Burke. I'm Director of Cargo and Cruise Services for the Port of Seattle and I'm here to express the Port of Seattle's strong support for Washington agriculture.

Also, Mr. Secretary, as a former resident of the megatropolis of Maxwell, Nebraska, I have to ask you what happened in Nebraska football.

(Laughter.)

MR. MICHAEL BURKE: Washington State is the most trade-dependent State in the country with one in three jobs related to trade, and we believe that trade and agriculture are integrally related in this State. The Port of Seattle currently ranks as the sixth largest port in the country, and Seattle, combined with Tacoma, ranks as the third largest load center. This year we have grown by 25 percent in cargo, and we believe a big part of that is Washington agriculture.

It is very important, given the extreme growth in trade coming out of Asia, that we have strong exports out of this country, and agriculture coming out of the Northwest is one of the big reasons for our ports' success and helps balance our significant trade deficits.

The reverse is also true in benefits. Many of our trains head off to Chicago with cargo, but come back empty, and those empty containers offer an opportunity for low-cost shipping of agriculture through our port from eastern Washington and other northern tier States.

Almost two-thirds of our cargo in exports relates to agriculture, and one-third of it relates directly to Washington State. We believe strongly that strong infrastructure and strong ports are necessary to support agriculture in the future.

We want to thank you for the opportunity to comment today.

(Applause.)

MR. CHARLIE POWELL: Representative McMorris, Mr. Secretary, thanks for the opportunity to talk to you.

My name is Charlie Doshier Powell. I'm an apple and pear grower from Yakima, and we're excited about our future.

We have been working with the Tree Fruit Research Commission and we are a specialty crop, the economic impacts of which now exceed program crops. We are not a minor crop and we require an R&D investment in order to compete globally.

We have a plan inspired by a vision. We call that the National Technology Road Map, and it is now a working model at the USDA. We are building a coalition of shared priorities and vision and shared investment between commodities of apples, pears, cherries, peaches, grapes, wine, citrus, and cane berry across the States of Washington, Oregon, California, Michigan, New York, Pennsylvania, and Virginia.

We have a value and a future. We're required to continue partnered research and development investments for more applied and new technologies. We request a balanced

investment on specialty crops in the Farm Bill and ongoing R&D at USDA. We expect our return on investment like many of our successes we developed in '04 and in '05.

Specialty crops offer healthy, affordable, safe food, growing domestic and export markets, living wage year-round jobs, economically viable rural economies, return on research investment. Only new technologies can simultaneously give us increased quality, productivity, and new marketing strategies, all of which we need to compete successfully in global markets.

Thank you.

(Applause.)

MR. CHRIS VOIGHT: Congresswoman, Mr. Secretary, Bob, thank you for this opportunity. I appreciate it. I'm Chris Voight. I've been in agriculture all my life and I'm currently serving as the Executive Director for the Washington State Potato Commission.

Potatoes are a big deal here in this State. We're the third largest commodity. We have a farm gate value of over \$500 million. 85 percent of what we grow is processed and 50 percent of what we grow is exported. So an ag transportation provision in the new Farm Bill I think would be very important. We're experiencing an extreme shortage of refrigerated rail cars, for example, and the railroads have not been able to keep up with these infrastructure needs of our industry in agriculture.

There is a major disparity in the current Farm Bill that we feel needs correction. 92 percent of the commodity spending was paid on only five crops, representing only about a third of the farmers here in the U.S. The majority, the other two-thirds of the farmers, many of them specialty crop growers, receive very little support from the current Farm Bill. Potato growers do not want traditional farm programs and direct payments, but need assistance in other areas that would be helpful for specialty crops.

First of all, the Washington potato growers really expect the continuation of the restrictions that do not allow acres that receive program payments to shift production to fruits and vegetables. This puts our current specialty crop growers at a disadvantage when those that are participating in program crops can plant those acres and receive subsidies on the other acres of their farm.

Also, one thing that will also help us is to dramatically expand the funding of the TASC program, which is the Technical Assistance Specialty Crop program. This is a very minor program within USDA but goes a long way in providing technical assistance to help us solve our disease and pest pressures here in the U.S.

Along those same lines, if we can strengthen APHIS, more personnel and more funding so that they can address the backlog of phytosanitary issues in regards to our trade markets, and of course, increasing our border patrols to ensure that we're not importing any pests into our country.

As I look at the blue and gold jackets here, it reminds me, Mr. Secretary, that you were an FFA member and I'm a former FFA member. And to reflect on that first sentence in the creed, I believe in the future of farming with a faith born not of words but of deeds, I appreciate your sincere interest in acting with deeds and not just words to help our rural communities. Thank you, Mr. Secretary.

(Applause.)

MR. CHRIS SCHLECHT: Thank you, Mr. Secretary.

I'm Chris Schlecht. I'm the President of the Northwest Horticultural Council. That's based in Yakima and represents the tree fruit industry of Idaho, Oregon, and Washington. Our apples, pears, and cherries are amongst the top 10 valued crops in this State, with apples being number one, just about \$1 billion per year.

The remarks I have kind of echo our colleague from the potato industry. We didn't coordinate our timing here, but much of what he said we would share and echo his commodity's view.

We are working on the 2007 Farm Bill with colleagues like the potato industry and with the California wine, grape, lettuce, all the specialty crops in California, the citrus industry in Florida, and we'll be bringing specific proposals in a legislative form early next year that then we hope will be incorporated into the 2007 Farm Bill by the administration or at least that you could take into account as you prepare your specific proposal to Congress.

A couple of areas. Again, we would echo the APHIS PPQ issue with the need for our products to go in the export market. 30 percent goes export. We need plant protection quarantine both on the inbound side for pest/disease control and on the outbound side. We need FAS to knock down the trade barriers. That's a great agency of your Department, along with ARS. So those agencies need support.

And then finally, the whole area of nutrition is just critical to the country at large and to our industry. Obviously, we would benefit but we think the feeding programs, WIC and others, that are valuable should reflect the dietary guidelines, which I think fruits and vegetables would benefit from that and so would the Nation's population.

So I appreciate your being here in the State of Washington. Thank you.

(Applause.)

SPEAKER: Mr. Secretary and Congresswoman McMorris, good to see you again. I want to thank you for being here today and all the people that made the thing possible.

While I agree with what has been said today, I wanted to touch on a couple of things the USDA might focus in on to help the wheat farmer. I'm a fourth-generation wheat farmer from down by Walla Walla. So that is who I'm speaking for.

A neighbor of mine said the main reason for our price problem is in order to have enough of our product, we have to have too much of it. There's some truth in that.

Right now I'm going to stop being a grain farmer. I'm going to be a grain buyer. I know that there's so much wheat out there and I want to pay as little as I possibly can. With the wracking up of technology that there's been worldwide in the past few years, I know where the wheat is, where it is planted, and have a pretty good idea of what the yield is. I know that, man, because I've got the machines in front of me that tell me that.

Now, one thing I use real hard is the projected carryover for the year, and if I see that projected carryover as being high, I know I'm not going to have to be paying a lot of money for

my wheat this year. It's a direct correlation. If you get up in the 900 million bushel carryover, you're down to about \$2.50-\$3, but if you get that level to 300 million to 400 million carryover, you're back up to \$4 or \$4.50.

Now, if I was a buyer and I knew the USDA was really working hard on keeping that number down, however they do it, trade, whatever, no production quotas, but anything they could do with foreign countries -- we can't compete with Canada and Australia at a Federal level. But if I know the USDA was going to do that and I was a grain buyer and I knew that the USDA was working for that 300, I'd be paying some more for wheat.

Thank you.

(Applause.)

MS. JUDY OLSON: Good afternoon, Representative McMorris. Mr. Secretary, welcome to Spokane.

My name is Judy Olson. I am a fourth-generation wheat, barley, and lentil farmer from Whitman County, but today I'm wearing my other hat. I'm the Eastern Washington Director for U.S. Senator Patty Murray.

Senator Murray sent a letter and I wish to read that to you. I'm going to read a paraphrased version in order to make time for the other people here today.

Mr. Secretary, I would like to thank you for visiting with Washington State producers today. I apologize that votes in Washington, D.C. prevent me from joining you.

Before I address the 2007 Farm Bill, I would like to say that Washington agriculture faces major economic challenges and many farmers are going out of business this fall. These challenges include high fuel and fertilizer prices and difficult resource issues, issues associated with urban growth, transportation, and continued difficulties accessing foreign markets.

I realize that some conditions are beyond the control of USDA. However, many actions of USDA have hurt Washington farmers. The market distortion caused by lowering the soft white wheat loan rate and the harm inflicted on Washington wheat farmers by Emerson Trust wheat sales must be addressed to ensure Washington's strong wheat legacy continues.

I am disappointed that the administration has not prioritized opening Japan and Korea to beef exports. Furthermore, I am disappointed that USDA has done little to help Washington fruit and vegetable producers who face difficult foreign market challenges, including Canada's blocking Washington potatoes, our policies in Peru which have devastated the Washington asparagus industry, and numerous sanitary and phytosanitary barriers keeping Washington products out of many countries.

Mr. Secretary, I hope that after this listening session you and I will be able to work on these issues which are critical to the economic vitality of Washington producers.

As we begin to look at the 2007 Farm Bill, I hope that it will truly expand the foundation to provide services and resources for all producers, including fruit and vegetable growers. It also must provide the proper safety net for our farmers who raise program crops. The next Farm Bill must continue to provide strong programs that enable our agricultural industry to thrive and compete internationally.

Likewise, a major increase in the size and scope of APHIS is necessary because new pests and diseases seem to be attacking us each day. From BSE and sudden oak death to avian flu, the challenges are many.

Finally, the Farm Bill must provide resources through conservation programs that help producers address the many difficult natural resource concerns, from clean water and clean air to endangered species protection.

Secretary Johanns, thank you for coming out to Washington State to gather input from our large and varied agricultural industry. I look forward to working with you to address the serious issues facing Washington State farmers and on the development of the 2007 Farm Bill.

Sincerely, Patty Murray, United States Senator.

Thank you, Mr. Secretary.

(Applause.)

MR. RON MASERVE: Good afternoon. My name is Ron Maserve. I am a fifth-generation farmer.

For 30 years, I have watched while the Government of the United States has deliberately and systematically crippled agriculture. This has been done by suppressed markets, outlandish equipment prices, and now astronomical fuel prices, all due to NAFTA and the World Trade Organization.

What I wish to know is why. What exactly do you want from us, do you wish to suppress us to achieve?

Also, I am sure that you are aware that 5 years ago, farmers made up 2 percent of the voting population. Today we are less than 1 percent of the population. To a politician, these numbers are pretty insignificant.

However, to date we still produce 25 percent of this Nation's gross national product. Being aware of this, how Government policies work, I feel confident in saying that money talks and BS walks. Then how can you ignore 25 percent in the financial crisis this entire country has been and will be facing? How can you ignore 25 percent?

In closing, I wish to say thank you for your time. Also, I hope that you get used to hearing from me because I refuse to go quietly.

(Applause.)

MR. ROD CHRISTIANSON: Mr. Secretary, thank you for coming.

My name is Rod Christianson. I'm Executive Director of the National Alfalfa Alliance.

Alfalfa is planted on 25 million acres in the United States which makes it the third largest commodity produced in the United States. It has many benefits both to agriculture and to society in general. The National Alfalfa Alliance believes these significant benefits should be

recognized and the inclusion of alfalfa in crop rotations should be encouraged in the next Farm Bill.

There are many environmental and subsequent secondary economic benefits. To name just one, I'm sure as you're aware as a former dairyman, alfalfa fixes atmospheric nitrogen and requires no supplemental nitrogen fertilizer. In a crop rotation, alfalfa contributes up to 100 pounds of nitrogen per acre to the following crop.

About 4.8 million acres of alfalfa are rotated to another crop each year in the U.S. Using a conservative figure of 100 pounds per acre to the subsequent crop, 292,000 tons of anhydrous ammonia equivalent are saved each year as a result of alfalfa in the crop rotation. This equals over 8 trillion Btu's of fossil fuel energy from natural gas. A crop rotation system that includes alfalfa should be part of an agricultural program for U.S. energy independence.

There are no Federal programs that provide direct support for alfalfa producers. However, existing crop insurance programs, National Agricultural Statistics Service reporting for alfalfa, and ARS research programs should all be continued at their current levels.

The environmental benefits of alfalfa make it an excellent candidate for alternative uses such as biofuels, bioprocessing, and value-added proteins. All of these benefits and proposals are detailed in greater detail in our written submission. But the National Alfalfa Alliance wants to see more Federal research dollars devoted to alternative uses of alfalfa and to the continuation of these important programs.

Thank you for your time and interest.

(Applause.)

MODERATOR: I wanted to point out we will be taking a break in a while. So I don't know if too many more people want to get in line right now because then you'd have to jump back in.

Proceed.

MS. TONI MCKINLEY: Thank you, Mr. Secretary and Representative McMorris.

My name is Toni McKinley and I represent the Washington State Grange. We have about 50,000 members across the State of Washington. We're the largest ag organization.

I know you're hearing a lot of comments and obviously you've come here because this is an important issue to the State of Washington. The grange just wants to pledge our commitment to working with you and we're honored to do that. We hope that you will contact us when you're drafting this piece of legislation.

Obviously, as you're hearing concerns, one of the things I haven't heard and I hope you take into consideration are the environmental regulations put upon the Washington farmers. We do have the Columbia River and there are allotments that are not being provided to our tree fruit industry, and that is a great concern to the Washington State Grange. We appreciate your consideration when drafting that.

Also, we do understand your hometown and how you explain where you live because we have the grange, and it's right past the old creamery and right before the old tavern, which doesn't exist anymore.

(Laughter.)

MS. TONI MCKINLEY: Thank you.

(Applause.)

MR. BRET OSMAN: Mr. Secretary, thank you for coming to Washington today.

My name is Bret Osman and I'm a fifth-generation farmer from southeastern Washington. I'd like to address the sixth generation and the assistance to distribute farm policy to producers today.

As we all know, fuel prices have increased by 100 percent, fertilizer by 40 percent. In the last 2 years, interest costs have gone up 75 percent. In the 4 months, wheat has decreased by 12 percent. It looks like to me the sixth generation is going to float down the river with the salmon.

That concerns me greatly, being my age and the ability to expand our operation. We are faced with a decision either to burn our retirement or to become more efficient or to do something else.

The second point I would like to address today is the ability to distribute farm policy and assist our producers. The FSA, Farm Service Agency, is in great need to be funded properly so they have the proper amount of staffing to serve our producers, which they do not have. We all know where FSA Tomorrow went, but FSA today needs help. Without the help, the last time I checked, wireless connections do not work in most of the fields.

My closing points are if, at the end of the day, nothing changes and we stay on the path we are on today, the news probably needs to be broken to these kids today that they didn't actually joined FFA. They joined HFA. That means the History of Farming in America.

Thank you.

(Applause.)

MR. MARK SHEFFELS: Good afternoon, Mr. Secretary, Representative McMorris. Thank you for being here.

My name is Mark Sheffels. I am a wheat farmer from nearby Lincoln County. Today I'm representing the Pacific Northwest Direct Seed Association.

Direct seed technology offers tremendous environmental benefits and enables farmers to produce crops in a sustainable system. The cost of making this transition from conventional production to direct seed is not cheap. We know that EQIP and CSP conservation programs will be a part of that effort.

Like all farmers, we feel the tremendous financial burden created by 25 years of increasing costs while target price reductions have coupled with inflation and stagnant crop

prices to reduce commodity program support to approximately one-half of what it was 25 years ago.

Policy advisors have warned growers for years to expect a shift from commodity support to conservation support because of public expectations and WTO constraints. The Pacific Northwest Direct Seed Association is very supportive of the Conservation Security Program and we believe the public is too.

However, broad agricultural support for this program will be difficult to gain unless Congress shows the same commitment that it expects of farmers. The PNDSA offers the following recommendations to strengthen the Conservation Security Program: fully fund the program per the original congressional legislation; strive for consistency in an administrative process from one watershed to another; make sure requirements for soil testing are not overly micro-managed as far as procedures required. Particular efforts are needed to ensure that the soil conditioning index and the soil tillage intensity rating calculations fit lower rainfall areas with limited rotation options. NRCS should work closely with local working groups and conservation districts to ensure local needs are met and all viable options for achieving sound conservation are given fair consideration.

In closing, I would like to point out that research has been the lifeblood of agriculture for decades. Federal support for research at our land grant universities has been flat for several decades and severely compromised by inflation. We must remedy this shortfall to prepare for the future.

Thank you.

(Applause.)

MS. TRACY RUSH: Mr. Secretary and Representative McMorris, thank you for being here today.

I am Tracy Rush from Lincoln County, a dry land wheat farmer, fourth-generation. I'm here to represent that fifth generation. I'm also a mom. My daughter has never wanted anything else but to come back and farm, and in the 20 years that I have been doing this, in the last 2 or 3, I'm not sure I can begin to encourage her to do that.

I would just implore you to find a way to put a target price into this next Farm Bill for wheat that is better than what my grandfather got because we can't keep up with the expenses. There's just no way.

The programs have to be user-friendly enough that a farmer can figure them out. I mean, CSP, three workbooks and weeks and weeks of classes and 10 years' worth of data. I mean, we've managed, but I know neighbors that didn't. When you're looking at fourth- and fifth-generation farmers failing, there's the humility factor that goes with that that I would like you to factor into the equation because I have a great concern for many of my neighbors and what they're going through. Find a way.

Thank you for being here.

(Applause.)

MR. STU SKIDMORE: Good afternoon, Mr. Secretary, and welcome to Washington State. I'd like to thank you for affording us this opportunity to speak with you today regarding the forthcoming Farm Bill.

My name is Stu Skidmore, and I'm a farm loan manager for the Farm Service Agency. But I'm not here today as an employee. I'm here today as a farmer because, in addition to my real job, I farm 18 acres of apples, pears, and sweet cherries in Omak, Washington, which is in the north central part of the State where we grow the world's finest fruit.

Mr. Secretary, I'd like to address two FSA regulations that adversely affect the abilities for farmers such as myself to acquire adequate amounts of funds in order to purchase and operate farms and produce the world's least expensive and safest food supply. The first is the \$200,000 loan limit and the second is the 7-year limit on receiving operating loans.

The \$200,000 loan limit has been around between 30 and 40 years and has never been adjusted for inflation or for the rising costs of real estate values. Mr. Secretary, as a farmer yourself, you are well aware that \$200,000 doesn't buy much these days. It also doesn't go far in providing operating funds for moderately sized farm operations. In my neck of the woods, a family sized food operation, to be economically viable, has to be 50 acres or more. Operating costs for orchards are between \$3,000 and \$4,000 an acre. This 50-acre orchard uses up the FSA \$200,000 loan limit in one year.

And if an orchard operation was an annual cropping situation, the loan limit would not be a big deal, but orchard operations are perennial crops. The 2005 fruit crop that we're just finishing up harvesting right now will not be sold until 2006, and we growers will not receive all of our proceeds until October or November of 2006. That means we've got to carry two loans, last year's and this year's.

It doesn't take a rocket scientist to realize that FSA's \$200,000 loan limit severely impacts the grower's ability to continue after the first year. This draconian loan limit can essentially put our beginning farmers out of business after we make them their first operating loan. I don't believe that that is in our best interest as an agency whose mission is to help farmers achieve a sound economic future.

The 7-year term limit on receiving operating loans does not take into consideration untimely weather-related disasters or market fluctuations that affect our ability to make a profit in financial operations. Today 12 percent of my caseload is at or near these limits, and they will have no recourse for obtaining commercial or private credit. Two of my growers are having to sell their orchards because after 2006, they can no longer receive operating loans.

This regulation has been weighed by Congress in the past. It is now time to eliminate this financial roadblock that has dire consequences for our farmers and our food supply.

Thank you.

(Applause.)

MODERATOR: Let's take one more speaker from each side, and we are going to have to take a break. So you folks kind of remember and respect where you were in line. Go ahead.

MR. JACK ENSLEY: Mr. Secretary, Madam Congress lady, my name is Jack Ensley. I am a farmer or I used to be. My son and my grandson are the farmers now. We live and farm in

Palouse country in Whitman County. My grandfather homesteaded in Whitman County. That happened before Washington was a State. My father farmed this county all his life. I feel my roots are here. I love the Palouse and I have a kinship with those fields.

I want to thank you for letting me try to express myself of my concerns. I also want to thank you for coming out here to listen to us.

There's a farm program that's been around for some time. It's what I want to talk about. It's the Conservation Reserve Program. I don't think you hear much criticism of the CRP. Criticism of CRP is what my statement is all about.

The CRP is touted as a great conservation program, and as such, it gets more praise that it deserves. I'm not saying it's not a good conservation program. In fact, if all the farmland in the county was back into bunch grass and looked like it did when Lewis and Clark were here, it would probably be good conservation-wise. That isn't going to happen.

The point I want to make here is that we have, in the last 3 years, learned how to farm the land in a way that is practically as good an erosion control as anything the CRP has to offer. Erosion control is the main good thing about CRP. The erosion control that I'm talking about involves not plowing the land and leaving all the residue on it. I won't go into specifics about this, but for the last 30 years of my life, we have been working with this program to try to learn what works and what doesn't. Farmers have learned how to raise wheat and not lose soil. I think that is a great accomplishment.

I believe that since we can do that, it does away with the need of CRP. The need is to convince all that we can do it.

I said that erosion control is the main reason for CRP. I should have said that I think it is the main reason for CRP. Maybe the price of wheat would be worse than it is now if all the land was back in production. Maybe helping to limit supply is the main purpose of CRP. If that is true, then let us be honest about it and say so.

We talk of energy crops. An interesting sidelight --

MODERATOR: Can we wrap it up there, sir?

MR. JACK ENSLEY: Do you want me to stop?

(Laughter.)

MODERATOR: Thank you.

MR. JACK ENSLEY: An interesting sidelight is that if as many acres of land as are in CRP in Whitman County were raising an oilseed crop, it would raise more than enough biodiesel to farm all of the land in the county. Doesn't it make sense to put our efforts in that direction?

I do think you should take serious consideration of the bad things about CRP before you include it in the new Farm Bill.

I understand that concern for new, young farmers --

MODERATOR: Please, sir?

MR. JACK ENSLEY: Do you want me to quit?

MODERATOR: Yes, if you could, sir. You can submit your comments.

(Applause.)

MR. ART SHULTHEIS: Secretary Johanns, my name is Art Shultheis and I farm 1,100 acres 90 miles south of here near Colton, Washington. I'm a fifth-generation farmer returning to the farm in 1983 after college. I'm also chairman of the Washington State Turf Grass Seed Commission.

The past 3 years, I have enjoyed some of my best crop yields ever. However, financially I'm struggling. There are problems in the agricultural community and it's time that we address them.

We are now competing in a world market and we need to be playing on a level playing field with our competitors. I recently read an editorial in a farm magazine from a 2,000-acre farmer from Cambridge in the United Kingdom. This year he will bank \$240,000 of government payments in combination of support and conservation payments. That is \$140 an acre. On my farm this year, my Government payments will total about \$30 an acre. How in the world can I compete against this? Now is not the time to be considering cutbacks in the farm program payments.

Other countries revere their farmers and they know where their food needs to come from. There are some in our country that believe our farmers are expendable. It would be disastrous to ignore the growing problems in the agricultural industry. Payments for the conservation practices to reduce soil erosion should be increased. The only way to convince the American people that food produced in the USA is worth supporting is to convince them that they are also being rewarded by increased environmental awareness.

The Conservation Security Program should be fully funded or eliminated by the Congress. To only offer this program to certain identified watersheds creates an uneven playing field amongst neighboring farmers.

Payments for the Conservation Reserve Program need to be reduced on a per-acre basis. As a farmer who wants to expand my operation, I have to compete against the Federal Government that is paying 10 to 20 percent more per acre to retire the land to grass than what local cash rents are being paid to raise a crop.

As a farmer, I'm unable to pass the ever-increasing input price of diesel fuel on to my customers while absorbing everyone else's fuel surcharges. We have an opportunity to develop a locally grown supply of biodiesel, and the Government needs to fully support this development.

I appreciate the opportunity to express some of my thoughts with you today. We have many challenges ahead of us. My only hope is that in this time of exploding deficits and needed spending on natural disasters, the Government does not turn its back on the American farmer. We surely do not want to rely on an imported food supply as we now do for our fuel.

Thank you.

(Applause.)

MODERATOR: We will now take about a 10- to 15-minute break. We have rest rooms on each floor. As I mentioned earlier, men to the left I believe. Women's on the right.

(Recess.)

MODERATOR: Everybody, please take your seats. We understand there's a little problem hearing because there's a little delay. There's nothing we can do about that, the way the speakers are set up. If you could get as close to the microphone, when you speak, as possible, that may help.

Before we get started, I want to make one more recognition. State Senator Bob Martin is here. Stand, wave. Where are you? I just want to let folks know you're here. I just wanted to recognize you.

Okay, let's quiet down. We will start with Jerry over here on the right. Go ahead, Jerry.

MR. JERRY SHEELY: Good afternoon, Mr. Secretary. I'm glad you're here and Representative McMorris, good to see you again. Welcome to Washington State and our county. I'm really glad that this happened.

I'm Jerry Sheely. I'm a retired farmer, 44 years of actively farming. Most of it was good business. There were 2 or 3 poor years, but I had a good life. Right now I am Chairman of the Board of the Spokane County Conservation District. Also, I'm a Co-Chair of the Farm Bill Policy Committee for the Washington Association of Conservation Districts.

Some of the concerns I have regarding just the portion of this 2000 Farm Bill relating to subsidy programs and conservation are as follows.

First, I applaud you for proposing to reform U.S. ag policy by offering dramatic cuts in trade-distorting subsidies. If American agriculture loses this type of subsidy, there need to be strategies for this transition from commodity subsidies, some of which would be utilizing the Conservation Security Program, the so-called green payments that comply with or meet the scrutiny of the Doha Round of trade liberalization.

There needs to be more of a safety net in place in this new Farm Bill to aid our family farms and ranches in a world market situation. Existing programs that are perpetually under funded have a huge backlog of farmers wanting to participate. These conservation programs need to be fully funded to provide this safety net which will benefit all working lands.

American agriculture seems to be on a limb that is being sawed off when all programs are being cut. The FSA and NRCS field offices need to be funded at a level to take care of the backlog of sign-ups. By helping farmers and ranchers meet increasing environmental demands, we will all benefit and will build public support for future investments in the environment and agriculture.

(Applause.)

MR. ROY DUBIE: Secretary Johanns, thank you for coming to eastern Washington. We appreciate it very much.

My name is Roy Dubie and I'm a fourth-generation family farmer in the Rosalia area in Whitman County.

Last September I listened with great interest when the President, talking to the world leaders at the United Nations, said that one of the things the U.S. was willing to do was to drop agricultural subsidies in order to create an environment of free trade. Of course, he did say that that would be dependent upon other nations coming on board and doing the same.

I raise wheat, barley, and dried peas, and I want to specifically talk about dried peas because they are so dependent on trade. One of the things that we really need to consider is that France has already played their cards and showed that they are not willing to go with the EU in dropping subsidies. I don't want to be put in a position where I'm sacrificed as a small American family farmer so that we can make this stand.

Concerning dried peas, we are very dependent right now in trying to get access into foreign markets. So the MAP program, foreign market development, and P.L. 480 are critical to dried peas, lentils, and chickpeas. I would hope that we would consider some way in keeping those funded or at least have something in place that would make sure that we still are in that particular marketplace.

With concerns to the farm program in 2002, dried peas and lentils and small chickpeas were added to the Farm Bill, and they were added in the market loan and the LDP program. Thank you. I mean, that's all I can say. If it weren't for that, I doubt that I would be raising dried peas at all.

One of the things that dried peas does and that program provides for me, it provides that little extra amount of income so that I can raise dried peas so I can use that ground to direct seed my winter wheat. On my farm right now, erosion is probably job number one. That's probably the one thing that I consider the most important job that I do. And that particular program, using dried peas with the direct seed arrangement, has been just fantastic. It's been very successful, and I hope that we can continue to fund, at least on a market loan or an LDP basis, the new program for pulse crops.

Direct and counter-cyclical payments. One of my concerns on that is that pulses aren't in that. Maybe that can be a dialogue for the new farm program.

I see the red light is on. Flexibility of planting acreage. I hope we continue that.

I want to thank you for coming and I appreciate you listening to what I have to say. Thank you very much.

(Applause.)

SECRETARY JOHANNIS: Before you get away, could I ask you a question on dried peas and lentils? In 2002, dried peas and lentils were added to the Farm Bill, and this is an area where I must admit we didn't raise that where I grew up. Tell me. What has happened to the price since 2002 with the addition of those commodities?

MR. ROY DUBIE: Unfortunately, it's gone down. But with the LDP, at least it keeps it at a level where even though -- I do not want to take up any more time. But my alternative is summer fall and I know I have a cost in summer fall. So if I can keep dried peas or lentils so that

at least I break even on the cost of those productions, I have that ground to direct seed into, and the erosion control has a tremendous value.

SECRETARY JOHANNNS: It's very interesting. I haven't studied that program extensively, but I think prices have gone down. Production has gone up. Right?

MR. ROY DUBIE: Yes.

SECRETARY JOHANNNS: Thank you very much.

MR. ROY DUBIE: Thank you.

MR. JIM THOMPSON: Good afternoon, Secretary Johanns and Representative McMorris. Thank you both for being here today.

I'm going to be a little bit repetitive, but I prepared the speech, drove 50 miles. I'm going to give it.

(Laughter.)

MR. JIM THOMPSON: My name is Jim Thompson, and like a lot of people in here, I'm a fourth-generation farmer and I raise soft white winter wheat, barley, lentils, and peas. Today I'd like to speak about three conservation programs: CRP, CSP, and EQIP.

Firstly, the conservation program was an excellent idea when it was first initiated. I've used the CRP program on my farm as a conservation tool to help implement a total conservation plan. However, CRP has grown from being one of many tools to being the giant sledge hammer or ultimate conservation plan. Bidding of entire farms into this program has had a negative effect on small communities, ag-related businesses, and farmers who have had to compete with exaggerated rental rates. I hope the CRP program can be re-evaluated and become what it was initially intended to be.

The Conservation Security Program needs to be fully funded in the next Farm Bill in order for us to keep pace with our competitors who are moving into green payments. The idea of reducing direct payments and cutting funding for CSP in an environment of skyrocketing expenses is a severe body-blow to farmers. CSP needs to be more user-friendly at sign-up time and available to all producers at some level.

The EQIP program and other cost-share programs need to be a vital part of the Farm Bill. These programs have been effective in achieving conservation goals and assisting farmers in adopting new farming practices. These share programs can also be an avenue for farmers to participate in CSP.

Thank you for being here and listening to our concerns.

(Applause.)

MR. PETE SWANICK: Mr. Secretary, Representative McMorris, thank you both for coming.

My name is Pete Swanick. I'm a dry land wheat farmer about 40 miles from here.

I think one of the biggest things I have a problem with so far doesn't even start with the 2007 Farm Bill. It's what President Bush is talking about doing to the current Farm Bill, cutting back on payments that we entered into a contract with. I can't say we banked on them, but most of the time, when I sign a contract, I can pretty much know those figures are going to be utilized for the remainder of that contract. So I just wanted to bring that back up as far as one of my key points.

As far as CSP, I'm not saying the program is completely worthless, but there's not many things people qualify for in our area unless they're a very minimum till or a no-till operator. And to get a decent yield around here, that doesn't work from what I've seen. I think it would probably be more fair to base it on rainfall if you want to go with something just out of the blue.

So thank you for your time.

(Applause.)

MR. LARRY ISAAC: Mr. Secretary, Representative McMorris, my name is Larry Isaac. I'm with the Stevens County Public Utility District.

Just a brief statement. We serve rural communities with potable water and waste water systems. The PUD has used mainly rural development funding for more than 20 years to construct new water and waste water systems for small rural communities. Many of the community systems that this funding has helped are in desperate need of repair. Many existing water and waste water systems are near failure.

We have found rural development staff not only professional and excellent to work with, but also dedicated and highly efficient as well.

We feel continued funding for this program is necessary in order for many rural areas to maintain a healthy living environment and to provide the necessary infrastructure for economic growth. The overall quality of life in these communities is directly affected by this program and it's funding. We ask that you consider this in any bill you support.

Thank you very much.

(Applause.)

MR. JEFF ETMAN: Representative McMorris and Secretary Johanns, on behalf of the wheat growers of the State, I welcome you and thank you for attending this 2007 Farm Bill forum of this great State of Washington.

My name is Jeff Etman, and I am the President of the Washington Association of Wheat Growers and a fourth-generation farmer from Valleyford, Washington.

Agriculture is still the number one industry in the State, and with a properly designed Farm Bill, it could remain number one for many years to come. Agriculture is currently facing some pretty tough times with the enormous increases and expenses due to the sharp increases in fuel and fertilizer prices. It is our hope that we can get some immediate relief to help us survive as farm operators so that we may participate in the programs that will make up the 2007 Farm Bill.

Today I will provide some input on the 2007 Farm Bill, but keep in mind that we must address the current crisis as well. As I look at the six questions asked of the U.S. farmers by the USDA to help shape the 2007 Farm Bill, I found that the same answer will take care of most of the questions. My general answer to you on all these questions is keep the American farmer strong, and new farmers and the next generation of farmers will have a future in production agriculture. Rural communities that are dwindling will strengthen once again and farmers will be able to purchase the equipment needed to farm with more conservation in mind and will be able to be more competitive on the world market.

Today the U.S. farmer is the highest regulated agriculture producer in the world. Over the years, despite high regulations and being exploited globally as a pawn in foreign policy, we have been a world leader in the efficient and safe food production.

In a 2-minute testimony, I cannot even begin to get into the details of what we would like to see in the 2007 Farm Bill. I will submit more testimony addressing these details later after today.

As for now, I just want to leave you with the understanding that the policies set in the next Farm Bill will greatly affect many people. In this State, you will be affecting family farms that go back four, five, and six generations, real people who know the land and have a love and admiration for agriculture of the great magnitude that it is.

I hear of how the next Farm Bill will have to be WTO-compliant. Keep in mind that the WTO doesn't represent fair trade, though it is supposed to be a move towards free trade. Don't sell out the American farmer in order to be WTO-compliant. Our producers are stewards of their land and give great consideration to our environment, human rights, human safety, and national security, while producers in some of our competing countries don't.

Most importantly, please work with the American farmer and the different commodity organizations as Congress drafts the next Farm Bill.

Thank you for your concern today.

(Applause.)

SPEAKER: Mr. Secretary, I appreciate your being here today.

I snuck across the Oregon border this morning. I'm a fourth-generation Oregon farmer from eastern Oregon. I serve on the Board of Directors for the Oregon Wheat Growers League, but I'm not really here in that capacity. I came to listen and hear today what was said.

I just had a couple of comments. One is when we talk about rural America, we need to remember what happened in New Orleans just a few weeks ago and see how fragile the urban centers are. And if we don't keep the rural parts of this country strong and stable, we will have no place to go and no place to turn in a crisis.

These people in this room and across the country have open optimism. I think that the future for small and for young growers is all about that entrepreneurial spirit of the farmer. And I think that when we put these programs together, we need to think about the future, and the future is the past and the past is we've had continued consolidation in agriculture. There's no farm program. There's no miracle to change that. But there are ways to make sure that we make that transition positive.

What we've done with the risk management agency and crop insurance in my little area of severe drought for 5 or 6 years made all the difference. My neighbors haven't had to have a sale. I haven't had to have a sale. We're still in business and there's still hope.

So I think we have to talk about strengthening agriculture. There's lots of specifics, but let's do it in a positive way. Let's realize that we are the core that keeps the country strong. All you have to do is think about the power out in Cheney, Washington for 24 hours or the power out in New York and where would you rather be.

(Applause.)

MS. JANE McNEIL: Representative McMorris, Secretary Johanns, I'm Jane McNeil. I'm a horticulturalist who lives on a property that was planted to horticultural plants in 1910. I'm here to bring to your attention the greenhouse and nursery growers in this State who are the seventh largest crop in the State and who, despite high land/high water costs and high input, produce valuable crops.

But their needs are for sustainable, reliable water resources and for research that helps protect against both the growing and the market impacts of diseases that impact the materials that they produce. We look forward to seeing what place we might have in the agricultural scheme.

Thank you.

(Applause.)

MR. ALEX MacGREGOR: I'm Alex MacGregor.

Mr. Secretary, Representative McMorris, I'm proud of a remarkable bastion of family business, the men and women who, with their families, farm 97 percent of the arable acres in the Pacific Northwest. Yet, I've never seen spirits as low as they are today.

A grower called me the other day and read a quote from President Bush he had clipped and saved in his wallet since 2001. "In times of emergency," it read, "growers will get the assistance they need when they need it." I've farmed here since 1952, he told me, and this is the worst emergency we've ever known in my lifetime. Please ask the Secretary to pass along this message for us: Mr. President, we truly need assistance and we need it now.

Senator Roberts of Kansas described these times as a category 5 hurricane of fuel and fertilizer prices. We're losing three or four farm families in many of our communities this winter. Slowing the exodus, providing some hope has to be job number one.

Some growers have had to pledge the cash value of their life insurance to get an operating line of credit. Families have seen for the first time since the Great Depression a bushel of grain worth less than a gallon of fuel.

A farm woman came to me the other day and said my husband and I have been farming for 50 years. He doesn't want to put the place into CRP, but is there any hope?

Emergency energy assistance is urgently needed. We need a 2007 Farm Bill that will maintain a commitment to helping farm families persevere. As the President put it in that fated 2001 article the farmer showed me, agriculture will no longer be traded away or ignored when

we sit down at international negotiating tables. It will be a top priority of ours. The administration is going to be a friend of the American farmer. We, the people of agriculture, are counting upon and badly need this support down the road ahead.

I'm not sure what homeland security means, but the ability to produce homegrown food that meets exacting regulatory standards, while maintaining extraordinary resources that allow us to efficiently feed fellow Americans and people around the globe, should rank high in the equation.

Please assist us in reinforcing the hope of my veteran farm friend, that when the chips are down, growers will get help. Never has there been a more important time for us to be able to go home and tell our farm neighbors, yes, there is hope for the future.

Thank you.

(Applause.)

SPEAKER: Representative McMorris, Secretary Johanns, I noticed from your biography, I share many things with you. I was born in Kanawha, Iowa, grew up in McCook, Nebraska, and that's halfway between Culbertson and Indianola. I'm a graduate from the University of Nebraska College of Medicine.

I'm here as a tree farmer. There are some 10 million small forest landowners in the United States. We produce 42 percent of the timber grown in the United States. I'm here to ask that you be sure that you include within the farm forestry bill a forestry title.

Some of the things that tree farmers do is we help with drinking water, endangered species, help the rural economics and working forests, clean air. Every single tree can absorb about 10 pounds of carbon dioxide out of the air every year. And recreation and also hunting. My grandson, 11 years old, just got his first deer.

Thank you very much for coming and listening to us and please include forestry in the new bill.

(Applause.)

MR. GREG PARCH: Mr. Secretary, Representative McMorris, my name is Greg Parch. I'm a Whitman County Commissioner just south of here.

I want to speak to something that hasn't been talked about yet, and I know it's on many of the people's minds. In Whitman County, we have about 900,000 acres of agricultural land, primarily wheat. Our gateway to get to the coast to get to market is our dams and our river system, the Snake River system. I want to make sure that you know how important our dams are and the edge it gives to our farmers to get their commodity to the market.

We're being attacked by lots of different entities to say take out our dams. We need this vital source to get to the market, and I would urge you to support us in any way you can. I'd like to paraphrase probably one of the most famous of our Presidents, Ronald Reagan, when he said to Mr. Gorbachev -- I'm going to say, Mr. Secretary, save our dams.

Thank you.

(Applause.)

MR. PETE WILLAMINO: Mr. Secretary, thank you for coming to eastern Washington and allowing us to address you and hearing our concerns, and Congresswoman McMorris, thank you for helping facilitate this meeting and for being a friend of agriculture.

My name is Pete Willamino and I'm President of the Washington Cattlemen's Association. I'd like to address a few of the issues that affect the cattlemen.

First is, as you might expect, the exportation markets. Japan is still dragging their feet on that. Over a year ago, there was a meeting with trade negotiators of the U.S. and Japan and parameters were set by which trade could resume. All those were met by the U.S. and yet the Japanese have failed to open that market. They have, in effect, generated their own trade barriers, and for whatever reason, we are not sure. But it has affected the beef industry in excess of \$3 billion.

There is a movement right now in the Senate to provide for implementing sanctions against the Japanese if they don't resume trade by December 15th, and we would hope that this would gain support. I think it needs something like this in order for them to realize that we're serious about this, and we need that market.

There is no science, by the way, that they are basing this on. It is purely a trade barrier.

The next one I guess I'd like to address is the trade with China. They are becoming hungry for protein. There is a lot of protein providers positioning to try to provide that. Beef I believe fills that bill maybe better than any maybe because of the demand for it. They've had a history of eating poultry and pork, and there is a huge demand for high-quality beef. And the U.S. can provide that high-quality beef. The American cattle producer can do that effectively. We would hope that this would be used in future trade negotiations talk.

I will wrap it up here will quick. There is also a bill for ESA reform. It's a good start. It doesn't go far enough. We know that incentives are better than Federal mandates, and incentives might have a chance of working where mandates don't and we hope that you consider those.

Thank you.

(Applause.)

MR. RANDY SMITH: Mr. Secretary, Representative McMorris, thank you for being here today.

My name is Randy Smith, and I'm a tree fruit producer of apples, pears, and cherries from Cashmere, Washington. I don't want to talk about fruit today. What I would like to talk about is being a user of the land grant university system, more notably in this State, Washington State University.

For the past 11 years, I've served as one of WSU's representatives to a citizen advocacy group, CARET, the Council for Agricultural Research, Extension and Teaching. In my capacity with CARET, I've worked with all our Representatives and Senators to provide them with an understanding of just how important USDA funding is to ensuring that local, regional, national issues of importance are addressed, utilizing the land grant university partnership.

In your press release regarding this listening series, you indicated that you desired input regarding global and domestic competitiveness, achievement of conservation and environmental goals, enhancement of rural economic growth, and the opportunities to expand agricultural products, markets, and research.

I would submit to you that the land grant university system -- and in our case, WSU -- is in a unique position to help move our society forward on essentially all of these fronts if they are provided the resources to ensure the capacity to do so. Here in the State of Washington, I can cite numerous examples of WSU filling some local need in every one of these areas and, unfortunately, areas where the need could not be filled.

What's more important is the downward trend in the Federal commitment I have witnessed over the last 20 years. Mr. Secretary, as you move forward in developing the 2007 Farm Bill, I urge you to take very seriously the challenge to reenergize the land grant system's role in research, extension, and teaching for the benefit not only of our farm communities, but our entire society by providing leadership that is desperately needed to reform and refocus our counties, States, and our entire country as to their role in a partnership. This will take dollars and it will take a commitment from you to allocate those dollars, and I hope you can help us.

Thank you very much.

(Applause.)

MR. JACK FIELD: Good afternoon, Representative McMorris, Mr. Secretary.

My name is Jack Field. I'm the Executive Vice President of the Washington Cattlemen's Association. And I'd like to thank you, on behalf of our membership, for having this forum today.

We've got two issues we'd just like to bring to your attention.

Number one, we'd like to see the Farm Bill include some language that would allow emergency grazing on CRP at no cost to livestock producers and no rental reduction to contract holders. As you're aware, we had the largest wildfire in the United States here in our back yard in Pomeroy in Garfield County, and the use of CRP could be a very useful tool to several livestock operators that were impacted by that fire.

One other thing I'd like to bring up would be the importance and need for funding for wildlife services. Here in Washington State, we have several issues with some initiatives and legislation that limit our landowners and livestock producers from taking appropriate protective measures to protect livestock and personal property. Wildlife Services has many services available to not only livestock but crop producers as well, and with full funding, they could fill a very much needed void for the producers throughout the State.

Thank you.

(Applause.)

MR. LARRY COCHRAN: Welcome, Kathy and Mr. Secretary.

My name is Larry Cochran. I'm a farmer/rancher from about 50 miles south of here. I'm also director of several cooperatives and also a conservation district supervisor.

We talk about intended and unintended consequences. I want to tell you a story. This summer, my brother and I were building a truck bed, and when we got the iron in on the floor, on it was stamped "product of Egypt."

The Pacific Northwest exports most of our soft white wheat, and Egypt is a large buyer of soft white wheat from the Pacific Northwest.

This fall, looking through the ag stories, Egypt declined to buy wheat because they said the price of the wheat was too high. Now, we bought the steel from them for -- I don't think probably we bargained on the price, which means it must have been cheaper than U.S. steel, which is not a good thing to me anyway. And for them to turn around and say our price of wheat is too high, well, that may be free trade, but I really don't consider that fair trade.

I have a son who wants to be a fourth generation farmer, and under the present conditions, if I bring him, I've got to leave and I'm not ready yet. I may get ready sooner than I expect to.

But to me, I haven't quite figured out whether that's a good thing we're dealing with Egypt on steel or not. And we talk about world trade, but I sure don't want to see American agriculture go the same way the American steel industry seems to be going.

So just a little facts and figures of what actually happened. So thank you.

(Applause.)

MR. LEN POULSON: Mr. Secretary, thanks for giving us an opportunity to speak.

My name is Len Poulson. I've been farming 31 years in Douglas County and we raise grain. Thank God we had a bumper crop this year. But yet, we still went backwards. If you can't make it in a bumper crop, how are we going to make it in a normal crop? Our operating costs are unsustainable with what we receive for our grain. If something is not changed, I don't see how any of us can stay in business. We can't pass on the operating costs like other business, but they seem to pass it on to us.

We need help now instead of cutting back. You've heard on the loan rate -- I don't think it's fair here with the white wheat. We need, for the new bill, a higher loan rate, but for now I'd like to see some assistance for the fuel and nitrogen.

Funding. I know that Government is always trying to cut back. Maybe they ought to look at putting a Federal tax on food to cover a little bit of the cost if they don't want to pay it. You're going to pay it in the long run because we'll be out of business. We'll be buying it from foreign countries if they don't keep us in business.

My son, who is 21, would like to farm too, but anymore he might be supporting me before it's over.

Thanks an awful lot.

(Applause.)

MR. FRED CULVIN: Representative McMorris and Secretary Johanns thank you for coming to Washington today.

My name is Fred Culvin. I'm from Tenino, Washington. We're located about halfway between Seattle and Portland, so we're on the western side of the State. Voices from the west side today have been rather limited.

Our family owns and operates a cattle ranch that has been in our family since the early 1850's. I'm also on the board of the Thurston Conservation District and also chair of the Thurston County Ag Advisory Committee.

My interest in the Farm Bill is on the need for the continuation or the strengthening of the conservation aspects of the Farm Bill. These programs are instrumental to assisting farmers and ranchers deal with the many environmental and habitat issues that they face. For these programs to be successful, they must be structured to meet the priorities of the local community. And equally important to the success of these programs is the need for technical assistance, which is a guide for landowners to implement best management practices. With good planning, we can have good conservation.

A particular concern of mine and many of the other farmers and ranchers in western Washington is the conversion of the farm, ranch, and forestlands to urban uses. In our area of the State, urban encroachment is not only changing the face of the rural areas, but it also has a profound effect on our traditional ag activities.

There has been local interest in the last few years over programs such as purchase of development rights. Some USDA programs, such as the Farm and Ranch Land Protection Program and the Grassland Reserve Program, can be used to enhance local programs and funding and still meet the needs and priorities of the local communities. I urge you to look at these programs and others similar to them as a way to help keep the ag communities economically sustainable, especially in those urbanizing areas. These programs also have a positive impact on the next generation of ag producers that wish to get in the business.

Thank you again.

(Applause.)

MR. BILL MICHAELSON: Representative McMorris, Mr. Secretary, my name is Bill Michaelson. I'm from Pullman, Washington where I've spent my entire working life producing, processing, or exporting wheat, barley, peas, lentils, and chickpeas.

I've become increasingly concerned about the ability of U.S. producers and processors and exporters to compete in the global marketplace, a market which is currently manipulated through trade barriers and export subsidies, tariffs, and phytosanitary restrictions. In a completely free market, there would be no need for any of these restrictions on trade, but we don't live in that perfect world. For centuries, countries have always protected their food supplies.

That is why the WTO negotiations are so critical to our industry. I believe that it is the responsibility of our trade negotiators to level the playing field and deliver an agreement that will allow U.S. agriculture to compete fairly. The last WTO agreement, as was mentioned earlier, allowed our competitors in Europe to receive \$5 in domestic support for each \$1 received by a

U.S. grower. I would support the current WTO negotiations if the result were to put U.S. agriculture on an equal playing field with other countries.

I applaud the President and yourself, Mr. Secretary, for aggressively pursuing free and fair trade for all of our agricultural products, and it is my sincere desire that you will bring us a WTO agreement and that it will show a truly fair, equal, and level playing field.

But assuming that the WTO negotiations don't bring about true market parity, then it is critical that U.S. producers maintain a marketing loan program to be able to compete with the restrictions and subsidies of our competitor countries.

Specifically, two programs that have been very instrumental in our ability to penetrate new markets are the foreign market development and the market access programs. These programs should be fully funded and implemented in the new Farm Bill.

Mr. Secretary and Congresswoman McMorris, I'd like to thank you for the opportunity for listening to my concerns. Thank you.

(Applause.)

MR. ERIC WILLIAMS: Mr. Secretary, Congresswoman McMorris, thank you very much for this opportunity.

I'm Eric Williams with Environomics. I'm local here in Cheney.

You mentioned that we ought to maybe start with our ties to agriculture. For me, I eat every day. I eat pretty darned well and I eat pretty darned cheaply, and I want to thank all these people for that.

(Applause.)

MR. ERIC WILLIAMS: Like both of you, I grew up on the business end of a pitchfork in the same small town in central Montana. Like you, I wasn't able to stay on the farm. Unlike both of you, I became a consultant instead of a politician. So I guess it's a tradeoff.

(Laughter.)

MR. ERIC WILLIAMS: Our clients are primarily natural resource providers, and what I find is that, whether we're working for agriculture or energy or mining or timber, we have many overlapping issues. For example, we do a lot of work in natural gas right now. That's a huge issue in terms of fertilizer prices and that sort of thing.

There's also overlapping issues. For example, Congresswoman McMorris has worked hard on a lot of NEPA issues. Someone earlier mentioned ESA.

I guess when you work on these things, if you would look at the holistic picture of how those overlap, I think that's what's best for rural America.

For a moment, I'd also like to just go back to the first two people who spoke today, David and Loren. I too was a 4-Her and an FFAer. They're going to be embarrassed, but let me tell you a little bit about them. David is going to be out on the football field for us tonight. Loren is going to be next to my daughter Saturday on the soccer field. These are good, rural, well-

rounded, well-engaged kids. And as you do all these sorts of things, if you would help us and have those -- sorts of kids in mind, we'd all appreciate it.

Thank you very much.

(Applause.)

MR. WES WAGNER: Good afternoon. My name is Wes Wagner. I'm from Farmington, Washington. Just head south till you can't find people, and you're there.

I grow wheat, lentils and barley. My concern, I don't like being a bargaining chip in the WTO negotiations. I believe that those negotiations are going to distort our next Farm Bill's effectiveness. If you can't get the WTO to go away, which I don't see it going away any time soon, at least get our next Farm Bill provisions under the WTO radar, not the negotiation table. I believe this is critical to an effective Farm Bill and to our future.

I want to thank you for this opportunity to speak.

(Applause.)

MR. GLENN JOHNSON: Good afternoon. I'm Glenn Johnson, and I farm an hour north of Seattle, in the Skagit Valley. I grow 50-plus different crops. And I am just totally overwhelmed by the problems that face large-scale agriculture. I'm fortunate enough I didn't have to inherit one, and I got an opportunity to buy the size that I could operate proficiently, efficiently, and profitably -- 20 acres. And I make a decent living.

Now, very few people get an opportunity to do that, and especially the young people that are seeing agriculture as large, large agriculture. The future of agriculture is not the one that we see today. We cannot continue.

Twenty years from today, imagine ourselves in this building, how many people are going to be in here in 20 years. We're talking about a crisis in this country, of revitalizing small-scale agriculture, one that removes our personal home security of food from an export market. And right now, our food in this country is inextricably connected to export.

Well, if we are not going to be able to compete in the world market because of unfair trade regulations, where is our domestic food security? It's in small-scale farms, where we, I have never used a USDA program. I've financed all my research and development out of the success of my carrots, or whatever else. I don't depend upon the USDA, FSA, no one, for anything. And that makes me a free man.

I started off with a debt load, and I had a hard time borrowing \$10,000. That's not an ag loan. They don't start until you are asking for \$150,000 in my neighborhood. Well, what sort of a security is that for a young person, to come and say, okay, I'm going to start farming, I'm going to buy my family's farm? Which has now become so large that they're going to have to indebt themselves for their whole lives to try to maybe make it, when what is the future?

Everyone is saying here there is no hard future. Well, maybe there is a different paradigm of agriculture that we can promote and get some young people to learn, small first. Don't go into 10,000 acres, of having to buy your family farm.

Thank you.

(Applause.)

MR. FRED RETTENMUND: Representative McMorris, Mr. Secretary, my name is Fred Rettenmund. I'm here from Inland Power & Light, a small rural electric cooperative that serves over 34,000 electric consumers here in Eastern Washington, including a lot of irrigated agricultural operations.

I'm going to touch briefly on something that hasn't come up too much today. And that is the price of electricity, which can very definitely affect a lot of our irrigated agricultural operations and the related industries.

Inland, like many utilities here in the Northwest, many cooperatives in particular, depend on the Bonneville Power Administration for virtually all their power requirements. Inland and many other small co-ops, come this next October, will be facing approximately a 40 percent increase in our power supply costs. Unfortunately, we're going to have to pass most of that on through to the consumers, including irrigated agriculture.

Now, we understand there is a lot of factors that increased Bonneville's rates, and I know the Congresswoman is very familiar with this. But one of them is the continuing escalation in the fish and wildlife costs that Bonneville is paying on behalf really of the region's ratepayers. Bonneville doesn't produce any money. It comes from these people in this room, and others.

I guess I would also note that the price tag is now up to \$600 million to \$700 million a year for fish and wildlife expenditures, and going up. That's not small change. It represents over 20 percent of Bonneville's total cost of doing business. So while we support efforts to improve fish and wildlife, they have to be prudent, they have to be cost effective, and they have to produce fish in the river. We need to have programs that are focused on those things that really work, and not just spending tens of millions of dollars on somebody's latest idea. So that's one of our key points.

The other is, when Bonneville designs its rates, it has its highest rates in the summer season, and it lowers its rates somewhat in the winter season. That's okay if you're a consumer that's consuming year-round. But if you're irrigated agriculture and you're consuming only in the summer period, you're really hit hard.

I would just conclude by saying that we've worked with Bonneville in the past, and we've worked constructively to try and deal with those kind of rate design things with Bonneville. They are leaning towards moving somewhat away from that in their future rates. We are going to continue to work with them, and the Congresswoman and others, to try and impress upon them the imprudence of those kinds of rate designs.

Thank you.

(Applause.)

MR. BOB PLAYFAIR: Good afternoon. Thank you, Secretary and Representative McMorris. I'm Bob Playfair, a farmer from Chewelah, who wants to thank you for coming to Eastern Washington for this hearing. I'm past President of the Washington Farm-Forestry Association and currently serve as Western Regional Vice President of the National Woodland Owners Association.

My comments this afternoon are to reemphasize the importance of maintaining the recognition of our forest products from family-owned lands continuing to be considered an agricultural crop for the purpose of conservation titles and other USDA funding payment programs in the 2007 Farm Bill. This can only be accomplished, as in the past, by referencing and continuing the forestry sections found in the current Farm Bill.

Having just returned from the National Woodland Owners board meeting on two tree farms in New Hampshire, I still marvel at the endurance and fortitude of our ancestors who settled New England. There are rock fences everywhere in the forests. That's because 80 percent of the land was cleared and cultivated prior to 1900.

Today, most of the farmland has been returned to tree-covered hillsides, so logs, chipwood, maple syrup, and wildlife are coming from prior farmed lands, and should still be considered ag croplands. As the aging present owners of many of the larger farms die, they are sold and subdivided by the heirs, who cannot afford the taxes or want spendable assets. When sold, these farms and forestlands become smaller parcels, and the new owners do not have the knowledge or desire to actively manage those resources; that is, until a catastrophic event like the recent hurricanes, a wildfire, or ice storms, jerk them into the world of reality that is a forest is dynamic and requires daily TLC.

When they are looking for a logger to salvage their investment dollars to pay for the cleanup costs, these new owners are the ones that now are desperately in need of the assistance of extension agents and public-funded foresters. It is with this in mind that I request you help us retain the historic funding titles and appropriations in both the Farm Bill and the Forest Service funding. That's the McIntire-Stennis and RREA.

Thank you.

(Applause.)

MR. PLAYFAIR: And I have a full copy of the text.

MODERATOR: Put that in the back for us. And please go ahead here.

SPEAKER: Mr. Secretary and Madam Congresswoman, I am a third generation dryland wheat and cattle rancher, along with my husband and our three sons and our grandchildren. But today I wish to speak as a county commissioner from a small, rural county. I wish to speak about the CRP program and the benefits to the county and its citizens.

The government and taxpayers have spent countless dollars on recovery efforts of the endangered salmon, where CRP has made a dramatic change for the good. Why? Because it holds the snow and the runoff that result in heavy sedimentation into the Columbia River. Also, CRP has been very beneficial to the sage grouse, by keeping them off the Endangered Species List. The sage grouse, as well as the sharptailed grouse, have thrived in the stands of CRP in my county and its natural grasses.

The economics of the CRP program in Douglas County is huge. Just by losing the 8 percent of the CRP that would bring us back down to the 25 percent would be an impact of about \$200,000 in tax dollars. And \$200,000 in a small, rural county is a lot. Also, that doesn't touch the impact to our small towns. CRP, for the first time in a long time, has allowed our farmers to be able to go into the town, buy their supplies and pay their bills on time.

We want to thank you, Cathy, for bringing the Secretary here. We really appreciate that. Thank you.

(Applause.)

MR. AARON FLANSBERG: Representative McMorris, Mr. Secretary, thanks for coming here today. My name is Aaron Flansberg. I'm a fifth generation farmer from the Palouse.

My granddad couldn't be here today because, of his 85 years of life, he has spent a good number of them bouncing around in a tractor and his back doesn't let him sit for too long these days. But he wanted me to tell you that, in 1948, his on-farm price for a bushel of wheat was \$2.94. And as of today, I think we're about \$2.90. In 1948, he paid \$3,000 for a new combine, \$3,200 for a tractor. And these days you're paying about \$300,000 for that same combine. So whereas we've lost 4 cents a bushel in the past 57 years, you can see where our costs have gone.

Basically, what I want to say to you is that those are all factors that are outside of our control. And I'm 26 years old. I've been on the farm for three years now. As I look around the room, I look like one of the younger ones around here, except for this row right here. And that can probably say a couple of things about me. One is that most of the young people are probably a lot smarter than me for coming back to the farm, or that I was really lucky and had the opportunity to be coming back to a family farm. And those five generations before me each set me up. My granddad set my dad up to farm. And my dad has now set me up to farm.

And I want more people to have the opportunity, when they get to be 85 years old, to say, you know, my back hurts a little bit, grandson, would you go and say something for me and speak to the Secretary for me.

I appreciate it. I hope that I have that same opportunity.

(Applause.)

MR. ART SWANNACK: Mr. Secretary, Representative McMorris, thank you for coming here. My name is Art Swannack. I'm President of the Washington State Sheep Producers. My wife and I raise sheep and wheat and a little bit of barley and some hay.

The issue I want to talk about today is the national animal ID system, as it relates to the sheep producer. The Washington State Sheep Producers support an animal ID system that's like our scrapie system right now. But the proposal for the NAID mandatory system could wipe out 2 to 5 percent of my gross income per year. The cost of the system is the overriding issue for the U.S. sheep industry. It cannot be completely borne by the producer.

Dr. Rodney Knott has illustrated the difference between cattle and sheep using an animal unit, which is a cow-calf pair, versus the same unit, which is five ewes and seven lambs. The cow-calf pair would pay \$3.50 a piece for a tag and 50 cents for database information, which totals \$8. The five ewes and seven lambs would pay \$48, which is equivalently about the same income from the two operations. We can't operate the same way that cattle can.

We believe that the national animal ID system that we should use is the current scrapie system. We believe it's efficient. It doesn't cost much. And it does effectively what's necessary.

I would like to also see a cost/benefit analysis done on this, as to whether or not a national ID system makes sense economically for the cost to producers versus the gains for the nation.

Thank you.

(Applause.)

MR. TERRY MORGAN: Representative McMorris and Secretary Johanns, glad to see you here today. My name is Terry Morgan. I farm kind of near the Pine City-Rosalia-Plaza-Malden area. And if you don't know where that is, it's right east of the Hole in the Ground and Bonnie Lake.

(Laughter.)

MR. MORGAN: Which is otherwise 22 miles south of here.

I turned in a list of things that I won't touch on. I echo what Jeff Etman and particularly Alex McGregor have said about the crisis that we have here today. But I would like to touch a little bit on CRP and its use as biomass. And in that vein, we're stuck with it. So if it could be converted into biomass, either for fuel or energy, it should be allowed in this program as well as the new program without any cost to the landowner, and managed by NRCS to allow it to be taken off once every two or three years, or every year at somewhere between 20 and 50 percent per year. That way it would rejuvenate the stand.

One of the big problems we ran into in Whitman County was they said you had to plant native grasses. And many of the growers tried to plant those; they won't germinate for over a month. So the weeds took over. So they replanted and they replanted. Cleaning it up eliminates the weed problem, and changing that native grass designation would help as well.

The other thing is renewable fuels. There is the CCC payment for biodiesel and ethanol. That should be renewed and expanded. We don't hesitate to help oil companies; let's help us. We're talking a few million dollars; they're talking billions of dollars.

The last thing is I can't tell you how many generations we've been farming. My father's family has been in the United States since the 1700's, and they farmed their way west. I would like to be able to turn my farm over to my four-month-old son in 20 years, and tell him there is a future.

Thank you for coming.

(Applause.)

MR. CRAIG GRUBE: Hello, Mr. Secretary, Congresswoman McMorris. My name is Craig Grube. I live in Medical Lake, which is just a short distance from Cheney here. I'm a cow-calf producer.

Mr. Secretary, I have a real problem with your final rule, opening the Canadian border to export their beef, beef products and live cattle into the U.S. And I've always had a question. I would assume, before that final rule was written, that the USDA had done a risk analysis on the importation of these products out of Canada. Is that so? I assume so.

With all risk analyses, you come up with numbers and figures. That's the whole purpose of them. That risk analysis should have told you how many Americans will end up with variant-CJD, which is the human variant of Mad Cow disease, and it should also have told you how many Americans will die from it. I've never seen any figures on this. I've heard politicians, I've heard you, state that it's low, very low, minimal -- no figures.

I will leave my name and address with one of your staff outside. I would appreciate getting those figures.

Thank you very much.

(Applause.)

MR. BOB HUTCHINS: Thank you, Secretary Johanns, for coming to Eastern Washington. And thank you also, Representative McMorris, for encouraging this session to take place. My name is Bob Hutchins, and I farm around Dayton, Washington, which is about 100 miles south of here. I'm a member of the Columbia County-Blue Mountains County Farm Bureau Alternative Fuels Committee.

I began my farming career in 1973, after graduating from Washington State University. I farmed with my father for 16 years and farmed on my own for 16 years. And now my son Clay and I are trying to figure out ways to keep the tradition going. But we want it to happen, and we know it's going to be a challenge. But I know also, Mr. Secretary, that you want that young person to stay involved in farming also. He has done his homework. He has a degree in ag tech and management from Washington State University, and he is beginning to understand the realities of the tremendous investment requirements of farming.

Whatever the component that's in the new Farm Bill that addresses keeping young people in agriculture, that component has to have a viable economic incentive and possibility for success to attract and keep them there. How should farm policy keep the U.S. competitive in world markets? The USDA needs to support international negotiations that support free trade when it is beneficial trade. Agricultural trade is one of the bright spots in our nation's balance of trade problems, and it should be brought forth and recognized by our Congress for its contribution to our economy.

From now, Mr. Secretary, I really believe, from listening to testimony, that the current programs need some change and something new has to be tried. I believe it's in the area of biofuels. It's a market that is there, and it's a domestic market, for environmental reasons, and it's a security issue. So we urge you to include in the next Farm Bill programs that will assist and encourage a biofuels program that is part of the Farm Bill.

Thank you.

(Applause.)

MODERATOR: We would ask that nobody else get in line. We'll take who we've got in line now and proceed. And if we hold the applause down between each, we can get through you. So let's go.

SPEAKER: Representative McMorris, thank you very much for putting this on today and for inviting the Secretary to come here. Mr. Secretary, thank you very much for personally

coming here. It's a pretty big honor here. And I hope whatever I have to say today you don't take personally.

(Laughter.)

SPEAKER: I would like to address the crisis facing farmers in Eastern Washington today. There is a very good chance that a significant amount of farmers in this area might not be farming next year if the current situation remains the same. Some of the reasons are due to market forces, but some are a direct result of policies of this administration, particularly in the case of white wheat.

Number one, the lowering of the county loan rates, in particular for white wheat, had a negative impact. Loan rates for soft white wheat in Adams County dropped 17 cents per bushel. Currently it's \$2.72. Loan rates for hard red winter are 47 cents higher. Loan rates for dark northern spring are 63 cents higher. However, it's important to remember that the loan rate for soft white wheat representative number 1 and number 2 grade soft white wheat.

The loan rate for hard red winter represents 10 percent protein. For dark northern spring it represents 12 percent protein. If you raised 10 percent hard red winter in 2003 or 2004, you would have been eligible for an 80-cent-a-bushel disaster payment. If you raised 12 percent dark northern spring in 2003 or 2004, you would have been eligible for \$1.20-a-bushel disaster payment. Not only were the red wheats protected at higher loan levels, with less quality, but were eligible for a disaster payment pretty substantially.

When concerns about the loan rates were raised at this harvest, USDA said there is nothing really we can do. However, there is an instance, August 10th through the 15th, if you take a look at dark northern spring, dark northern spring, from August 10th until the 15th, went up in board price 21 cents a bushel. The protein scales actually decreased. But for some reason, the posted county prices were dropped 38 cents a bushel in that period. So that even though the dark northern spring price was over \$1.40 higher than soft white wheat, the dark northern spring producers were eligible for a 13-cent-a-bushel LDP.

MODERATOR: Can you wrap it up?

SPEAKER: I'm out of time? Sorry about that.

Thank you very much for your time.

(Applause.)

MR. TIM MCGREEVY: Mr. Secretary and Representative McMorris, welcome to dry pea and lentil country. About 80 miles south of here is the world headquarters of the USA Dry Pea and Lentil Council. I'm Tim McGreevy, the Executive Director.

I'm very interested in your comments on the pulse program. I want to inform you of a couple of things. Yes, indeed, pea and lentil prices are depressed. But as I look around the room here, wheat is depressed, corn is depressed, sorghum is depressed, soybeans are depressed, potatoes are depressed, apples are depressed. We're not the only crop that has low prices.

Yes, our acreage has increased about 500,000 acres since 2002. Our competitors to the north have increased their acreage over a million acres in that same period of time. U.S. farm programs are designed to provide a safety net to growers to combat unfair trade practices and

subsidies. And at last count, I think that we still have a lot of work to do in that regard. And until that happens, until we have parity with these other countries -- for example, our neighbor to the north has a transportation subsidy on specialty crops that's \$1,000 a car over what we can deliver it to our ports for, and they say they're not subsidized.

Dry peas and lentils are grown on dryland agriculture. We have limited options. There is another reason that these crops are being grown on increasing acreage. They are a legume. They fix nitrogen in the soil. And perhaps even in Iowa and Nebraska, they may be looking at these because fertilizer is pretty expensive. So we'll probably see an increase in peas and lentils next year in both the U.S. and Canada strictly because of the cost of fertilizer and energy.

They are important crops. The safety net and the pulse loan program is very important to this region and across the Northern tier. I appreciate your efforts in fighting for WTO and to level the playing field, but it has to be level. And until that time, I hope our U.S. Department of Agriculture will fight for its farmers until it's level and keep these programs going.

Thank you very much.

(Applause.)

MR. TIM BRULET: Mr. Secretary and Congresswoman McMorris, my name is Tim Brulet. I'm an ag lender. I've been in the Palouse area for the last 20 years.

I have nothing new to say, other than to say that the margins in agriculture have continued to reduce. And we did lose equity in this last year, at a time when we probably had some of the best fall wheat crops since I've been in the ag game. And it's really important that we consider retroactively increasing the loan rate on white wheat, back up to an equitable level, in this year, possibly 7/1 of 2005, because it is a real inequity and we truly did lose equity in our operations. I see that in 2006, doing the budgeting process this fall, we are going to have to have yields above average, and maybe even significantly above average, in order to cover the increased costs.

So again, if we have average crops, we will erode equities in our area. It is a huge concern. And at a time when we're reading about reductions in the Farm Bill for 2007, we should be looking at more support. Because as agriculture goes, so go our rural communities.

Thank you.

(Applause.)

MR. ERIC LOGAN: My name is Eric Logan. I'm a farmer south of here, in Whitman County.

I wanted to address your first question, about how to help young farmers get into agriculture. One of the things I faced -- and I'm a young farmer for another year -- there is not enough of a dollar amount there at a low enough interest rate to allow me to purchase the farm. That was one small point.

One of the scariest things to a younger farmer is the word "CRP." When I got into farming, everybody was older and going to be retiring, and I was thinking we could farm. But CRP is taking everything out, and the people are retiring and going to town and taking other people's jobs in the small towns.

One of the things that I think could be a really neat thing to come into play would be the nominal bushel. It's something I created a few months ago on the combine. When I went to Home Depot and bought plywood three years ago, it was a half-inch thick. Now it's 15/32's, and they call it nominal dimensions. If we could shrink our bushel...

(Laughter.)

MR. LOGAN: This is serious. I'm serious here.

(Laughter. Applause.)

MR. LOGAN: I want my time back. You've got to credit me the time there. Sorry.

(Laughter.)

MR. LOGAN: If we could call it the nominal bushel, it would be 45 pounds a bushel, it would increase farmer morale, which is at an all-time low. My 66/22 combine would now cut 5,000 bushels a day.

(Laughter.)

MR. LOGAN: I would have record yields of 150 bushels. Even if it was perceived to be 150 bushels, there would be a huge morale boost. Payments stay at \$3 and 45 pounds a bushel. When Canada brings their wheat to the border, we meet them and say, no, you're 60 pounds a bushel. We pay on a nominal bushel, which is only grown in the U.S.

On our export market, it wouldn't change much because we deal in metric tons there. So that wouldn't change much. But please consider the nominal bushel. I think it would catch on.

Thank you.

(Laughter. Applause.)

MR. BILL HOWELL: Mr. Secretary, Congresswoman, I really appreciate your endurance. My name is Bill Howell. I'm a cherry and apple grower from Prosser, Washington. I'm also the Executive Director and Manager of the Northwest Nursery Improvement Institute.

I'm here today just to support one cause, one small part of your agency. It's an initiative we call the National Clean Plant Network, and I will leave information on this in your comments box.

When you go to the grocery store, and whether it be in Iowa, Nebraska, Washington, D.C., or even in Spokane, you go to the produce section, you'll see a lot of different varieties of apples. And many of those apples are grown right here in Eastern Washington. Amongst them will be Galas, Braeburns, Granny Smith, Pink Ladies, and Fujis. A lot of them are grown here, but none of them originated here. All these varieties originated outside the country.

And for our growers to have them and produce them and to be able to compete in the global market, they had to be imported. They were imported through a quarantine station only a couple of hours from here, an APHIS-approved quarantine station, where the testing is done and

they're treated so that exotic pests don't enter the country along with this vegetatively propagated material.

This program that's located there works in cooperation with land grant universities, State regulatory agencies and the industry to provide the underpinning for not only plant introduction but also for clean plants for planting. It's a team effort between all those agencies and growers. Unfortunately, the Federal side of this has diminished over the last few years and is due to terminate in two years.

This is an effort that the tree fruit people, the grapevine people, and the berry people all supported, by their lead organizations, as a critical issue, and we hope you give it a good push and find a place in the new Farm Bill for it.

Thank you very much.

(Applause.)

MR. SKIP MEADE: Hello. Thank you for this hearing. My name is Skip Meade. I'm a third generation farmer from Columbia County, which is south of us here. I have a fourth generation, I hope, sophomore at Washington State University. I'm also here to speak for six good farmers that won't be farming next year, because any help that might come along is too late.

I agreed with a lot of the speakers here. I am here because I am confused about some verbiage. And that's called "green payment." How many farmers here have a conservation plan and a conservation compliance that they have to perform on their cropland right now? You have a conservation plan and reside required.

(Pause.)

MR. MEADE: I have to have 30 percent ground cover already. CSP, and I have a direct payment. That's my green payment. I'm already under rules. So I am confused on how you go from conservation compliance to CSP, singular to watersheds. It should be to everybody that is a steward to their soil. Basically, I think, with all the verbiage spin doctors that we have around, surely we can call it a green payment instead of a direct payment.

Thank you.

(Applause.)

MR. JAMES MCKUNE: Good afternoon, ma'am, Secretary. I'm James McKune. I'm from Okanogan County, Saddle Horse Flats, a member of the Colville Tribe.

I want you to take a message to the President. If you watch CNN, and that reporter stands in front of that bale, get them to move that nasty, ugly bale and put a new one there. Okay!

(Laughter.)

MR. MCKUNE: I'm here to represent the tribes. There is an MOU, signed by executive order. I do hope you get to Indian Country and see what we can put in the Farm Bill for tribes. A lot of these people in here are my friends and they've covered the subjects. These young people over here, when they get to college, mom and dad can't afford to send them. We need

more money for education, a bunch more, in the Farm Bill, not in AOLDYD, or whatever they call it. We need help to educate our young people so they can come to the farm and do it.

My boy never came back to the farm. He works for the government. The biggest employer on our reservation is the Colville Tribe. Who feeds them? It sure isn't the rest of the members, because we can't afford to farm. There's just no way.

We do produce wheat and cattle and a few other things, timber. Make sure the Farm Bill helps. The U.S. Government has told the Indians that they're here to save us. Don't take that attitude. Come to help. You're not helping now, because everybody here is broke. They just don't know it yet.

Thank you.

(Laughter. Applause.)

MR. SCOTT MCKINNIES: Welcome, Mr. Secretary, Congresswoman McMorris, and Timekeeper Bob. I'm Scott McKinnies, Executive Director of Far West Agribusiness Association. We are a five-State regional trade association, representing the fertilizer and the chemical industry. I had this wonderful, nice paper that I scratched and re-scratched and, oh, the hell with it. I had two points I would like to make, because you have my other written testimony, one personal and one the reason why I came here.

I grew up in a diversified livestock and grain operation in south central Iowa. I even married a Nebraska girl, so I'm not quite so bad. I graduated from Iowa State in 1973. I had a journalism degree. I went and worked for a farm magazine in the Midwest. And then I decided, I'm writing about all these guys that appear to be doing real well, I should be able to come back to the farm and do that too. So I went back in 1980 to the family farm in Iowa. You know, they say timing is everything.

[Missing portion of Mr. McKinnies' testimony.]

(Applause.)

MODERATOR: Congresswoman, would you like to give some closing comments here as we wrap up this listen session?

MS. McMORRIS: What a tangled web we weave. Thank you all for being here. It has been wonderful to have the Secretary come to Eastern Washington and hear firsthand from all of you. I know many of you. Several of you have made the trip to Washington, D.C., and met with folks at USDA and with members in the Senate and the House, and making the rounds, trying to tell the story. But there's nothing like having the Secretary come here and hear it firsthand. And so I thank you for taking the time once again to come out to another meeting and tell your story. It's really important.

And as you have heard this afternoon, there is a whole host of issues facing those of you, and those of us, that care about the family farm and believe that it's important that we are supporting the family farm and your ability to compete. I often draw so many comparisons between farming and politics. And as you recognize, there are some things that are within our control and there are some things that are beyond our control. But for those things that are within our control, we just need to be doing everything we can to get action taken that's going to make a difference.

And I can tell you that we've been working on trying to get the message out on the county loan rates, the fact that you all need some help right now, that they're not fair. We've been working on energy. I recognize that family farms, people all across this country right now, are struggling with high fuel costs and fertilizer costs. And we had the chairman of the House Agriculture Committee out last month. He is working with us to see if there is some way that we can get at least some small emergency assistance in the House.

There is a lot of uncertainty right now as to what is going to be happening over the next few weeks. But I can tell you that we are going to be prepared to take advantage of every opportunity that we have to make the case and to make it happen, if at all possible.

You think of energy, and I can't help but think of the Columbia and Snake River system and the impact that the Endangered Species Act has had on that whole entire system. And I am pleased to say that we have been able to pass Endangered Species Act reform through the House. I believe it has been long overdue. And I do believe it is going to make a difference for this area, when it comes to water and transportation, and especially on the Columbia-Snake River systems. We have a judge, though, Judge Redden, that you have probably all come to know his name, who has made it difficult for us.

And he is the one that is suggesting, as Greg Parch mentioned, that we might possibly need to consider taking out the dams. We are working to ensure that that is not what happens and to come up with a way to meet the requirements, but also ensure that we have a river that is managed for multiple uses.

I wanted to introduce Senator Bob Martin. He came in a little bit late and missed the first round of introductions. He has been a champion for agriculture.

I've been spending a lot of time on NEPA, which is the National Environmental Policy Act. That is where we get environmental impact statements, environmental assessments and the impacts of grazing for the cattlemen, decisions made with our rivers, and also the siting of oil and gas pipelines, refineries. The permitting process is so complicated now, it's so difficult, and we're trying to make some recommendations so that we can make some improvements.

I just want you to know that we're in this together and we are really pleased that the Secretary took his time to be here today. And we are committed to doing everything we can to help you be productive and competitive, in a changing environment all around the world.

So thanks for taking your time to be here.

(Applause.)

SECRETARY JOHANNIS: Let me start out and just express to the Congresswoman how much I appreciate not only her invitation, ladies and gentlemen, but her insistence that I come here for this Farm Bill Forum. It has been a great forum; in fact, I think truly one of the best that we've had. But I will acknowledge, Congresswoman, I probably would not have had a moment's peace if I had not come out here.

You have an excellent Congresswoman, and she is very, very tenacious. So I do appreciate the invitation.

In all seriousness, this was an excellent forum. We have been all over the country. We will have done forums in 48 of the 50 States. I was going to say in all 50 States, but two States, Louisiana and Mississippi, because of the hurricanes, just did not believe that they should do a forum right now; they've got so many other things on their plate. But we will have really done a nationwide tour.

I wish I could take producers with me to all of the Farm Bill forums that I have had and that the Department has had, because I think we would learn a lot from each other. I go to some parts of the country, and producers line up to the microphone and they say, Mike, here is what we want you to do. We just want you to pass the same Farm Bill. And I think in three States, that has been just the consistent message. Producer after producer got up: Pass the same Farm Bill.

Well, they need to come to Washington State with me, and they need to listen to your concerns. And they need to hear how this Farm Bill has affected you, whether it's the loan rate issue with wheat or whether it is the gentlemen that get up and talk about the fruits and say we need more research, we need more help with phytosanitary issues. One gentleman got up and pointed out something that I pointed out recently in a speech. And that is that, when it comes to Farm Bill payments, two-thirds of American farmers don't receive subsidy payments. They don't raise the program crops. Two-thirds of American farmers really are very much operating in a free market system.

And so when they come to me and say, we need help with research and we need help in terms of markets and a level playing field, that is exactly where their livelihood is. They desperately need that assistance in order for them to see success in the future.

Now, a few people have mentioned trade. And if I might just spend a moment on trade issues. I will acknowledge, ladies and gentlemen, it is very easy to beat up on trade. I hear the discussion about trade, and I think some really would like that our borders just simply close. Well, let me offer a few statistics, if I might.

Twenty-seven percent of our receipts for agriculture do come from trade. In your State, you are major exporters. This is well in excess of a billion-dollar industry here. You are a major player. Like it or not, you are a major player in the world market. But I will also share with you that if you look at the long-term prospects here, you've really got to pay attention to this issue.

Ninety-five percent of the world's population does not live in the United States; only 5 percent lives here. Today, in the United States, the American farmer and rancher is truly the most productive in the history of mankind. You just do your job very, very well, and you continue to do it generation after generation. Each year, productivity in the United States rose about 2 percent. At the same time, our consumption and our population is growing at less than a percent annually.

Well, if you chart that out even over a decade, and you can see that you are growing productivity during that decade by about 20 percent, but your consumption and population is growing less than 10 percent. With 95 percent of the world's population out there, you begin to see why trade issues become very important.

But I also will agree with you, it has to be fair trade. We are working diligently on this WTO initiative at the moment. We will go back next week to negotiations for a couple of days. And I just feel very, very strongly that, for this to work, we have to level the playing field. Somebody mentioned the European Union. They have the ability to subsidize at four times the

rate we do; in practice they subsidize at about three times what we do. They could go higher, but already they subsidize at about three times.

We have a pretty open market, as you know. Our tariffs are low by international standards. Tariffs around the rest of the world for ag products are high. And so, if we truly are going to get a level playing field, we've got to bring tariffs down. We call it market access, but that is really what we are doing. Plus, we have to get a more level playing field in terms of the subsidy program.

Now, somebody said to me, we really need to have you tell the story of American agriculture. Let me, if I might, share with you something I just said a few weeks ago to all of the commodity groups. It got a lot of attention actually, this speech. And it is on our Web site, so feel free to go to the Web site and read the whole speech. But here is what I said as I was wrapping up my comments:

In closing, I return to the time and place where this venture began. I'm speaking of the Farm Bill forums. I announced USDA's listening tour at the State FFA convention in Illinois, speaking to young people, who have hopes and dreams of carrying on the great tradition of American agriculture.

I go on to speak about being reminded of my days in FFA. Somebody got up here and recited a piece of that FFA Pledge: I believe in the future of agriculture. Well, you know, I still do believe in the future of agriculture.

I went on in that speech to say this: I have long argued that investing in agriculture is a very smart choice for America. And today I feel more strongly than ever about the importance of that investment. Agriculture is the heartbeat of America. Our farmers and ranchers fulfill the most basic human need by providing the safest and most abundant food supply in the world. It's not an overstatement at all to say that our producers play a vital role in providing our country with the security we need to be leaders in the free world. We must recognize that contribution, and demonstrate our support for those who are willing to work the long hours in the fields and on the ranches of America.

How do we build farm policy for our small farmers and those who want to enter farming? How do we build in support for our rural communities? How do we build in support for \$62 billion worth of U.S. exports?

I ended that comment by saying this: We do so by fighting for America's farmers and ranchers.

Ladies and gentlemen, we have a lot of issues out there. This is not just as easy as saying, well, let's just repackage, let's just do what we've been doing. Because as one gentleman said, look, if we continue on that course, I may not even be around for the 2007 Farm Bill.

This has been a great Farm Bill Forum. I appreciate everyone being here, and you providing us with the information. We will use that information wisely, and try to do everything we can to craft farm policy that makes sense for all of America. Food security is critical to our future. And what is important to me is that these young people in these blue jackets have a future place in providing for our food security.

Thank you for being here. God bless you all.

(Applause.)