

COMMENTS OF
Robert Carlson

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ON THE
2007 Farm Bill

PRESENTED TO
Senator Kent Conrad

Fargo, ND
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Senator Conrad:

My name is Robert Carlson. I am a producer from Glenburn, North Dakota, and also serve as the president of the North Dakota Farmers Union, the state's largest general farm organization. Thank you for the opportunity to appear before you and your committee, and for focusing on the critical task of writing the next farm bill.

We, as family farmers and ranchers, are at a critical juncture in our profession. With more spouses than ever having to turn to off-farm income to make ends meet, farming has become an uphill battle that producers are still committed to fight. State and federal programs must be targeted to benefit and protect the family farm. On the behalf of North Dakota Farmers Union, I submit the following suggestions for the 2007 Farm Bill:

Disaster Assistance

Since the 2002 farm bill, natural disasters have been on the rise. Farmers and ranchers in 2005 alone faced drought, wildfires, hurricanes, and flooding with nearly 80% of counties in the United States receiving a disaster designation. In North Dakota, 100% of our counties last year were declared disasters due to flooding and drought. This year our producers, like much of the country, are facing a statewide drought.

We believe the 2007 farm bill should include a permanent disaster assistance program. The last farm bill did not include a weather-related provision. Disaster relief provides an economic lifeline to those who have sustained a massive reduction of income that weather-related losses cause.

In order to fund disaster aid, we realize there must be some "give and take." A plausible

funding solution for offering a permanent disaster program would be to replace decoupled payments to producers with permanent nationwide disaster assistance.

Farm Payments and Programs

Farmers Union members believe farm policy should provide meaningful measure of price protection, be targeted toward family farmers and ranchers, and ensure competition in the marketplace.

A popular urban myth is that farmers are essentially being taken care of by the federal government and are getting rich from government payments. This is not true. According to the USDA, average farm income for 2005 was more than \$76,000. What wasn't considered was that 80% of that total was off-farm income, leaving just around \$12,000 to account for actual farm income. We can do better. Farm policy should ensure that producers earn income equivalent to families in other sectors of our national economy.

In the current farm bill, the counter-cyclical safety net approach works and should be continued. A counter-cyclical mechanism is important to reducing program costs when commodity prices are high. Loan rates and Loan Deficiency Payments (LDPs) are essential to producers. Historically low commodity prices have forced producers to rely heavily on LDPs to supplement their income. According to the Center for Agricultural Policy and Trade Studies at North Dakota State University, the impact of the Loan Program is much larger than other parts of the farm program; about \$9/acre for a small farm and \$16/acre for a medium-sized farm. Almost as important is some sort of indexing of loan rates or payment rates to account for increasing costs of production, especially in times of high-energy costs. For example, indexed costs of 20% would be indexed at a higher loan rate.

In the past, loan rates were based on an average cost of past market prices. We believe this formula is out of date due to vastly higher production costs because of escalating energy prices and loan rates should be figured at a higher rate. In order to do this, we call for the loan rates to be based on cost of production in order to enhance net farm income and provide a safety net.

Farmers Union believes the conservation programs of this current farm bill should not only be continued, but also expanded. Conservation programs should be good for the environment, reward stewardship, discourage speculative development of fragile land resources, strengthen family farming and enhance rural communities. Expansion of conservation programs should include:

? Fully funding the Conservation Security Program, one of the most innovative attempts at rewarding producers for conservation practices on working lands.

? Continuing CRP only on the most environmentally sensitive lands, and offering shorter term CRP contracts for specific conservation needs. (The enrollment of whole farm CRP should be prohibited however, due to the detrimental effects on rural communities.)

? Encouraging conservation practices that reduce greenhouse gas emissions (e.g. carbon sequestration) through conservation tillage, wetland restoration/creation and grassland

management.

Trade

Free trade and fair trade are incongruent terms in today's world. Farmers Union believes that the expansion of trade, especially agricultural trade, can only be achieved by first stabilizing current trading conditions and by long-term planning and commitments toward expanding the world's economy. Our current trade agenda does nothing to level the playing field or provide opportunities for farmers to make a profit from the marketplace. Trade negotiations must include labor standards, environmental standards and currency manipulation.

Free trade establishes a "race to the bottom." Fair trade ensures an adequate, high quality, safe and affordable food supply. We call for a thorough analysis of current agricultural trade agreements to determine their success at meeting their stated goals before any new bilateral or regional trade agreements are negotiated or approved. The measure of the success of a trade agreement has to be its benefit to agriculture and producers' net income.

Country of Origin Labeling (COOL)

COOL has been enacted since 2004, but it has yet to be implemented. Although we take pride in phrases like, "American as apple pie," can we really be sure that the apples used in the pie are from the United States?

We have seen the positive effects of country-of-origin labeling for diverse products, ranging from apparel to seafood. There has been much ado about the high costs of implementing this program, which have not occurred. As one Farmers Union member puts it, "At my local grocery store, they are now carrying seafood with the COOL label. Consumers are still buying seafood, retailers are still selling it and fisherman are still catching seafood. The sky didn't fall when COOL went into affect for seafood and consumers are given a choice."

Despite this, packer and processors with deep pockets still have a larger influence on congress than the surveys that show both consumers and farmers want it implemented. According to a 2004 National COOL Poll, 82% of consumers think food should be labeled with country-of-origin information, and 81% would be willing to pay a few cents more for food products grown and/or raised in the U.S.

Energy

Energy is vital to securing out nation's needs for food and fiber. NDFU supports a balanced, comprehensive energy policy in the next farm bill which seeks energy independence for the United States, protects our nation's environment and recognizes the special needs of America's agricultural sector.

In order to reduce our dependence on fossil fuels, development of renewable sources of energy must be a priority. This must include economic technical assistance for family farmers wanting to transition into increased application of alternative forms of energy.

Not only should the future farm bill contain an energy title to build upon the progress already made in the arena of renewable fuels, it should also promote exploration of the unlimited potential that exists in alternative sources such as wind and solar energy. An energy title should

include provisions that prioritize and facilitate farmer, rancher, and community ownership of renewable energy and value-added projects, including ethanol, biodiesel, and farmer and community-owned wind energy, and a farmer-owned Strategic Biofuels Feedstock Reserve tied to the needs of producers.

Harnessing these renewable energy resources and mandating their increased usage is a much needed paradigm shift from our current petroleum-dependent society.

Our Vision of Farm Policy

The measure of success of any farm bill has to be the level of net income for producers. Farm policy should not be developed for multinational corporations, processors, exporters, integrated livestock producers and firms who profit from low commodity prices. We expect higher loan rates, better targeting and oversight of farm program payments to family farms, defined as a unit using land and other capital investments operated by one family who provides stewardship and management, take economic risk, and provide the majority of the supervision and work on the farm or ranch. A vertically-integrated or multinational grain and food conglomerate is not a family farm.

The family farm is the keystone of a free, progressive, democratic national society, as well as a strong America. Above all, farm policy needs to recognize and build on the strength of our nation's agriculture, not throw it on the altar of globalization and the trade agreements that put our producers at an economic disadvantage.