

Testimony of  
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Thank you, Senator Harkin for holding this field hearing and providing me the opportunity to testify before you regarding the farm bill and future agricultural policy. My name is Chris Petersen; I serve as the president of Iowa Farmers Union, in addition to my family farm operation outside of Clear Lake, Iowa. I have been involved in production agriculture in varying degrees for 35 years including commodity crops; and a 200 sow farrow to finish operation - presently my wife and I maintain a sustainable 30-sow Berkshire herd; producing approx 700 pigs a year, all of which are sold locally or to niche pork companies. Also, we raise and sell beef to local consumers and raise vegetables for area restaurants, and produce and sell hay commercially.

Over the years I have participated in many components of all farm bills including the last one. As an independent family farmer I speak for all of rural America and its ranchers and producers. First, every politician, taxpayer, environmentalist, consumer, the list goes on and on.....need to realize independent family farmers are far better stewards of the land and animals. Also, in the best interest's national strategic security, homeland security and anti terrorism protection, the environment, rural economic development, food safety and food quality, and now energy independence, the independent localized family farm structured agricultural system has a long proven track record of what has been very successful in America. I emphasis localized ownership needs to be the economic and social theme addressed throughout all the farm bill and agricultural policy. A good farm bill is vital to us as farmers and ranchers.

#### COMPETITION

As a hog producer, I witness the challenges of an anticompetitive marketplace. I went thru the 1998 price collapse of hog markets as a 3000 hd. farrow to finish producer and paid severe economic consequences. I since have asked elected officials and others why our government then or since has not stepped up to the plate to address these problems! It was very unfortunate the final version of the 2002 farm bill did not include the competition title that was contained in the Senate's farm bill. Without competitive markets, independent producers like me will continue to be pushed off the land or be turned into low-wage employees on our land by corporate industrialized animal agriculture. It is very evident contract growers of livestock, due to lack of decent contracts and lack of oversight or reform, are being marginalized. I would encourage the committee to include a strong competition title in the next farm bill which should include a ban on packer feeding, reauthorize an improved mandatory price reporting program and get USDA to start doing its job by enforcing the Sherman Anti-Trust Act and the Packers and Stockyards Act and if need be to re-vamp all these laws to 21st century standards to get these laws to work, be enforced, and to encourage independent family farm structured Agriculture. I feel the addressing of anti-trust, competition, and getting a competition title in the next farm bill is a must to addressing what I see as one of the biggest problems in agriculture.

Conservation programs received more attention and emphasis in the current farm bill. It makes sense to me that producers who are good stewards of the land receive some credit and incentives for participation in conservation programs. More importantly, I believe it is critical that financial resources are made available to producers for past conservation investments and crop rotations, tillage practices, and those producers receive due recognition for not planting the whole farm to crops covered by traditional farm bill commodity programs. I fail to see the logic in promoting increased conservation practices and programs while Congress will not fully fund the Conservation Security Act.

### COOL

I have mentioned a few of the programs I participate in, but there is one program authorized in the 2002 farm bill that I have been denied. I am not sure how to convey to you my frustration that the current farm bill mandated country-of-origin labeling (COOL) to be enacted by 2004 and yet continues to be delayed at the behest of packers and processors that have a few members of Congress in their pocket. I am proud of the products that I produce on my farm and want consumers to be able to know where the products they buy in the grocery store come from--whether it is my farm or another proud farmer from the United States or whether it is an imported product. I think the proof is that COOL works with seafood at my local grocery store now carrying a label. Consumers are still buying seafood, retailers are still selling it and fishermen are still catching seafood.

The food purchase choice will still be up to the consumer but at least it will be an informed choice with COOL. Survey after survey shows both consumers and farmers want COOL to be implemented now. I resent the fact that the program to make that happened has been approved but has still not been implemented.

### FUTURE FARM BILL SUGGESTIONS

I would like to outline a few issues I think should be included and addressed by future farm bills. We need targeting of subsidies to a certain size of farm with financial caps including non-recourse loans and a strategic grain reserve if needed. The counter-cyclical safety net approach in the current farm bill is a decent idea but I think it's time in the best interests of taxpayers and farmers that the corporate livestock industry, processors, and others pay at least cost of production for feed ingredients. With a Tufts University paper just released entitled "Industrialized Livestock Factories' Gains from Low Feed Prices 1997 - 2005" it documents how industrial/commercialized hog operations have saved 8.5 billion, and the boiler industry sector saved 11.25 billion. Smithfield alone saved 2.6 billion over the period in low feed costs. We can do so much better by utilizing common sense in farm bills like implementing a floor under the price of grain nearest cost of production as possible. Farm bills should benefit family farms and rural America - not corporate Agri-business which in the end in many instances competes against independent family farm agriculture. Seems like we have a bunch of entities farming the farmer and lobbying the government for cheap grain and farm bills wrote to their benefit!. Country-of-origin labeling needs to be funded and implemented now and not further delayed. Not only should the future farm bill contain an energy title to build upon the progress already made in the arena of renewable fuels, but should also promote exploration of the unlimited potential that exists in alternative sources available to rural areas such as ethanol, bio-diesel wind, thermal, and solar energy with localized ownership participation a must for

maximized local rural economic benefit. Harnessing these renewable energy resources and mandating their increased usage is a step in the direction of changing the paradigm of our current petroleum-dependent society.

Conservation incentives should be continued and expanded in the future farm bill. Increasing conservation programs is not only a financial benefit to myself, but rewards society as a whole by improving the environment and maintaining the land. I again emphasize efforts must be made to improve program payment limitations throughout the farm bill if future farm programs are to be targeted to real producers. As examples I list commodity supports, conservation initiatives, and EQIP. The agriculture economy and rural America's economic health is much better off with more producers, not just a handful of huge operations- whether corporate or private as in to many instances is the case currently.

Many rural parts of our country have struggled and continue to struggle due to devastating weather-related disasters. Yearly ad hoc disaster programs have a negative economic impact on the financial security of America's ranchers and farmers. It makes more sense to include a permanent disaster program in the next farm bill that mitigates losses not covered by traditional crop insurance or other programs administered by USDA.

Take a look at the big picture and historical data to quantify the huge negative economic impact on rural America's economy, as a result of non-competitive markets and devaluation of our commodities. Government farm payments do not and should not make up for the loss of our markets, forcing producers to depend on their mailbox as opposed to the marketplace for their living. Currently, we have access to two markets to sell our milk; that is not a competitive market. I had to stop selling hogs to the packers, and quit selling feeder pigs to my neighbors because they had to sell out because the hog market was completely consolidated and fair markets compromised after 1998 price collapse. This is all evidence it's time we implement a rural community revitalization program that fosters rural entrepreneurship and small businesses development to localize food production and consumption. which gives farmers more positive economic options. I also believe a farm bill is a good place to implement a more socially and economically acceptable, responsible, and accountable Ag policy for this country that works for family farmers first while addressing true rural economic development, A clean environment along with rural public health, and food safety and quality issues. We need to re-establish true capitalism in many. The taxpayer / consumer sector of society should demand this.

Again, in closing, we need to re-establish true capitalism in many ways such as enforcing anti trust laws while having a functional in force competition title. We also need local infrastructure development and processing grants and low interest loans to capitalize on keeping money and profits circulating locally as long as possible which reflects on the concept of a better return of investment, labor, and quality of life for family farms and small town rural America! Corporate America and agri-business have been at the federal trough long enough, they are real good at internalizing profits while externalizing costs to get those huge financial returns.

A part of the competition question also involves trade and trade policy. What happens to my market price when our trade surplus turns into a trade deficit? How do I know if producers from importing countries are required to meet the same strict environmental and labor standards? Our current free trade agenda does nothing to level the playing field or provide

opportunities for me to make a profit from the market. Trade is a good thing but will not work in the long run if fairness issues such as international food sovereignty issues are not addressed. We need to implement fair trade laws now.

As a country, we need to deal with a mounting federal budget deficit. USDA Secretary Mike Johanns says agriculture cannot be excluded from pitching-in. I agree that the federal government needs to stop bleeding red ink, but who decided that rural America and farmers and ranchers have to jeopardize their futures to pay for a mess we did not create? Agricultural spending is less than 1 percent of all federal spending.

I hope some of my suggestions have been helpful. Thank you for this opportunity to testify; I would be happy to answer any questions you might have.