

Good afternoon Chairman Chambliss and Senator Santorum. The price of corn in Pennsylvania is set by the price of corn in Chicago and then factored for the cost of freight shipment. In order for me to compete in the global market, I must first compete with my fellow American producers. A one-size-fits-all Farm Bill is no longer equitable for American agriculture. My name is Carl T. Shaffer and I raise approximately 1,200 acres of corn, 400 acres of green beans for processing, and 200 acres of wheat in Mifflin Township, Columbia County. It is a pleasure to offer testimony today based upon my experience as an individual producer. I also serve as President of the Pennsylvania Farm Bureau, the Commonwealth's largest farm organization with more than 40,000 farm and rural member families.

American agriculture is quite diverse, and farming is different in some respects in the Northeast than it is in the South, Midwest or West. I respectfully suggest that Congress should avoid a cookie cutter approach to national farm policy, and recognize the regional and commodity differences that exist in today's agriculture. Due to our location, Northeast producers are closest and most able to meet the food demands of the 25% of Americans who live in the Mid-Atlantic and Northeast states. Federal farm policy should deal with the unique needs and challenges faced by Northeastern farmers. Practical approaches, user-friendly risk management tools, conservation programs (and funding) that benefit producers, and global trade are the areas where I will focus my comments today.

Crop Insurance

Recently, Pennsylvania Farmers -- myself included -- experienced a massive flood prior to the Fourth of July holiday. While most Americans were celebrating the Nation's independence, many farmers in the Commonwealth were assessing crop damage and repairing fields, waterways and streams. The nature of the business of farming is its dependence on Mother Nature, whose unpredictability can wreak havoc on a standard business model. Fortunately, risk management tools are available that enable farmers to measure and manage our risk with crops and revenue. However, some current crop insurance rules and implementation practices are impractical and inflexible to allow for meaningful coverage in the Northeast.

As you may know, Pennsylvania is classified as an underserved state by the Risk Management Agency (RMA). Currently, only 43% of eligible acres are enrolled in a crop insurance program compared with many other states where more than 80% are enrolled.

Last week I was in our Nation's capitol seeking disaster assistance for Pennsylvania producers. I said to the Pennsylvania Congressional delegation that I don't like having to ask for disaster relief. But it is necessary until we have programs that provide attractive and practical options for producers to purchase and manage their agricultural business risk. In 1980 and then again in 1994, the agricultural community made a deal with Congress to forego large and costly ad-hoc disaster payments in exchange for a viable and crop insurance program. Today, the northeast has still not received a crop insurance program that is sufficient, as indicated by the level of enrollment by Pennsylvania producers.

Congress should write a Farm Bill that enables federal agencies to treat various regions of agriculture in a different manner based upon legitimate differences. So far as crop insurance is

concerned, equal treatment does not always translate into fair treatment. Rules and procedures related to crop insurance have long been intended for equal treatment of producers. However, farming in the Northeast is different in many respects than agriculture in many other areas of the nation. Many factors play a role in crop production such as terrain, weather and climate. Moreover, the Northeast sees a wide variety of crops produced. It's important to understand how these and other considerations differ from other areas of our country.

Conservation Programs

Many non-farm groups see the upcoming Farm Bill as a means to advance their interests and priorities. During the Farm Bill forum which Secretary Johanns' held last year in the Commonwealth, I heard several people talk about the importance of conservation programs. Conservation programs are important and should have a prominent place in the next Farm Bill. But it is imperative that Congress remember that it is a Farm Bill, not a Conservation Bill.

We as agricultural producers place great importance on stewardship of the land because it is the source of our livelihood. Conservation programs in the Farm Bill should be directed toward production agriculture, and be compatible with farmers' ability to use their lands for farm production. Too often conservation program funding has been directed to purposes and places that benefit neither farmers nor the environment. In other situations, funding is being used for environmental enforcement rather than environmental improvement. Unfortunately, the number of agricultural conservation programs that are unfunded or go without cost-sharing is extremely high, yet enforcement is on the rise.

Furthermore, programs like CRP and CREP are well intentioned but can be detrimental to Pennsylvania agriculture in two ways. First, much of the CRP/CREP land in the Commonwealth does not fall in the category of "marginally productive" or "highly erodible." Farmers who need to rent land to remain viable and profitable are forced to compete with the federal government for access to quality rental acreage. But Uncle Sam is able to pay more in rent. Even worse, many of the CRP/CREP lands are not managed properly, particularly with noxious weeds control. Similarly, agricultural producers were excited about EQUIP when it first was introduced. However, non-farm interests have directed much of the EQUIP funding toward projects that keep land in degradation rather than production. The Conservation Security Program (CSP) is quite effective, but under-funded. It provides an incentive for producers to engage in positive conservation practices and is targeted toward farmers' needs. Conservation funding should promote active land management rather than land retirement. CSP promotes active land management.

Agricultural producers are aware of the constraints of global pressures on commodity payments. Congress, however, should approach conservation programs thoughtfully to ensure that the producer is actually benefiting from these programs. Farmers need the land to be in production while conservation practices are in place.

Global Trade Agreements

American agricultural policy must reflect the fact that America's farmers are competing in a

global market. To effectively serve our agricultural producers, Congress should strongly consider an extension of the current Farm Bill until the World Trade Organization comes to an agreement. To write a new Farm Bill before a WTO agreement would be putting the cart before the horse. To pass legislation which impacts the future of American agriculture, and that may end up in violation of a treaty signed during the Doha Round, would place farmers in a precarious position. It would also disarm U.S. trade negotiators during WTO discussions and remove all bargaining chips the United States currently has with the European Union. I am not a supporter of allowing the global community to mandate our domestic laws and programs. In this instance, however, it makes good sense -- and is in our country's best interest -- that our domestic farm policy-making not weaken our ability to strike the best deals possible for America's farmers. Having said all that - it is my hope that the Doha Round is able to find common ground sooner rather than later.

Conclusion

I want to thank you Chairman Chambliss and Senator Santorum for conducting this hearing and for taking into account the issues that confront Pennsylvania farmers. We hope that Congress pursues an approach to the Farm Bill which recognizes differences among regions and commodities. It is also crucial that Congress enacts a Farm Bill that allows flexibility for state and local leaders to fund and implement conservation programs most beneficial to production agriculture. American producers need viable risk management tools to ensure profitability and to prevent the need for costly disaster relief programs. Lastly, it is in the best interest of American agriculture to align our farm policy with that of agreements made on our behalf at the international level.

Thank you for the opportunity to offer these thoughts.