



**House Agriculture Committee Hearing – Troy, Alabama
May 15, 2010**

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Chairman Collin Peterson: The committee will come to order. This hearing of the Committee on Agriculture to review U.S. agricultural policy in advance of the 2012 Farm Bill will come to order.

First I'd like to introduce the members of the committee. We have with us the former chairman of the committee, serving as Ranking Member today, Mr. Goodlatte, Bob Goodlatte from Virginia. On my right, of course probably needs no introduction, your congressman, one of my favorite new congressmen that's come to Washington, Mr. Bobby Bright from this district in Alabama.

And Mr. Mike Rogers, who is also from Alabama, a little bit north of here, been on the committee for a while. Adrian Smith from Nebraska, western Nebraska. He's got a huge district out there. I think his district is probably bigger than the state of Alabama. And Glenn Thompson from Pennsylvania. He represents the northern part of Pennsylvania right south of New York.

We also have some USDA people that do a great job for us with us today. The FSA State Director, Linda Newkirk, if you would stand up and be recognized. Is Linda here? Maybe she's not here. Rural Development State Director [Ronnie] Davis, and the NRCS State Conservationist William [Puckett]. Give them a big hand. They do a great job for us. [*Applause.*]

We also have been webcasting these hearings so people can watch them on our web site. And for those that aren't able to testify today, we will take your testimony over the Internet. And these cards, I believe, are over here someplace – www.agriculture.house.gov. We encourage, even if you didn't get a chance to testify, we encourage you to make your views known, or any ideas that you may have to the committee on that web site, and that will become part of the record.

And we find a lot of times we get some really great ideas from folks that maybe don't normally get a chance to testify, so we encourage you to do that.

And with that, I'm going to yield my time for opening statement to your congressman who, as I said, is one of my favorites. He's my kind of guy. He talks straight. He's a little better than I am. I also talk pretty straight. The only thing is, I don't always keep my mouth shut when I should, and he's better at that than I am. But I'm pleased to recognize Bobby Bright for an opening statement and welcoming us to his district.

Rep. Bobby Bright: Thank you, Mr. Chairman. I appreciate that very much. Let me thank everybody for being here. This is wonderful. I don't know how much you know about these congressional field hearings, but it's so important for you to realize that we've had now a series of meetings of these field hearings throughout the country.

This is the second series, one of eight, so to be able to have the Chairman and the Ranking Member Mr. Goodlatte here today to hear you, to ask questions and hear you answer those questions and to speak with you and spend some time with you is so key and so important to what we're doing in the agricultural industry, in the fuel business and the forestry business and conservation area. So for us to have this here in the heart, here in Troy of District 2 is so key and so important.

And I want to thank our Chairman. You know, he can say that all day long about me being like him, because over the last 15, 16 months that I've been in Congress, I have watched this man, this Chairman perform and handle issues pertaining to you as farmers and people interested in the agricultural industry, and he has your interests at heart, as I do and as every member who is on this panel here. So I'm thanking him and the Ranking Member for allowing us to have this very important meeting here in District 2 here in southeast Alabama and here in Troy.

I'm confident that listening to the growers and producers in the south will help improve the next farm bill in order to make it work even better for a larger cross-section of this country. It is no secret that the farm bill affects the various regions of our country in very different ways. For that reason, I believe it is vitally important that southern farmers have substantial input into the next farm bill. While certain programs may work well for farmers in the West or Midwest, those same programs may not be as effective in the South, and vice versa.

I often hear complaints from farmers in my district on two very important issues. The first is the crop insurance. In the South, anything beyond catastrophic crop insurance does not make economic sense for our farmers here locally. This is unacceptable in an area where extreme drought, heavy rains and floods, hurricanes and early freezes can all occur in the same year. We must find a way to make crop insurance work for all farmers, or at least make it responsive to the specific needs of a given region.

The other issue is peanut pricing. We need more transparency when it comes to, and more simplification as far as that's concerned, for our peanut producers out there. The formula for the weekly peanut price calculation is complicated and often referred to as "the black box," leaving guesswork as the only method farmers can use to plan for the future. This formula must be simplified and the process made more transparent.

I hope to work with my colleagues who are sitting here with us today and also the other members of our Ag Committee in finding a resolution to these two particular problems in the next farm bill. As many of you know, there is more cotton, peanuts and poultry grown in Alabama's Second Congressional District than almost any other district in the country. It is crucial for improvements to be made where needed in the next farm bill so that these growers can continue to operate.

With that in mind, I want to thank all the witnesses for agreeing to come today and testify before the panel today, and want to encourage you to be open, honest and pretty decisive on what you think we need to hear and how we can resolve some of the issues that you're being confronted with every day. So that's why it's so key for you to be here and for us to hear your testimony.

At this point in time, I also want to acknowledge someone that's really no stranger to us here in Alabama, and it's my colleague Mike Rogers, Congressman Mike Rogers. He's on the panel today. He was with us yesterday in Georgia. He'll be traveling on with this panel to Lubbock, Texas tomorrow. But I will say this. He, like me, is dedicated to the farming industry, to the farmers out there, and it's been a sheer pleasure and honor for me to serve with him as my colleague from Alabama on the Agriculture Committee. So Mike, thank you for being here today, too, and look forward to working with you in the future.

Mr. Chairman, I know we've got a lot of material to cover today, but once again, I want to welcome you and welcome the Ranking Member and my colleagues here today. I want to thank you, from the bottom of my heart, for taking the Southeastern District, District 2 of Alabama to heart and being here and showing my constituents that you care about them and that you care about the agriculture issues that they're struggling with every day. So with that, I will yield back to the Chairman for you to proceed with the hearing.

Chairman Peterson: Thank you very much, Mr. Bright. We're very pleased to be here and look forward to the testimony. I recognize the Ranking Member, Mr. Goodlatte from Virginia.

Rep. Bob Goodlatte: Well, thank you very much, Mr. Chairman, and want to again thank you for calling this series of hearings and being so proactive in preparation for the debate that we will have on the future of farm policy in the 2012 Farm Bill. It's hard to believe that it's been four years since this committee was in Auburn, Alabama, when I was Chairman, holding a similar hearing preparing for

the 2008 Farm Bill. And it's also hard to believe that we need to start this process over again already.

I am very pleased to be here with Congressman Mike Rogers. In fact, the last time I was in Montgomery, Alabama was when Mike was running for Congress his first time, and he has been a tremendous and valuable ally and a great spokesperson for Alabama agriculture, and has done great work for you on the committee.

And we're also pleased to be in Congressman Bobby Bright's district, and pleased to have him on the committee as well. Alabama has a long history of having a lot of good, distinguished members from this state serving on the committee and looking after the interests not only of Alabama farmers, but of the Americans who depend upon you for the safest, most affordable, most abundant food supply in the world.

And Mr. Chairman, we on this side of the aisle are just delighted to be here with four of us to two Democrats. This is a very bipartisan committee in the Congress, I would say the most bipartisan. I enjoyed working very closely with the Chairman when we wrote the last farm bill. But I also must say that I like this ratio, and we look forward to seeing more of that in years to come. [*Laughter.*]

The one other thing I want to mention today is that unlike the last farm bill, where we were able to secure money from some other jurisdictions of other committees that helped us in writing that farm bill, we found in that process that not only did they come to the table with their money, but they also came to the table with their lists of how they wanted that money spent, and in fact wanted to influence other aspects of agricultural policy. And I know the Chairman has been forthright in saying that he's not going to let that happen again, and I strongly support that.

The other element of this is that with an enormous national debt that we have, and deficits running at unprecedented levels – just to give you one idea, for next year the President has submitted a budget to the Congress. That budget provides for spending \$3.8 trillion, with just \$2.2 trillion in revenues, or a \$1.6 trillion deficit for just one year, spending about 70% more than we're actually going to take in in revenue. That is completely unsustainable, and it's going to mean a lot of very tough decisions, a lot of belt tightening, and that's going to include in the sector of our budget that relates to agricultural programs.

So I'll be interested in hearing from our witnesses today not only on ways that they can make the farm bill, which I think many will tell you they like, but ways to make it operate more efficiently, ways to eliminate the portions of it that they may not think are necessary, and it is very, very important that we have that in mind as we move ahead here for this coming farm bill.

And it's also important that we recognize that more than 75% of the money that's in the farm bill doesn't go to help farmers or rural America, it goes to pay for

nutrition programs, which are obviously important programs. But your ideas on how we can make those programs operate effectively and how we can eliminate the anomaly that we have in this country of spending far more than \$40 billion a year on various nutrition programs, and yet having a problem in this country with obesity is also an issue that we are going to have to confront as members of the Agriculture Committee to again squeeze efficiencies out of the limited resources that we're going to have available. So Mr. Chairman, thank you very much for conducting these hearings, and I will yield back to you.

Chairman Peterson: I thank the gentlemen for his statement. I also would recognize, since we're in Alabama, Mr. Rogers for a statement as well, out of recognition of his great work that he does on the committee, and being in his state.

Rep. Mike Rogers: Thank you, Mr. Chairman, and we're going to have you all saying "y'all" by the time you leave Alabama tomorrow. It is God's country, and I'm glad to be here in the Second District. I'm very proud to work with Bobby. He does a good job for y'all, looks out for you, and I appreciate all the panelists taking the time to be here today. I know that it's a Saturday and you could be doing a lot of other things, but it really does help us do our job more effectively and hopefully productively to have your input. So thanks for being here, and thanks, Mr. Chairman, for bringing the hearing.

Chairman Peterson: Thank the gentleman and thank the panelists for being with us. We have Mr. Andy Bell, cotton, corn, soybean, cattle and hay producer from Tallahassee, Alabama – Tallassee, I'm sorry. I didn't read that right. Bobby's going to keep me straight here. You probably can't understand what I'm saying with my accent. Mr. Ed Esposito, specialty crop, corn and potato producers from Newville, Alabama; Mr. Joe Mencer, rice, cotton, corn, soybeans and wheat producer from Lake Village, Arkansas; Mr. Carl Sanders, peanut, corn, cotton and cattle producer from Brundidge, Alabama, and Mr. David Waide, corn, soybeans, and rice producer from Jackson, Mississippi.

Welcome all of you to the panel. We appreciate you taking the time to be with us. And Mr. Bell, you're recognized. Your statements will be made part of the record in their entirety, and we'd encourage you to summarize. We have a five minute rule. Try to stay with that, in that within reason, but we won't be too tough on you if you go a little over. So welcome to the committee, Mr. Bell.

Mr. Andy Bell: Mr. Chairman and members of the Committee, on behalf of the rest—

Chairman Peterson: I think you need to get the mikes pretty close because of the acoustics here. People have an easier time understanding.

Mr. Bell: Mr. Chairman, members of the Committee, on behalf of the rest of agricultural producers here in Central and Southeast Alabama, we thank you for the opportunity to speak with you today regarding some future directions of farm

policy. I'd also like to acknowledge Congressman Bright and the rest of his staff for their attention and hard work for production agriculture.

I would like to begin by saying that those of us in production agriculture are very appreciative of the tools that you provided us with in the 2008 Farm Bill. However, market conditions have changed since that bill was drafted, and I'd like to share some of the difficulties that I and many of my colleagues have faced over the last several years. I'm hopeful that those aspects could be addressed. Many of those, we feel, have become dated and would hope to be considered for revision in the next farm bill.

In my immediate area, four major crops that are grown are cotton, corn, soybeans and cattle. All four crops have the same problem, and it's finding a way to grow them at a profit. Cotton probably deserves the most consideration. It's best suited for the environment that we're producing in. Since 2003, we've had a 72% net increase in the cost of production. Fuel is by far the leader at a 330% increase. To make matters even worse, from 2003 to the 2009 crop, the cotton crop sold for 13% less.

For the last seven years, five of those years have been weather related failures. And when I say failure, I mean a lack of profit. In 2003 we were destined with a flood; 2006 through 2008 were drought years; 2009 our immediate area had 35 inches above normal rainfall. Typically, on a longer span of history, about 20% of the time we have a failure rate due to weather. With such a drastic decrease in cotton prices, coupled with the production costs that have skyrocketed, life has become a lot tougher for the cotton producer. And also, our level of risk are at historic levels.

Target prices set the value of the commodity, and our current cost of production with cotton is about 87 cents a pound. The target value is around 71 cents. Dealing with these weather related failures, 80% of the time we've got to have a 5% profit, over four years, to deal with the year that is destined for weather failure. And that's with no inflation factored into that.

In 2009, we had a cotton crop that was 69% of a normal crop, based on our historic production. At the completion of that year, we summarized the last six years. We have historically just had catastrophic insurance coverage. We summarized what it would have been with CRC coverage, Crop Revenue Coverage, and over that span of time we would have paid in \$22,000 more in premiums than the claims for the insurance. So we felt like, from an insurance standpoint, we had no safety net.

Dealing with these factors over the last six years, we have created several points of interest that need to be addressed. The greatest need for today's farmer is to address the difference between cost of production and level of income. Dealing with a 72% increase in the production costs, cotton would need to be \$1.22 a pound today to represent the same relationship that we were experiencing in 2003.

Second, production agriculture needs a workable safety net that can be implemented in a timely manner in dealing effectively with this weather variable. As I mentioned earlier, we have a weather failure about 20% of the time.

Third, government payments seem to have an adverse effect, in many cases. The payments, a lot of times, don't ever make it to the production entity or they just, in effect, they create higher input costs, so it's a very difficult situation to address. Fourth, Alabama would also benefit if we could receive a larger portion of natural resource funding than it has historically done in the past. If this state was developed in relation to our neighboring states dealing with natural resources, that too could be viewed as a safety net for a farmer – having the capacity to irrigate on a drought year and so forth.

Since 1976, agricultural trade has maintained a trade surplus 98% of the time, and that pretty well speaks for itself. We feel like we're an industry that is needed. And I hope and pray that we are able to address these issues and save this part of our economy. Thank you for your time today.

Chairman Peterson: Thank you very much for that excellent testimony, Mr. Bell. Mr. Esposito, welcome to the committee. You're recognized.

Mr. Ed Esposito: Mr. Chairman, members of the Committee, first let me start by saying what an honor and a privilege it is to be here today. I have a small vegetable operation, fruits and vegetables, in the Echo community near Newville. For more than a century, economists have predicted the demise of the small family farm. We've been labeled backwards, inefficient and unproductive compared to large-scale mechanized corporate type operations. I believe this view needs to be challenged.

Small farmers make better stewards of the land through diverse cropping systems, landscapes and biological organization. We responsibly manage our natural resource in soil, water and wildlife. Sixty percent of all U.S. farms of 180 acres or less produce significant environmental benefits for society.

Most consumers have had little connection to agriculture and food production. Through farmers markets, community supported agriculture, and direct marketing strategies of small farmers, consumers are beginning to connect with the people who grow their food, and with the food itself as a product of the farmers' cooperation with nature. Small farms of less than 30 acres can have a greater than ten times the output than larger farms through the production of specialty items such as vegetables and cut flowers.

I would like to laud the USDA Commission on Small Farms for their call to change that policy that favored large corporate farms, a policy that I believe negatively affects rural communities and the environment. I am thankful that programs such as the Small-scale Farmer and Rancher and Beginning Farmer are now made available through the USDA NRCS, and I believe programs such as

these will be of great assistance to small farmers in America, and they're long overdue. Thank you once again. Brief and to the point.

Chairman Peterson: Thank you very much. You get extra points for that, Mr. Esposito. Mr. Mencer, welcome to the committee.

Mr. Joe Mencer: Thank you, Mr. Chairman. I appreciate the opportunity to be here, and appreciate the rest of the committee members being here today and allowing us the opportunity to bring the points of the rice industry to you today. Frankly, the only part of the farm program that really works for rice right now is the direct payment. That's our only true part of the program that gives us any safety net right now. The counter-cyclical programs, the loan rates, they're all so low that, frankly, if we had to depend on that for our survival, we'd be out of business. They're just not in sync with the cost of production nowadays. So we want to try to maintain these direct payments if we can in some form at the level they're at, because we know little chance of any of getting loan rates raised. If we could get a target price raised some, it would help, but I don't think they could justify, in the budget, bringing them up to the levels it would take necessary for us to survive.

Two programs that are out there that were in the last farm bill that rice really can't participate in or sees no benefit to us is the SURE program and the ACRE program. In the Mid-South, in Arkansas, especially in cotton, for the last two years we've had devastating weather during the harvest season. We picked around 60% of a normal crop. We try to buy insurance level at an affordable level, and frankly, without high insurance, SURE doesn't work. We can't afford the insurance level we need for SURE to trigger, so most farmers are not collecting anything under SURE. Just next week there's still sales going on in the cotton area in south Arkansas of farmers going out because they couldn't pay out and they're not qualified to collect on SURE.

So that program just really doesn't work in the Mid-South, and there's little value in it for rice at all. We don't think we would ever trigger in rice because we normally don't have a yield reduction. Our biggest problem with rice is the cost of inputs. If it's a drought, we put more water, but that's at an added cost. And also, if we have large rice issues, when a storm comes through, blows the rice on the ground, it can double or two and a half times your normal harvest expense. So the yield is not where we face our biggest problem, it is in the cost of getting the crop out of the field and producing that crop because of the large amounts of energy that it takes.

Another problem with the SURE program is it's based on whole farm revenue, and many of our farms are diversified in a way that we grow four or five crops. Your early crops come out, you do pretty good on those, and the margins that you make on those offset the huge losses you have in your cotton or your later harvested crops like that, so that's another problem with SURE there.

Where we see there may be some benefit for rice and some other Mid-South crops is in crop insurance. Currently, through a task force that the Rice Federation has formed, we're trying to come up with some new crop insurance programs or policies that maybe y'all can take a look at in the next coming months and see if those could maybe work into this bill in some way. One of them is a crop margin protection where data would be collected on the cost of these inputs, and if there's a drastic move in energy or fertilizer throughout the year, then there may be an indemnity triggered there. And we see that would be more of a benefit for us to try to secure a safety net rather than trying to count on SURE or the ACRE program for us.

But that's two of our main deals, is we need to be sure and try to protect the direct payment and build on crop insurance as a better safety net for us. And once again, I want to thank you for allowing us to come here today to represent the rice industry. And in the future, if there's any questions, I'm sure that we'd be more than happy to try to help you work through something that would build for the Mid-South or for rice, in particular.

Chairman Peterson: Thank you very much, Mr. Mencer. Mr. Sanders, welcome to the Committee.

Mr. Carl Sanders: Good afternoon, Chairman Peterson, members of the Committee. My name is Carl Sanders. I'm a peanut producer from Coffee County, Alabama, which is the county just south of here. I'm President of the Alabama Peanut Producers Association, and I'm here today representing our organization. My comments will also be in support of the Southern Peanut Farmers Federation that appeared before you yesterday. The Southern Peanut Farmers Federation represents about three-fourths of the peanuts grown in the United States.

I've been a peanut producer for over 30 years. I farm approximately 1,000 acres of peanuts, cotton, corn, and cattle. Mr. Chairman and members of the Committee, our message today is straightforward. Peanut producers support the concept of the marketing loan program. The current program does not serve as an adequate safety net for our producers. Farm programs should be developed for farmers who assume the risk, not for absentee base holders.

In an effort to address the physical challenges before us, we must not compromise the stability and security of production agriculture in this country. Since the '02 Farm Bill, peanut variable costs have increased 52%. In addition to increased production cost, we are competing with other countries like Argentina, China, and India, where environmental costs, regulations, and labor rates are must less than ours.

The primary goal for our producer organization is to obtain a legitimate safety net for our growers. We do not believe the current \$355 per ton marketing loan is sufficient to be a real safety net for producers. The peanut loan repayment rate guidelines were established in the '02 Farm Bill. The loan repayment rate has not

functioned appropriately since the '02 bill. Congress directed the USDA to consider the following when determining loan repayment rates: minimize potential loss forfeitures, minimize accumulation of stocks, minimize the cost to the government, and allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

It is this last variable that has not been adhered to. In setting the loan repayment rate, the USDA has not taken into account the world market prices. As a result, in years of high production, USDA pricing generates an excessive carryover that weakens the contract offering for the growers the next year. We ask the committee to include language in the next farm bill that will assure that the prices in the world marketplace will be considered in establishing the posted price.

We recognize the physical and political limitations in drafting a successful farm bill. Peanut producers want to stress to the committee that we will work with you to develop the best possible program, but the pricing structure of the '08 bill is not sufficient. There are additional considerations for any program change in the next farm bill. Making payment limits more restrictive than the '08 bill will create even more problems for producers. We must maintain our separate payment limits for peanuts.

The feeding programs at USDA are very important to our producers. We need USDA to partner with our industry in an outreach program to school nutritionists. This also includes our need for assistance in working with international relief agencies. USDA has the experience and resources to help facilitate communication between the peanut industry and major relief organizations.

Peanut producers received no public support or financial assistance from the Department during the PCA salmonella crisis caused by one irresponsible peanut manufacturer. Peanut state members asked the Secretary to increase peanut butter purchases during the crisis to at least the purchase levels we saw in the mid 1990s, to no avail.

In addition to a fair and supportive national farm policy, maintaining public research in agriculture should be a priority. Research by the land grant universities and USDA's Agricultural Research Service has contributed greatly to keeping the peanut industry competitive. In closing, I want to say that as producers, we look at the committee as a partner in serving and protecting agriculture. Thank you for allowing me to address you today. The Alabama Peanut Producers and the Federation will be glad to work with you any way we can. Thank you.

Chairman Peterson: Thank you very much, Mr. Sanders. Appreciate that. Mr. Waide, welcome to the committee.

Mr. David Waide: Thank you, Mr. Chairman. I certainly appreciate the opportunity to be here and to testify before the committee. I have been in office during the past

writings of the previous three farm bills, and I appreciate also being able to participate in this, the beginning of the fourth. My remarks today are going to primarily be directed toward the federal crop insurance program. I do agree with most everything that's been said with the other panelists on this distinguished panel today, and I do appreciate the fact that they've taken the time also to come.

Let me just commence so that you'll realize that my position on this, I am not a crop insurance purchaser. I don't use CAT and I don't buy the buy-up coverages that RMA offers. The diversity of my farming operation offers me a spread of risk because – in my bio I believe it says I'm a rice producer. I'm not. I'm a cattle producer and corn and soybean producer. And because of the diversity I have, I don't participate in the RMA products.

I do realize, though, that they are essential to protect the huge investment that agriculture has. And I would relate some numbers here, as I did in my written testimony. And this is probably – I know it's true in Mississippi, and it's true generally throughout the Mid-South. The high percentage of CAT coverage exists in the Mid-South. And I think if you look at the Mississippi numbers, we have about 94 and a half percent of actually insured acres in Mississippi. Thirty-five percent of those acres are just insured by CAT coverage only.

And I would suggest to you that many of those acres that are insured by buy-up coverage are insured by buy-up coverage at the request of the individual financing the production of that crop, not at the farmer's desire. In Iowa I think you'll find that the numbers in corn include 88%, and only 2% of those acres are insured by CAT coverage, and the same is true for soybeans. The percentages are a little bit different – 27% are covered by CAT in Mississippi compared to only 2% in Iowa. There is a huge difference in the risk management product that can be purchased in Mississippi, and that is the reason I think you see that CAT coverage is used so widely in Mississippi.

The problems with the crop insurance that exists in Mississippi deal with what is the determination of how crop insurance products are priced in Mississippi. The actual production history is the best way to determine what a farmer can insure his crops for, but so often, because of the diversity we have in Mississippi, we have to use [two] yields, which are the traditional yields within a county. And often producers have to insure their crop less than their actual capability of producing.

And I hope that the new farm bill and the risk management products offered will certainly take into account the fact that we are not able to purchase the adequate risk management products in the Mid-South that is needed for the huge investment that we have in crops. Hopefully that can be addressed in some more testimony dealing primarily with risk management products.

The APH determines a grower's premium on the crops that are grown. If the APH is used over four to ten years, if he has that production history, certainly he can get a real good yield of what he needs for his protection. And I hope that

we'll look at how we can continue offering insurance products in the future so that we can take advantage of the technology that has been offered for southern crops.

We've got a couple of other issues that are important in crop losses this past year. One of the ways to determine what a grower is going to get for his adjustment was the quality loss. We had different companies requiring different methods of adjusting that quality adjustment. Some required them to harvest the crop and to at least try to sell it to a salvage dealer. In many cases that salvage dealer was more than 200 miles from their farm, and it was not economical. It simply added a lot of cost to a farmer to get his crop to a salvage dealer.

And I hope that we'll be able to get a uniform method of getting the quality adjustment, if we can just simply get the destruction in the field if the crop is not worth salvaging. Hopefully that will be part of the next farm bill that will include a uniform way of getting salvage values.

The other thing that I'd like to mention – and I'll be quick in my closing – we've got a lot of crops that aren't insurable except under NAP. That's just a bare minimum coverage. It very seldom covers the expense. It does not allow the farmer to have the opportunity to protect his risk. And we've got numerous crops that are just under NAP. Sweet potatoes is one of the best economic crops in my state, cannot get but somewhere in the three or four hundred dollar range of protection for crop coverages, and it costs about \$2,500 a acre to grow those crops.

So I hope that we'll consider peanuts, sweet potatoes and certainly rye grass. It's big in Mississippi as a stocker grazer forage, and I hope that we'll consider expanding the crop insurance program to allow growers that don't have the ability to get anything but NAP coverage. Thank y'all, and I sincerely appreciate the opportunity to be here.

Chairman Peterson: Thank you very much, Mr. Waide, and thank all of the panelists for their testimony. I was going to go to Mr. Bright, but I think I'm going to start off here. I agree with you that we need to fix this crop insurance thing, and I think we can. And I'm glad the rice growers are finally focusing on this and trying to develop a product, and we want to work with you to make that happen, because in the long-term, this is going to be hugely important, because at the end of the day, that might be all we're left with at some point. So I agree with that.

But as we get there, we just keep adding stuff on top of what we've been doing. This last time we added the revenue coverage, and then we added SURE, which doesn't work for you guys. And one of my concerns is we're making this overly complicated and we're not coordinating these programs so they work together. I understand the importance of direct payments to you guys because nothing else works, and so that's something you can depend on. And even though you might

not need it one year, you want to hang onto that because the next year you might need it, so I understand all that.

But if we're going to develop these products, we're going to have to look at rearranging what we're doing in order to have the money to be able to do this. And I've asked all of the different – your representatives and leaders in your industries to work with us to look at this. I think there's a way that we can rearrange these programs, give you the same kind of certainty you've got with the direct payments in the current system, but give you a better safety net that works. But it's probably not going to look exactly like it does today. And I know it makes people nervous, but that's what we're going to have to look at, in my opinion.

So one of the questions – we pick up quite a bit of money if we eliminate CAT coverage and NAP coverage, and I personally think we should do that, because they're really not doing you any good. Most people are buying these things because they have to, because in order to get a disaster payment or whatever, you know. It was originally started to get people used to using crop insurance, and I think it accomplished that. It got a lot of people into the system, and a lot of people started using it, and it served its purpose. But if you eliminate it and go to an actuarial situation with CAT and NAP – and so we'd still make those policies available, you'd just have to pay the actuarial value of them – we pick up quite a bit of money in that process, out of the CBO scoring, that we could then use to try to enhance these other crop insurance products to get at the problem that you guys have raised.

The other thing that saves money is that the more you can insure the whole operation, the cheaper it is, and if you had a whole farm type of policy, it's considerably less than if you're insuring it crop by crop. So there's some potential there, and there's, I know, concerns and problems with it, but I think we need to look at that as a way to try to expand this and make it work over the whole situation.

Part of what I've run into in my district with a problem is the mentality of people that have been using the program where they don't like the idea that they're going to use one crop profits to offset the losses in another crop, because they look at everything, you know, I'm going to buy crop insurance based on whether it's going to pay out for me and whether I'm going to make money off of it. If we shift to more of a revenue type of thing with crop insurance, we have to, I think, start thinking differently in terms of insuring your whole operation at a higher level. But you may not get paid all the time. When you don't need it, you may not get a payment. But that takes a big shift of thinking, probably more in my area than yours because we've used it more.

So that's one of the reasons I'm doing these hearings early, is to try to get this process jumpstarted and get people to start thinking about this now. We're going to have about a year to work on this stuff, and we want to work with you guys to

try to bring some simplification and coordination to this system and see if we can use the money more efficiently and give you a better safety net. Do any of you oppose getting rid of CAT coverage and NAP coverage and make it actuarial? That would be okay?

Mr. Esposito, I have been a big promoter of local foods. I had a conference in my district for the last five years promoting local foods, and I think it's a good thing, because there's a market and the people that get into it can make money, and that's great, and I'm all for it. But I don't like this idea of pitting one against the other. I don't think it's right and I don't think it's necessary. We need production agriculture and we need as much of it as we can get, and we're going to have a heck of a time feeding not only this country, but the rest of the world going forward. So I'm for all kinds of farms.

If you can make a living on 30 acres, God bless you, and people can do that. If it takes 5,000 acres, I'm for that. If it takes 20,000 acres, I'm for that. Whatever makes sense economically, works for the producer, I'm for it. We are not going to get into the business of deciding how big a farm should be because that's way beyond our expertise. So I would just hope that we don't get into any kind of conflict between organic and local and commercial agriculture because there's no reason for it. There's plenty of market – you agree with that, I guess. You're shaking your head and...yeah.

Mr. Esposito: Mr. Chairman, I do agree with that.

Chairman Peterson: Pardon?

Mr. Esposito: I do agree with you.

Chairman Peterson: Yeah. Because we have had some kind of conflicts that have developed, and it's not necessary, it's not right. There's a great market there for the people that want to get into that. We've got, in my area, a lot of young people getting into farming, people moving out of Minneapolis that you would have never thought, getting into agriculture. Their family's never been in agriculture, doing a great job. And that's good. We need more young people. You have something similar going around here in that regard?

Mr. Esposito: Yes, sir, I do. And it wasn't the point. The point was made basically on how small producers are being treated as opposed to larger—

Chairman Peterson: I understand. And we made a step in that direction, and that was at my—

Mr. Esposito: It was a good step.

Chairman Peterson: --insisting. I had a lot to do with that.

Mr. Esposito: I'm the first one to realize that three acres is not going to feed the nation, or it's not going to feed the world.

Chairman Peterson: Right.

Mr. Esposito: And organic production, although I favor it, won't feed the world.

Chairman Peterson: Right. So we recognize local foods, organic foods in the last farm bill for the first time. We will do better, hopefully, this next time. But I have to say there's a bunch of folks that are in your business that also don't want us to overdo it, because if you get too much people getting into this, you're going to collapse the market, potentially, in certain areas. I think that could be a danger if you get...if you started subsidizing it, you could collapse the whole thing, and so we have to be careful how much we push it. I've gone over my time. The gentleman from Virginia.

Rep. Goodlatte: Thank you, Mr. Chairman, and I share those sentiments. I'd like to ask the panel – I've been calling for you to find ways for us to save money, and I want to suggest that the government can help you on your bottom line as well, and that is to just ask you what kind of ideas you have about ways we can help your production costs, in particular, what government regulations might be impacting you in that regard.

We need to have a clean environment, we need to have safe workplaces, but it seems to me that we have, in many instances, gone way overboard in terms of not only what we regulate, but how we go about doing that, in allowing bureaucracies to micromanage your farms and to figure out the best way to do something when they have no clue of the best way to accomplish a particular goal.

Mr. Bell, you testified that there's been a 72% increase in production costs. What's the biggest factor in that increase in cost of production? Fuel and fertilizer, both of which are produced as a result of natural resources that we have in this country, but we don't fully exploit.

I would like to ask each member of the panel if they have any thoughts on government regulations and, in particular, on the cap and trade legislation that passed the House of Representatives last year – it has not yet been taken up in the Senate – which concerns me in terms of a policy which I see as moving toward increasing the cost of our traditional sources of energy to make newer sources more competitive, but at risk of driving a lot of people in farming, manufacturing, transportation, and even service industries out of business because our competitors around the world are not going to follow suit, certainly not in China and India and many other developing countries which are proving to be some of our biggest competitors.

They're not adopting a policy that essentially penalizes the use of coal and oil or natural gas and even nuclear power, which the cap and trade legislation does not

advantage, even though it is the largest source of electricity generation that has no CO2 gas emission. So start with you, Mr. Bell, and just work our way across.

Mr. Bell: Well, as I said earlier, the increases, fuel, fertilizer makes up a large portion of it. But over the last ten years, farmers have been provided with new technology, but they have not been able to, from a financial standpoint, capture much from that technology. It's changed our production process, but from a bottom line standpoint, we haven't recognized anything from that.

Rep. Goodlatte: Do you favor the cap and trade legislation that Congress is working on?

Mr. Bell: In some ways yes, some ways no.

Rep. Goodlatte: You want to elaborate?

Mr. Bell: I'd rather pass that.

Rep. Goodlatte: All right, we'll give it to Mr. Esposito then.

Mr. Esposito: Well, sir, as small as I am, I don't have much of a carbon footprint. Most of my stuff is hand labor. I try [spinner] cropping stuff to keep my weeds down, so I'm not really spraying too much. I'm not well versed on the cap and trade. What I've heard about it, it could force the prices of fuel use or energy use up based on an allotted amount, but other than that, I really don't know much about it.

Rep. Goodlatte: Okay, thank you. Mr. Mencer?

Mr. Mencer: Yes, sir, we oppose cap and trade the way it's currently proposed. Some analysis that's been done shows that it could affect us \$70 to \$150 an acre increase in cost of production for a rice operation, with little to no opportunity to capture any benefit, any form of payments in cap and trade. Every analysis that's been run shows that – we had one done by the Agriculture Food & Policy Center at Texas A&M and it showed that every rice farm realize a loss in income and net worth if cap and trade was enacted.

Rep. Goodlatte: Thank you. Mr. Sanders?

Mr. Sanders: From what I understand of cap and trade, it's going to really affect coal-fired electrical production, which most of ours in the Southeast is, and it's going to really hurt us. Therefore, it's going to run up the cost of my electricity on my farm. We just switched from diesel fuel to electric because we were trying to bring down cost. Now we're fixing to run up the cost of my electricity. And when we use the natural gas for electricity production, that's going to run up the price of my fertilizers drastically, so it doesn't look good on the farm.

Rep. Goodlatte: Thank you. Mr. Waide?

Mr. Waide: Opposed to cap and trade. I don't think there's anything good going to come from it for agriculture. I'm not sure that it'll benefit this country in the long run in any way. I think that we are the premier producer of all farm commodities, and we certainly can't remain if we get on a noncompetitive area with our counterparts in other countries that are going to be allowed to produce without that.

I think the one thing we have to remember – and I do appreciate Mr. Mencer's comment on the increased cost of rice production as it relates to the energy as a result of some of the cap and trade provisions – we need to be mindful of the fact that farmers are price takers. We have never been able to establish a price, regardless of what our production costs are. We have to be at the market's risk at all times.

Weather, certainly even celebrities can cause us to take a tremendous drop in our farm [gate] values, just some comment they make. And this cap and trade issue is going to be real because we're going to be taxed for that energy cost that we have to bear. It's not optional with us if we produce the crop. And the thing, in my opinion, that makes us so respected throughout the world is the envy the other parts of the world have for our food sources and the production methods we have. And I certainly don't believe we need to sacrifice that in any way for something that's not been proven to be science based.

Rep. Goodlatte: Thank you very much. Thank you, Mr. Chairman.

Chairman Peterson: Thank the gentleman. The gentleman from Alabama, Mr. Bright.

Rep. Bright: Yes, sir. Thank you, Mr. Chairman. Let me thank the panelists for your testimony today. And I've got very limited time, so I'll try to get in as many questions as I can. And if you would, pay attention to my question. I'm probably going to take one single one out, but then maybe ask a comment from each one of you.

We're all, everybody in this room, and you particularly, as your testimony today indicates, you're very concerned about our economy. We've just been through, and still going through one of the worst recessions I know we've had in our country since I've been living in my short 39 years that I've been here. It's been real serious, and I hope I don't ever have to go through another one, particularly from this side of the table, as an elected official, because a lot of people are affected and a lot of people are concerned about it today.

I've traveled through not just my district, but statewide and in other parts of our country, and people are very concerned about the economy and the available of credit available to small businesses. And I assume – and I should never assume, and I try to teach my staff never to assume – that it affects you too as producers in the agricultural industry. Would you, each one, take an opportunity and let us know what effect, if any, whether it's positive or negative, the credit crunch or the

lack of credit that has been the subject of our economy over the last number of months, couple of years, has it affected you, and if it's affected you, how has it affected you? And Mr. Bell, I'll start with you, since you were the first to testify.

Mr. Bell: As of this point, we have not been affected by available credit.

Rep. Bright: The lack of available credit?

Mr. Bell: Yes. But if we continue to produce a crop at a loss, it's just a matter of time.

Rep. Bright: Mr. Esposito?

Mr. Esposito: I haven't pursued any credit. I don't want it. I tend to go as I can. I don't want to be in debt.

Rep. Bright: Mr. Mencer?

Mr. Mencer: We've not been affected by it. As long as you can show a cash flow, we got availability for plenty of credit.

Rep. Bright: You're fortunate. Thank you. Mr. Sanders?

Mr. Sanders: I personally have not been affected by the lack of credit, but it runs up the cost of everything else when other people are having problems.

Rep. Bright: Mr. Waide, have you got a comment?

Mr. Waide: Yes, sir, I would. Personally I haven't been affected, but I would tell you this. I have had more phone calls because of the farm credit crisis that exists out there in the last 30 to 40 days, because farmers are trying to get production loans and the cash flow is a big issue.

Rep. Bright: Any suggestions as to what we can do as a panel of congressmen to help in that area?

Mr. Waide: I guess the concern that everybody has is that some of the things that we're dealing with with SURE, the fact that those marketing loans, some of the SURE program benefits are tied to marketing loans, and that's a year down the road. Any way we could speed up the projection of what that may be and offer any amount of income to a farmer at the end of that bad year would be a big help. And I could also address that in other ways dealing with crop insurance, timely settlements for claims and that sort of thing.

Rep. Bright: Okay. I've got a short time left, and in my time I want to recognize – Mr. Chairman, if you would, I'm going to do a point of order. I'm not sure you recognized another very important person in the USDA arena, the FSA Director for the State of Alabama, Daniel Robinson. Daniel, would you stand up and let everybody see you? Because this man right here will help you out there if you

have an issue in the FSA area, and I wanted to make sure he got his face before everybody here.

Specifically, Mr. Bell, in regard to crop insurance, I told you earlier that I'm very concerned about that in our region, in our state. You mentioned in your testimony that you conducted a study on the economic feasibility of revenue coverage versus catastrophic coverage, and in your study you concluded that revenue coverage would have cost you significantly more in premiums than it would have paid out in claims. Surely this isn't the case for farmers across the country, but I hear this all the time throughout the district. Could you explain why revenue coverage is too expensive for farmers like you?

Mr. Bell: I think the problem has got to do with the cost of production versus the value that's set for the crop. Cotton, for instance, is set... [*Tape difficulty.*] ...in a thousand pound crop at 77 cents, 75% coverage, you're insuring about half of the cost of production, so there again it goes back to the cost of production. And 77 cents may be a dated number in today's environment.

Rep. Bright: My time's run out, but just one last thing. Is any one of the panelists, are y'all familiar with the BCAP, biomass program today, and if you are, do you have an opinion as to whether or not what we need to do to that to tweak it, to make it work so we can get into the second phase of it? Mr. Waide, are you familiar with it?

Mr. Waide: I'm familiar with it, but mainly because the funding has been cut and the members in Mississippi that were getting BCAP funding to harvest timber to make it economically feasible on some of the acreage that they were harvesting, it's just dried up the market altogether. I think it was a good program. It certainly enhanced the economic value, and I think it was doing something else in the use of bio energy. It was creating a demand there for some products, some wood fiber products that had not existed. I hope we can get something that makes it work in the future.

Rep. Bright: Mr. Sanders, any addition to that?

Mr. Sanders: No, sir, I'm not familiar with that at all.

Rep. Bright: Okay. All right, good. Mr. Chairman, my time has expired. I yield back.

Chairman Peterson: Thank the gentleman. The gentleman from Alabama, Mr. Rogers.

Rep. Rogers: Thank you, Mr. Chairman. Mr. Bell, I know you started off talking about your concern about crop insurance. What's the one take away that you want us to leave from here hearing from you about what you want done specifically about crop insurance that would make it a more viable program for you?

Mr. Bell: Just need a realistic target value set to the crop, and it needs to be kept in step with the cost of production.

Rep. Rogers: And how would you like to see that realistic value arrived at?

Mr. Bell: I've never written farm policy before, so I don't have a good answer for you.

Rep. Rogers: Mr. Mencer, you mentioned that you and some of your fellow rice farmers have gotten together and come up with some alternative structure for crop insurance that you hope to present to us in a few months. Did I understand you correctly?

Mr. Mencer: We're in the process of getting a concept approved by RMA and to get it submitted.

Rep. Rogers: Have y'all hired a consultant? Is that how you're doing this?

Mr. Mencer: Yes.

Rep. Rogers: Oh, good. Excellent. Are you following the model of another area of the country?

Mr. Mencer: We're working with the spring wheat—

Rep. Rogers: And have they been able to resolve their concerns with crop insurance?

Mr. Mencer: They're closer. And we're trying to team up with them and present the two crops together.

Rep. Rogers: Are you aware of anything that the cotton industry, the cotton sector is doing on this to try to – because I heard the Chairman talk yesterday about how folks in Minnesota had done what Mr. Mencer is going, and kind of fix their problem. They had to hire a consultant, but they got a structure put together that works for them, and now it's no longer a problem. Are you aware of anything folks in your sector are doing to try to deal with the crop insurance problem, other than talking to us? Great. What about the ACRE – yes, sir, Mr. Waide?

Mr. Waide: Just so you know, we have appointed a risk management committee in Mississippi and we're going to work with all the commodities, including the minor commodities that are not currently protected, and offer a suggestion on what would make this a true insurance product. We don't want a social program out of it. We want protection for the at risk part of what a farmer invests in his production cost. That's what we're looking for. And I think we'll have some ideas from the group that's going to be working on it that will be very beneficial in updating the risk management products.

Rep. Rogers: Excellent. I look forward to hearing that. This is the most common complaint I have from farmers throughout the Third Congressional District, is what Mr. Bell is saying; we've got to come up with something that works, that's practical. Yesterday in the Atlanta hearing, there was a cotton farmer who made

the point that there wasn't a single farmer in the state of Georgia that was participating in the ACRE program. Is that the case here?

Mr. Waide: As far as I know, there are none participating in Mississippi, and I've been in touch with the state FSA director. His statement to me was it simply doesn't work in Mississippi.

Mr. Mencer: In rice, I think last year there was only nine farms nationwide that signed up for ACRE.

Rep. Rogers: How about in peanuts?

Mr. Sanders: The economists that I've heard refer to it say it doesn't work for peanuts.

Rep. Rogers: And the SURE program, I heard y'all talk about the SURE program a little while ago. How would you characterize its effectiveness, any of you?

Mr. Mencer: Failure for rice and failure for cotton in the Mid-South the last two years.

Rep. Rogers: Mr. Waide?

Mr. Waide: In Mississippi it's unusual for a producer to miss or to have a loss in every entity that they have, and unless you are farming a single commodity, it's just not going to work in our state.

Rep. Rogers: I was very interested at your response to Mr. Bright's question about credit pressures. Every other small business person I'm talking to in my district, except folks in the grocery store business, are just really struggling with access to credit. We've got a farm credit fellow in the audience. I should have asked to have him put up here so he could talk to us about it. But it's not affecting you from a production standpoint; I understand your answers to that. Do you see the tightening credit standards affecting the stream after it leaves the farm, some of your customers? Or do you see this not in any way affecting you in the foreseeable future, not just from a production standpoint, but downstream?

[Mr. Waide]: My opinion is that it is going to have a long-term effect and one of the greatest fears I have, because I farmed in the '80s when we had 19, 20% interest rates, and that's the greatest fear I have. And when it gets to 19, 20%, farmers are shut down. We can't pay that kind of interest on production loans.

Rep. Rogers: Excellent. Thank you, Mr. Chairman. My time is up.

Rep. Bright: One of my benefits of being part of the majority and the only other Democrat in the house is to take over when the Chairman steps away, so I'm going to exercise my privilege and my authority as the temporary Chairman to call on the next congressman, my colleague from Nebraska, Adrian Smith.

Rep. Adrian Smith: Thank you. It's great to be here all the way from Nebraska, here in Mr. Rogers' neighborhood, I guess. [*Laughter.*]

Rep. Rogers: Nah.

Rep. Smith: Neighborhood.

Rep. Rogers: Oh, neighborhood.

Rep. Smith: Yeah.

Rep. Rogers: You see what I have to put up with.

Rep. Smith: America is a great country, with a diverse everything. Here we are today with agriculture, and so I'm grateful that we've got some opinions on the panel. Mr. Esposito, if you wouldn't mind elaborating a little bit. I'm intrigued by your production. You don't need credit, and that's great. But can you tell me more about your actual production?

Mr. Esposito: What would you like to know?

Rep. Smith: What do you grow? You've obviously found a niche market with how many acres?

Mr. Esposito: I'm doing approximately seven now, intense. But keep in mind, gentlemen – I know you're looking [that I'm] talking to these folks over here to do several acres – I don't sit there and do bushels to the acre or tons. I think it's dollars per square foot. Keep that in mind. I have a crop, a quarter acre of broccoli in now. If I get 75 cent a stick, that's 42,520 sticks, so you do the math, if I get rid of it. So that's what I'm talking about condensed inter planting and such.

But right now, it's your common late spring greens, your broccoli and your cabbage and your collards and your turnips and your mustard and so forth and so on, new potatoes, followed by your common summer stuff – your squash and your tomatoes. And my market tends to be in my local community. I don't do too much of wholesale or anything like that.

My goal personally – I'm retired military. I really don't need to be doing this. But my goal is to provide a nutritious product for folks right there in the neighborhood. I donate – I'm working with the Wire Grass Food Bank, the House of Ruth for battered women, and I even donate to the county jail, so old Wally don't have to spend too much money on the incarcerated; it can go more to what he needs. I like touching bases with young 'uns. I have a customer that comes over, and when the broccoli is in, he wants to hold it in the back seat.

Well, by the time they get halfway home, they got to come back because he done ate it. You know what he's doing? He's not eating candy, he's eating broccoli. I

got that same young ‘un growing his own broccoli. So what is he doing now? He’s not doing this. He’s not doing a joystick in front of a TV; he’s tending, he’s out in the fresh air getting broccoli. That’s the kind of difference I intend to make in my community. I wouldn’t mind making a little cash, too. [*Laughter.*]

Rep. Smith: A comprehensive wellness program, [I gotcha].

Mr. Esposito: Anyway, does that...?

Rep. Smith: Sure, sure. Thank you very much. Mr. Bell, you suggested that perhaps there are some good points – I kind of heard you say that there might be some good points to cap and trade. Would you elaborate on those? Unless I misheard.

Mr. Bell: I really don’t agree with cap and trade, from an energy standpoint. The cost is going to be increasing in what it will be associated with.

Rep. Smith: Okay, all right. Well, I think that probably concludes my questions, but again, I appreciate the opportunity to be here and for everyone participating. You all are invited to Nebraska any time.

Rep. Bright: The Chair will now recognize the gentleman from Pennsylvania, Mr. Glenn Thompson.

Rep. Glenn Thompson: Thank you, Congressman, and thank you to the panel for your testimony today. As we embark on preparing for this next farm bill, this is so important, to get this kind of input. I want to start with Mr. Esposito, but it’s a kind of question I’ll expand to the rest of the panel as well, but I want to start with the smaller farms in particular, and then we’ll go to larger ones. And it really has about legacy.

It’s about every time – well, I think every year the amount of farmland that is turned over into strip malls and pavement and we lose, we take out of active production, is significant. And as we lose those, it’s difficult to get back. And so in terms of loss of farms, and specifically family farms, what are the challenges to keeping farms in the family from generation to generation, and therefore keeping it in production, providing us with quality affordable food supply? Mr. Esposito, we’ll start with you.

Mr. Esposito: Well, sir, I’m not a heritage farmer. I put my farming desires on hold to serve my country for a number of years. I see the number one problem, I think, with keeping a farm in production is making a living off of it. I mean, most farmers that I know around where I’m doing, they got another job.

Rep. Thompson: The profitability.

Mr. Esposito: Yeah. I mean, how are you going to sustain it? How are you going to make a living off of it? What I’m understanding is that back years ago, I don’t

know how long ago, but a farmer received 33 or 34 cents or so on every agricultural dollar, and what do we get now, 11 cents? You can't live like that.

Rep. Thompson: And so the smaller farms – I'm assuming, from my experience, when we're talking 30 acres or less, small amount of acreage, a lot of those farmers have other jobs off the farm as well because of the profitability issue.

Mr. Esposito: Yeah. I mean, some of them don't. If you're lucky enough to find a niche market, something high dollar you can get rid of, I mean, you can live off it. But I think the biggest concern about holding onto farmland is why should I be struggling to do this when someone's going to give me X amount of dollars an acre like they did down in south Florida. I mean, you went from \$25,000 an acre to \$50,000 an acre, and five acre plots for \$1.5 million. Who can farm on something like that?

Rep. Thompson: Right. How about other gentlemen, other concerns, barriers for keeping farms in the family? Is it estate tax or any issues that you can identify? Mr. Bell?

Mr. Bell: ...all these problems.

Rep. Thompson: Profitability would take care of all the problems?

Mr. Bell: Absolutely.

[Mr. Mencer]: That's the way I see it, too, is profitability. These younger generations are not going to come in and work for the small margins that we're currently existing on. We've seen our margins grow smaller and smaller every year, and I just don't see how we can encourage a guy out of college to come back there when he sees he can go somewhere else and make a better living with a lot less stress and probably half the hours that we put in in a day's time out there.

[Mr. Sanders]: I have to agree with Mr. Mencer, that profitability, and if we will get some profitability out there, we'll have young people and we'll have sustainability on the farm. I always like the carrot approach better than the stick approach.

[Mr. Waide]: I agree with all of them. If we fix the profitability issue, we'll be able to continue domestic production of food and [fiber].

Rep. Thompson: Okay, thank you, gentlemen. Mr. Bell, you noted that government subsidy seems to have an adverse effect in some cases. I wonder if you could expand a little bit on that comment. Where do you see adverse effects from subsidies?

Mr. Bell: A lot of times payments are tied to the landowner versus the actual production entity, and the funds never reach the actual cost of production. If there is, for example, an additional payment that's sent out, in effect, that may just increase

your land rent for that parcel of property versus enabling the production entity to cover additional cost.

Rep. Thompson: Mr. Mencer, you testified to a new crop insurance called crop margin coverage. What will that margin coverage cover?

Mr. Mencer: Basically it would take two of our largest cost inputs there, which is energy and fertilizer, and we would establish a base price there at the beginning of the growing season, and then if there's drastic increases in those two costs during the growing season, as we saw a couple of years ago where fertilizer more than doubled in just a matter of a few months, and fuel went up a dollar and a half a gallon in just a few weeks, rice is such a big user of fuel and fertilizer that if we could hedge our bets on that, if we saw that same increase again, then we would trigger an indemnity payment back to the grower. And so you're setting your baseline up on the front end there and protecting against that.

Rep. Thompson: Now, is that obtained through a supplement to another policy or is that a whole separate policy?

Mr. Mencer: We hope to attach that to the CRC policy. And we're also looking into another separate issue, and we're saying separate right now; we really don't know where it's going. It's a [lodged] rice issue, so that if we have a storm that blows the rice down, it doubles your harvest expense, then you may trigger an indemnity payment there to help, similar to what hail insurance is right now, is how we want to take the approach with that.

Rep. Thompson: Thank you, sir. Thank you, Mr. Chairman.

Chairman Peterson: Thank the gentleman, and we're not going to do another round, because we don't have time, but Mr. Goodlatte has been kind enough to let me – I need answers to a couple things. One on the disaster program that's being considered. The Senate has put this language in, and I assume you're aware of that, and you're only going to have to have a 5% loss in order to qualify. Did that come out of you guys? Where did that come from?

[Mr. Mencer]: It came from Farm Bureau, I think. Initially, you know, it was just a loss. It didn't...it wasn't even, or I think if you even...it was zero is what we had to show upfront. If you drew a payment, you got a payment, is the way the first version of it, I think, came out.

Chairman Peterson: Well, I'm very concerned about the precedent we're setting here. If you only have a 5% reduction in income, and you're going to trigger another payment, I mean, the precedent we're setting, you know, I just...

[Mr. Mencer]: It doesn't look good.

Chairman Peterson: No.

[Mr. Mencer]: And the way I've looked at it, I know that rice and a lot of other crops won't qualify, but in the Mid-South, if you grew a stalk of cotton, you'll qualify last year.

Chairman Peterson: Yeah, and I'm sympathetic, and I think they need some help, and we're trying to work through this. But it just seems like this is a little overkill.

[Mr. Mencer]: Just another comment about that. In the Mid-South, in cotton, guys are still being put out of business this week because the bankers were counting on disaster assistance coming in a timely manner. They didn't get it, and somebody's got to farm the land.

Chairman Peterson: I understand, and, you know, I mean, part of this discussion we've had, if we're going to come up with some new system, we've got to make it work so that we don't have these ad hoc disasters. We can't keep doing this. And we've said over and over again we're never going to have another one, and then we always do, so that's going to be part of the solution.

And lastly, on the direct payments, the comment's come up a couple times about how it drives up the price of land and so forth. I think you mentioned it, Mr. Bell, am I correct, that you think the direct payments just raise the rent sometimes. And they're tied to the base. I guess some people updated them in 2002 and so forth. I'm more interested in supporting production than I am landowners. What is your position on that?

Mr. Bell: If we were able to have a realistic target value, and have some mechanism to keep it in step with inflation, and designate to the farms that are actually still in production, tell them what percent of their base that they can produce at that level, at least we'd have a percentage of the farm that we know would work.

Chairman Peterson: What do the rest of you think about it?

Male Voice: The biggest deal about direct payments is you can go to the bank and you know you got this coming every year. And if we had a higher target price, we could rely on that because they'd trigger kind of simple in those low years and we wouldn't need the direct payment.

Male Voice: If banks was tied to the producer instead of to the land, I think that would accomplish part of your goal.

Chairman Peterson: And you'd be for that?

Male Voice: Yes, sir.

Chairman Peterson: Mr. Waide?

Mr. Waide: I would agree with that. I think it needs to go to the person that actually produces the commodity. That's what I think the program was designed for in the

beginning, and then it got away from that and went to the land. But I think it needs to be tied to the producer.

Male Voice: That would affect our payment limits, if it tied to the producer at the current level.

Chairman Peterson: Well, I'm not in favor of the payment limits. And I think that if we could re-jigger what we're doing here, we might be able to eliminate this whole payment limit discussion, which we should, because it's not what the issue is about. We're off on a tangent with these payment limits.

Male Voice: If you go to an insurance based program, which is written on private paper, AWG and all them [want to] know what's going on.

Chairman Peterson: Right, yeah. Well, that would be a good thing. But that's part of what I'm trying to look at, is, is there some other way to do this. It'll all be predicated on it having to be enough to cover your cost of production and get you up to where you need to be before we'd ever be able to even consider changing anything. But it just seems like the way we're doing it is kind of inefficient. It works, but it's not really getting where it needs to get, from what I can tell.

And I'd just say one last thing, that the last go around when we, you know, folks especially in the South that were involved in this with lobbyists and other people were so focused on maintaining a payment limit that they could live with and maintaining direct payments that we never got into any other discussion, so the whole thing got just focused on that. And that's part of why the SURE program ended up the way it was, because you guys weren't even...you were fighting to keep these other programs, and you weren't at the table on the SURE stuff. And frankly, I wasn't there that much.

So we need to work on this, and the message to you folks is we want to work with you. We want to try to make this stuff work down here in the Mid-South and the Southeast so that it works like it does for us. You know, I have 98% crop insurance buy-up in my district, and it's a whole different situation up there, and we need to get you guys into that kind of a program down here.

I want to thank the panel very much. You guys have done a great job in bringing things forward in a clear manner, and it's been very helpful to the committee, and we appreciate your time taken out of your Saturday to be with us. The panel is dismissed, and we will call the next panel to the table. And members can take a very short break while we're rearranging things here, but we don't want to wait too long.

Mr. Lemar Dewberry, who is a forest producer from Lineville, Alabaman; Mr. Doug Gibbs, a beef producer from Ranburne, Alabama; Dr. Steven Taylor, Professor and Head of the Department of Biosystems Engineering at Auburn University; and Mr. Ricky Wiggins, cattle, cotton and peanut producer from

Andalusia, Alabama. I guess we're going to take a couple minute break here while we get this organized. We'll be back in just a second.

[*Break.*]

Chairman Peterson: We'll try to keep on schedule here a little bit. For those of you that need to continue your conversations, we'd ask you to do it outside. There's barrel racing going on over here. There's an extra horse if anybody wants to enter the competition. They offered it to me, but I think I'm probably going to decline. Anyway, we welcome the panel to the table. What happened to your sign there? You didn't get one? Mr. Dewberry, right?

Mr. Lamar Dewberry: Right.

Chairman Peterson: Okay, you're a forestry producer. Welcome to the committee, and you're recognized.

Mr. Dewberry: Okay.

Chairman Peterson: You need to get that mike kind of close. It works better that way.

Mr. Dewberry: Good afternoon, gentlemen. My name is Lamar Dewberry from Lineville, Alabama. My wife and I are proud to be forest landowners in Clay County, Alabama, and I manage our forest land. I want to thank the committee Chairman, Congressman Peterson, and Congressman Mike Rogers for making it possible for me to testify before this important committee.

My work as an agricultural education teacher made it possible for my wife and I to own Dewberry lands today. I hope I can pass this property on to my son and daughter someday, and with that being said, we need to do everything possible to protect family farms today. We're seeing an aging generation of farmers and private forest owners, many of which of these farms will fall to development. I think we need to do as much as we can to keep this property in the hands of private individuals.

The management objectives on our property are timber and wildlife. These two objectives go hand-in-hand, and it's said that these are the twin crops of modern forest management. Alabama is 70% forest land, and Clay County, where I live, is over 82% forest land. Of this forest land, the majority is owned by private individual landowners just like myself.

This past year, only one EQIP contract was approved for forest management practices in our county. I don't know why, but possibly part of the problem may be the work community that sets the resource concerns that's weighted heavier in another commodity area. I do know for Clay County, forestry and wildlife are ranked as second resource concern and has been since 2007. To me it was better when forestry was funded as a special project, Forest Health Initiative, to get funds to protect forest lands, which make up the majority of Alabama.

A continuation of cost share funding for forest management practices needs to happen. Too much forest land is harvested and never reforested. As we see a turnover in ownership, it becomes so important we have technical expertise on the ground to assist these new and beginning farmers and landowners. An example is in EQIP and WHIP, establishment of a long leaf pine ecosystem. Much of this ecosystem has been lost in the last 200 years, and we are now trying to reestablish this forest type. Most of the private forest owners in the Piedmont Region of Alabama are not familiar with the long leaf pine ecosystem and the use of prescribed fire as a management tool. Education is important, and this comes from technicians on the ground working directly with landowners.

The 2008 Farm Bill requires each state forester to develop and submit, to the Secretary of Agriculture, a statewide assessment of forestry condition. The key elements of the study were to identify threats to our natural resources, develop strategies to address these threats, and apply resources to implement these strategies. Alabama has completed our assessment, and we know what these threats are.

The problem is we don't have the resources to apply to the problem. Here in Alabama, our state forestry agency, the Alabama Forestry Commission, has seen a steady decline in all funding sources, especially in USDA-U.S. Forestry Service cooperative state and private program funding. For example, the overall President's 2011 proposed Forest Service budget for cooperative state and private is almost 13 cent less than the 2010 enacted budget.

The Alabama Forestry Commission is looking at a \$2 million reduction in corporate, state and private funding beginning in 2011. That loss, coupled with a substantial reduction in timber severance tax due to the slowdown in the housing market has left the commission with a \$5 million shortfall. The commission is currently looking at laying off 106 employees, or one-third its work force this year.

This is where the technical assistance comes from in implementing these cost share practices provided in the 2008 Farm Bill. Program delivery by resource professionals at the state and county level must be a key component of any farm bill. The 2012 Farm Bill should include a line item for forestry funding as a mechanism for delivering and implementing forestry practices that provide a sustainable resource for rural communities. As a local producer of wood, there is a need for more markets to sell the wood.

In our county, unemployment is over 15%. Many of these are loggers, truck drivers and workers in the wood industry. We have really taken a hit from the problems in the housing market. Those still in business in Clay County are hauling pine pulp wood up to 90 miles one way to sell it. There's only one market for pine saw logs left in our area, and this wood is hauled 70 miles one way. Fuel cost makes it impossible for the landowners to get much for their product.

In 2008, I had to pine stand thin to improve the stand, and I had to give the wood away to get it cut. The stand was 12 years old, and I grew it, paid taxes on it, and got nothing for the product, but the cut improved the quality of the stand. The wood was chipped on site and hauled for fuel at an OSB oriented strand board mill. Since then the plant has closed. Two markets taking wood have been lost: fuel wood and wood for OSB.

I know there are many factors that go into this problem, and I don't have an answer for this dilemma. In the 2008 Farm Bill, I was glad to see forestry added to the Conservation Stewardship Program. This will encourage forest landowners to continue doing a good job in protecting the soil, water and wildlife on their property, and it encourages them to do more.

Each year we have fifth graders from the local school come out to our property for classroom in the forest. They're exposed to how a southern forest is managed to protect water, soil and wildlife. They learn about something besides the rainforest. It's a fun day for all involved. Nothing is more pleasing than walking through a beautiful, well managed forest. The water is clear, the air is fresher, the soil is more stable, and wildlife more abundant. Thank you, Chairman Peterson and Agriculture Committee members for coming to Alabama and allowing me to share these thoughts with you, and for your concern for conservation, the wise use of our natural resources.

Chairman Peterson: Thank you very much, Mr. Dewberry. We appreciate that. Mr. Gibbs, welcome to the committee.

Mr. Doug Gibbs: Chairman Peterson and members of the House Agriculture Committee, I guess you can see I'm a little out of element by my uniform and lack of cap, but I'm here not only representing myself, but the Alabama Cattlemen's Association, and not just that, but I'm the third of four generations that are living and working on our family farm over in northeast Alabama, right on the Georgia-Alabama state line. My family's role in the beef industry is we're a 500 head mama cow, Simmental, Semi-Angus and Angus herd that sells seed stock, breeding stock.

Like you, I am passionate about my country and our agricultural way of life. But I want to tell you, however, I'm very deeply concerned about both. Survival of the family farm is essential to the wellbeing of our great country. Our lives are dedicated not only to producing a product that consumers around the globe can enjoy, but also to helping federal cattlemen use their animals that they purchase from my family to be more profitable in their enterprises.

Also like you, I understand that decisions made in Washington, D.C. have the potential to impact agricultural producers just like me all across the country. Today my 67-year-old dad and my 15-year-old son, with my mother driving the truck, are in the hay field. My 91-year-old grandpa is in his truck sitting there wishing, with all his heart, that he could do more to help. You know, the purpose

I left them today is to come here and speak out on behalf of all the working cattlemen in Alabama and the rest of this country as well.

To be able to say something in five minutes to demonstrate to you how important it is to prepare the farm bill as wisely as possible is an almost impossible task. With all the challenges facing the family farm already, from the impact of what other countries are doing to our fuel and fertilizer prices, to the impact of foreign trade on our beef production and demand, to the very questionable benefit of ethanol production, to the death tax, the last thing we need is for our government to produce a bill that does not keep the absolute best interests of the people that feed this country as its top priority.

I want you to just think about it. What would happen if the younger generation, or just 25% of the farmers decide that there's no future in agriculture and just hang it up and just leave? I don't know about you, but it scares me to death. Please consider the following points and opinions as you start the deliberation for the crafting of the 2012 bill.

Number one is crop management tools, risk management tools. Crop insurance programs are vital to protect the stability of America's farming and ranching families. In a business where our bottom line can literally turn red overnight due to environmental factors beyond our control, these programs are extremely important and deserve your attention. I want you to think back to our late President, Teddy Roosevelt, as he stood surveying the death and devastation after a most cruel North Dakota winter and he threw up his hands and he went back East and he went into politics. This is a decision that's just too horrible to contemplate for most farming families. Neither farmer-rancher nor this country can take too much quitting.

Number two is the conservation programs. Incentive-based programs meant to preserve and protect wildlife and delicate ecosystems have been embraced by landowners by myself for years. CRP, WHIP, EQIP and other programs like them absolutely define a mutually beneficial relationship between land managers and agency officials. But at the same time, some of these programs can approach the point of systematic abuse when monies are paid to those who choose simply to neglect the piece of property in the name of conservation rather than actively managing. In these instances, those enrolled acres should be taken out of enrollment under the premise that active management of land to produce a viable commodity, in addition to protecting wildlife, is actually a much better use of the resource.

Number three is non-farm programs. Now, I'm positive I'm not the only one here expressing concern over the number of times our administration has mentioned non-farm programs in relation to our next farm bill. Now, I thoroughly understand and am aware that 70% of the farm bill funds are used on programs of non-productive agriculture, but I still am very wary over the talk of dedicating farm bill funds to address issues like high-speed Internet access and graduation

rates in rural America. Please, let's just keep our focus during the farm bill dialogue on protecting our farming and ranching families first.

Number four, conventional growers versus small-scale and sustainable. While I think it's terrific that there's a vegetable garden now growing on the grounds of the White House lawn, I think the fact that it's being maintained as an organic venture and promoted solely as such does a disservice to those of us in mainstream America. Farms like mine should not be discriminated against in the court of opinion, and certainly not within the confines of the 2012 Farm Bill.

You know, the scale of my operation is what makes me efficient, and hopefully makes me profitable. We have already established that there are fewer and fewer family farms. We already know that the business climate is getting more and more challenging. Do you think we're going to be able to feed this country and even the world by going backwards with our production methods? Please, let's don't let buzz words like "natural" and "organic" and the like used to vilify traditional commodity producers like us.

And by the way, I bet you could go to the grocery store and ask ten different people what these two words mean and get ten different answers. This past Sunday morning on the Atlanta news they were interviewing customers who were shocked and surprised that they were paying ridiculous prices for foods produced with little or no USD oversight. The products I produce are every bit as safe and wholesome as those generated from an operation relying on opinion driven marketing.

Finally, wildlife versus ag products. Now, like our past President Teddy Roosevelt, I don't think you can find a bigger sportsman than I am, and in fact, the farmers and ranchers are the original stewards of the land. But just as my earlier comment on the abuse of some conservation programs highlighted the worth and benefit of land being used to generate actual ag products, so too is it a legitimate argument to scrutinize wildlife programs with the same attention. While I don't begin to argue that wildlife protection programs aren't important, I do maintain that ecosystems as well as local rural economies can all benefit from a multi-tiered benefit of the two working together.

You know, it's uncanny the timing of this question my son asked me last Saturday afternoon as we was rotating heifers from one pass to the other, and he said, "Daddy," he said, "What would happen to the land if it wasn't for the farmer and the rancher taking care of it?" Well, I thought to myself, how many in this country do you think are ready to go back to being hunter-gatherers in either a grown-up jungle or a concrete city or a subdivision? Please, let's consider all the positives derived from year-round ag production when considering wildlife-related land use programs as well.

In closing, thank you guys so much for giving me this opportunity to speak. My Congressman Mike Rogers, I'm a constituent of him and a fellow Alabaman with

Mr. Bright, and I'd like to thank the Pike County Cattlemen's Association for letting us use this building today. You know, this is a group of dedicated volunteers that have been a good example to show us that you could come together as like-minded people and benefit the ag industry in your own community. Thanks again. I, as well as the rest of the 11,000 members of the Alabama Cattlemen's Association are here to help in any way we can. Thank you.

Chairman Peterson: Well, thank you very much, Mr. Gibbs, and thank you for your passion for agriculture. We appreciate that. Dr. Taylor, welcome to the committee.

Dr. Steven Taylor: Thank you, Mr. Chairman. My comments today cover three primary messages. There are significant opportunities for developing a new bioeconomy in the southern U.S., there are numerous policy needs related to bioenergy in the farm bill, and the creation of a successful biorefining industry is only possible through significant and sustained funding of R&D conducted primarily through our land grant university programs in education, research and extension.

I'm here representing Auburn University and its Center for Bioenergy and Bioproducts. As such, I speak for a diverse group of educators and scientists working hard on developing our nation's bioeconomy. We feel strongly that a sustainable biofuels industry is within our grasp and that it has the potential to strengthen our local communities and to revitalize their agricultural and forest economic sectors. This industry must be based on a balanced portfolio of regionally appropriate feed stocks and biofuel conversion technologies.

Here in Alabama, like most southern states, we are blessed with over 22 million acres of highly productive forest land. In addition, there is great potential to produce dedicated agricultural energy crops and to take advantage of other wastes and residues from agricultural, forest, commercial and municipal sources. Just for one example, each year in Alabama there are approximately 15 million tons of biomass that's available from logging residues and currently unmerchantable small diameter trees. These 15 million tons alone have the potential to produce nearly 1.5 billion gallons of liquid fuels per year.

While this is significant, our vision of the size of a southern bioeconomy should not be constrained by the current production levels because history tells us that Alabama farmers and forest landowners will respond to market conditions and ramp up production to meet demand. New varieties of genetically improved trees and agricultural crops, as well as highly advanced production and harvesting systems are either already available or under development to help meet the demands of a biorefining industry in a sustainable manner. Auburn University extension professionals and researchers have a long, successful history of working with Alabama producers to implement new technologies such as precision

agriculture, precision forestry techniques, or high productivity harvesting and transportation systems for our southern forests.

In a similar fashion, we believe it's critical to support the development of a balanced portfolio of biofuel conversion technologies, both ethanol production systems as well as those that make other fuels like butanol or synthetic gasoline. To build on our intellectual wealth, Auburn University, with the support of Congress and the state of Alabama, has invested significant resources into research and education on bioenergy and bioproducts.

Our researchers are currently developing new methods to process the varieties of types and forms of biomass into a set of relatively uniform commodity products such as cellulose, hemicellulose and lignin that can be shipped and traded on global markets for more efficient production of liquid fuels and value added co-products. Our programs also emphasize thermal chemical conversion processes like biomass gasification and gas to liquids technologies that result in synthetic diesel fuel, gasoline and aviation fuel.

Beyond our new fluidized bed gasification reactor that's coming online this summer, we operate a unique mobile biomass gasification and power generation laboratory. This one-of-a-kind traveling laboratory allows us to take our research right to the source of bioenergy feed stock and study its potential for use in generating renewable electrical power. It has traveled over 15,000 miles, even to our nation's capital. It has been seen by literally thousands of people who have learned that generating renewable electrical power from biomass is a reality. Many of these programs have been made possible through the support of Alabama Congressman Mike Rogers and Congressman Bobby Bright.

In preparation for the 2012 Farm Bill, I would like to highlight two areas of need in the context of bioenergy policy. First, we encourage members of the House and Senate both to continue to work together to coordinate the various definitions of renewable biomass such as those found in the Renewable Fuel Standard, the 2008 Farm Bill, and the recently passed Waxman-Markey Bill and the proposed Senate legislation. As you know, some of these definitions have had the potential to prevent many of our farmers and forest landowners from participating in the new bioeconomy, and some of them have had the potential to add even further regulation to what are already well managed and sustainable farming or forestry systems.

A second area of need is with the Biomass Crop Assistance Program, or BCAP. It is very critical to fully study the impacts of such programs before implementation, and then to provide consistent and uninterrupted funding which allow those programs to have the desired effect of establishing a new bioeconomy. We encourage consideration of programs that provide cost share funds to help landowners plant biomass crops as well as provide mechanisms to reduce risk for those producers through such things as biomass crop insurance

programs, much like crop insurance programs that are provided for agronomic crop systems that we've already discussed today.

Continued investment in new scientific discoveries and innovative practices in our agricultural, forest and food sectors is critical to the future success of our nation's economy and the wellbeing of communities across America. As you know, the support that Congress provides today for these education, research and extension programs comes in two primary forms: competitive funds and formula funds provided to each state. The newly established Agriculture & Food Research Initiative, or AFRI, is a highly competitive program that provides funding for education, research and extension activities in high priority national areas of need.

The formula funds such as Hatch, Smith-Lever, McIntire-Stennis, Evans-Allen, provide a base level of support for research and extension programs delivered by the land grant universities. This formula funding, which is matched with additional dollars from each state, fills a critical role by allowing researchers and extension professionals to focus on local issues that are typically not funded by the competitive programs like AFRI.

While both these funding mechanisms address the issues of global food security, nutrition and health, bioenergy and environmental concerns, unfortunately this support is at a level that is not adequate to properly address such major challenges. In comparison to other federal programs, for every dollar spent on agricultural research, the National Institutes of Health spends \$120. Overall, agriculture, forestry and food sciences receive only about one percent of the federal R&D funds. The growth of AFRI is critical, but it's equally critical to continue to provide sustainable funding to the traditional formula funding programs.

These programs fill an important role by providing a base level of support that helps states maintain a scientific core devoted to solving locally or regionally specific problems in our agricultural and forest sectors. These programs are even more important today, when state budgets are being reduced considerably.

As farmers, forest landowners, scientists or policymakers, we are all focused on leaving a legacy for our children and grandchildren. At Auburn University, we hope that part of our legacy for America will be a secure, sustainable energy supply, healthy population, and a culture of caring for our environment. Thank you again, Mr. Chairman, for allowing Auburn University to join you today.

Chairman Peterson: Thank you, Dr. Taylor. Pleased to have you. Mr. Wiggins, welcome to the committee.

Mr. Ricky Wiggins: Chairman Peterson and members of the committee, thank you for scheduling these hearings to get input from those of us directly impacted by farm legislation. My name is Ricky Wiggins and I'm a partner in a family farming operation along with my son Russell and my father Gene. We currently work

about 2,500 acres of row crops and pasture in Covington and Escambia Counties located in south Alabama. We've been in the same location since 1952, and have a history of growing corn, wheat, soybeans, watermelons, tomatoes, grain, sorghum and hogs, but we currently grow peanuts, cotton and cattle. My wife Sharon and I have four children and ten grandchildren.

Our concern today is whether or not they'll have the opportunity to pursue the American dream in the future. Overwhelming national deficit and uncontrolled spending cast a dark shadow over our futures. As a farmer, I stand ready to work to pass a fiscally responsible 2012 Farm Bill. However, I'm not prepared to sit back and watch agriculture take disproportionate cuts while runaway spending is allowed to continue in other parts of the budget.

Farmers understand that that this next farm bill will not be written in a vacuum. We know that tough choices will have to be made. Effective farm policy maximizes scarce resources by triggering programs when prices and conditions warrant and by giving farmers the flexibility to respond to changes in supply and demand. Good farm policy is not only important to us, who live on the farms, but also to every American who enjoys an affordable, reliable and safe food supply.

These are trying times for southern agriculture. Several years of prolonged drought, along with several devastating hurricanes, have taken a toll on many in the Southeast. Couple these weather events with increased regulation, higher production costs and prices for cotton and peanuts that are at or below the levels we saw two decades ago, and you can see that southern agriculture is hurting.

The current three part [sectioning] of marketing loans, direct payments and counter-cyclical payments has worked fairly well for southern farmers, or southeastern farmers. We do have some issues with USDA regulations on eligibility, and see the need for Congress to be more specific on intent. Policies should encourage maximum participation without regard to farm size or structure. With more costly environmental regulation on the horizon, now is not the time to be shifting funds out of the commodity title and into other causes. Providing for continued stability of American farms is the best way to strengthen rural communities, conserve natural resources and insure a safe and affordable food supply.

We also understand that issues with WTO and that America tries to set the example of adhering to compliance usually puts us at a disadvantage in the world of trade. It is frustrating to have trade agreements be negotiated that will truly help us and Congress chooses not to take them up.

In summary, we think that the current farm bill works well. If policy changes are inevitable as part of the 2012 Farm Bill, we remain ready to work with your committee to explore alternative programs that can provide the needed safety net to our industry in a manner that is consistent with our international trade

obligations and within our budget constraints. Thank you for listening to me today.

Chairman Peterson: Thank you very much, Mr. Wiggins, and thank all of the panelists for taking the time to be with us today. We'll now move to questions. I'm going to recognize the gentleman from Virginia first, Mr. Goodlatte.

Rep. Goodlatte: Thank you, Mr. Chairman. I will go through these questions as quick as I can, and start with you, Mr. Dewberry. I'm pleased to see that you are engaged in forestry. It comprises – a big portion of the land in my district is forested land and have many of the same frustration that you describe. Are most landowners that you deal with aware that they are eligible for conservation programs?

Mr. Dewberry: The majority, I would say, are not.

Rep. Goodlatte: And are you aware of any outreach efforts on the part of the Natural Resource Conservation Service to forest landowners to inform them of their eligibility for these programs?

Mr. Dewberry: I don't know of any.

Rep. Goodlatte: You talked about several conservation programs in your testimony. Based on your experience, do you believe the USDA currently has the technical expertise to assist forest landowners when they consider enrollment in programs such as EQIP?

Mr. Dewberry: In some areas, but in some areas they're not. For example, the USDA district conservationist is not trained, I don't think, in forestry issues, in most cases. And right now I know in Alabama we have three wildlife biologists that are paid from the Natural Resources Department of Conservation & Natural Resources in Alabama and they are used in, like, the WHIP program. And it would be good if the USDA had more technical assistance in forestry and maybe wildlife biologists on staff.

Rep. Goodlatte: Thank you. Mr. Gibbs, I appreciate your enthusiasm. You testified of the need for risk management tools. Are there insurance policies available for cattlemen?

Mr. Gibbs: Yes, sir.

Rep. Goodlatte: Now, do you utilize—

Mr. Gibbs: We currently participate.

Rep. Goodlatte: Do you think most cattlemen in this area do?

Mr. Gibbs: For the most part, the beef industry is a stand-alone type. We take care ourselves. It's not highly subsidized. And it's just started, and yes, sir, it's beginning – I mean, we're going through an education process, helping each other learn.

Rep. Goodlatte: But you think it has good prospects?

Mr. Gibbs: It better if they're going to survive.

Rep. Goodlatte: Gotcha. And do you use the futures market to mitigate your risk?

Mr. Gibbs: Sometimes, yes, sir, when we send our co-cattle to Kansas to be fed out and harvested, so yes, sir, we do.

Rep. Goodlatte: You think a lot of Alabama cattlemen do?

Mr. Gibbs: People that feed and retain ownership are doing it, but with today's markets and all, it's so speculative, it's pretty...if you can find anybody that understands it, I'm wanting to hire him.

Rep. Goodlatte: Gotcha. I'm not that person. Dr. Taylor, the goal of the energy title in the 2008 Farm Bill was to assist the development of second generation biofuels and their feed stocks. Do you believe this goal is being achieved?

Dr. Taylor: Yes, I think so. There are quite a few developing industries around the country, some with interests here in Alabama, some around the Southeast, certainly, that are building the conversion plants to produce those second generation fuels. Sure, it's within our grasp. Depending on what part of the farm bill, maybe, you're referring to, different parts of it are developing slowly. The research title is helping significantly. I think we just need more funds to broaden that base of research.

Rep. Goodlatte: You heard me describe earlier the desperate situation we're in. Increased funding for programs is highly unlikely, so if you needed to have some funding allocated into this area, what would you cut out elsewhere in terms of research dollars for agriculture that you think is a lower priority, better justified if it were put into the programs you just described?

Dr. Taylor: I don't know that I've got a good answer for you. The statistics I mentioned, for every dollar we spend, NIH spends \$120. I think we're so far behind that we can't afford to cut anything, really. The AFRI program this year is targeted on very specific areas, and that's laudable, but the problem with that is you've got to maintain a consistent base of funding across the board to keep those programs underway. You can't just flip a switch and turn off a certain program this year and bring it back next year. I don't have a good answer for you. I don't think we can shut anybody off at this point.

Rep. Goodlatte: The energy title of the 2008 Farm Bill provides nearly a billion dollars to assist in the advancement of next generation biofuels. However, those programs do not carry a baseline, and we will be challenged to find new money to continue these programs. What priority should we have in drafting the next energy title? A different way of asking the same question.

Dr. Taylor: Continue to fund...encourage that sort of regional approach where there's regional appropriate feed stocks. Don't necessarily put all your eggs in one particular basket. Be willing to realize that in certain regions there are going to be variations in the feed stock as well as the conversion technology that goes with them.

Rep. Goodlatte: Do you offer much help to Mr. Dewberry?

Dr. Taylor: Yes, I think so. I think so. At Auburn we're working very hard on that. The BCAP program has the potential to help him. I guess I can mention I'm a forest landowner. My family owns farmland and forest land in Alabama as well as Kentucky, and so the same issues that he has, we would have. Stumpage prices are probably at an all time low here in the South, if you look in real dollars, so programs like BCAP are potentially very important to help encourage that industry.

Rep. Goodlatte: Great. Thank you very much. Thank you, Mr. Chairman, and I apologize for having to slip out, but I've got a long way to go.

Chairman Peterson: Thank the gentleman. I recognize the gentleman from Alabama, Mr. Bright.

Rep. Bright: Good. Thank you, Mr. Chairman. Mr. Dewberry, are you enrolled in the Wildlife Habitat incentives program? Are you? And are you accomplishing anything on your land with resources from that particular program? And if you are, elaborate a little bit.

Mr. Dewberry: Okay.

Rep. Bright: And before you do that, Mr. Dewberry, let me recognize – Mr. Chairman, I'm going to take a point of order again and recognize somebody very key to the community, a longstanding mayor of Troy, Alabama, Mr. Jimmy Lunsford. Mayor, would you raise your hand back here? He helped make our meeting here possible today, he and Mr. Johnson, and I wanted to thank him and recognize him publicly, and thank you for also attending the hearing today, Mr. Mayor. Go ahead and continue, Mr. Dewberry.

Mr. Dewberry: We are enrolled. Part of our property is enrolled in the WHIP program. It was actually enrolled under the 2003 Farm Bill. We planted 55 acres of long leaf pine, and every three years we do a controlled burn, and it's habitat establishment for the long leaf pine, and that's the program we enrolled in.

Rep. Bright: Okay, good. And the 2008 Farm Bill opened the Conservation Stewardship program for the first time to forest owners. What do you think this program is accomplishing on forest lands like yours?

Mr. Dewberry: It's a new program and we have enrolled part of our property in that program. If the program works like it's supposed to work, I think it's great as far as an incentive to encourage landowners to continue managing their property the way it needs to be managed, and also it has an incentive there, and in doing other management practices that you're not doing. You're looking for things you can do to make your property better, and I think that's a positive thing in the Conservation Stewardship program, and I'm glad to see forestry included in that program.

Rep. Bright: Good to hear. Thank you very much. Mr. Gibbs, let me commend you for your enthusiastic testimony today, and you know what? Your testimony kind of brings home to people like me, who...like I am. I'm a son of a sharecropper, and so I really know what it means to a family and what the farm delivers to people who live and work and work awfully hard and sweat awfully hard to make sure those farms are protected out there.

And Mr. Wiggins, thank you also for your family farm and your input as far as dedication to make sure the family farms are out there and continue in existence. But it's hard, pretty much, to deny that livestock and poultry have both become more vertically integrated, so along those lines, Mr. Gibbs, what do you see as the impact of increasing vertical integration in the livestock and poultry industries, if you have an opinion there?

Mr. Gibbs: Well, the pork and the poultry are very vertically integrated, and there have been some kind of efforts to make livestock somewhat. But they've been good ideas that have gone bad thus far.

Rep. Bright: Such as?

Mr. Gibbs: When you start talking about packers owning cattle and the risk that involves. You know, the average beef producer is probably less than 40 head of cattle. It's going to be a good bit harder to vertically integrate with it that spread out.

Rep. Bright: Okay, all right. Dr. Taylor, thank you for your testimony today. You are part of a great university, not to mention the fact that my connection to the university as an alumni, but it probably is the greatest university in the state of Alabama, not to mention the nation as a whole. But there may be some opposition to that particular opinion today.

But with me saying that – and I had to say it, since you were here – is that through April 2, 2010, USDA has approved 4,605 agreements for the delivery of more than 4.18 million tons of biomass, and paid eligible biomass owners over \$165 million in matching payments under BCAP's first phase. Now, I understand

there's some problems with BCAP's first phase. Can you elaborate on that a little bit, and also go a little bit further into why we can't get those issues resolved and get on to the second phase of BCAP so that we...because I understand the second phase could possibly have a real economic effect on people in District 2 if we go ahead and move forward and try to implement that phase.

Dr. Taylor: I'll try, and I'm not the BCAP expert.

Rep. Bright: You take as much time as you want, because this is very key, very important. It will help create jobs in my district. And if your time runs out, you take whatever time you need to answer it because I'm Chairman right now.

Dr. Taylor: Well, certainly the idea behind BCAP was to encourage the development of a biomass production sector, and so there were payments that were offered as cost share to the facility that purchased the biomass as well as the producer of the biomass. Maybe one of the issues, it was done fairly quickly. In fact, it was implemented, really, before, even – I think the public comment period was still underway when they implemented it, so it was one of those things that you always want to think it through thoroughly before you implement it, if possible.

I think everybody's heart is in the right place. [*Some tape interference.*] ...individuals Mr. Dewberry and I were talking. I know specific individuals who were right on the edge financially, and those payments that have been offered the last few months have really helped them kind of make it through some very trying economic times, so the overall, I guess the overall idea is fine. I think we just need to refine how it's implemented.

One of the things that Mr. Dewberry and I discussed, for that to work effectively, really you need three people involved. Right now the facility and the producer are the two that have been getting payments, but the landowner is kind of left out of that.

Rep. Bright: We need to get the landowner and producers—

Dr. Taylor: So all three: the landowner, the producer, as well as the facility that purchases it. All three of them have to benefit from that for that to be a successful program.

Rep. Bright: How do we go about doing that? Any suggestions?

Dr. Taylor: I'm not sure I have the right suggestion for you, but I think the thing to do now is to step back and think through those policies to make sure that those cost share payments are maybe spread to all three, that all three have a chance to provide input on what works for them. Does that answer your question, or do you want to talk some more about it?

Rep. Bright: Well, we may need to do that, I guess, because my time has run, and I want to go ahead and pass it over to my colleague from Alabama, Mike Rogers.

Rep. Rogers: Thank you, Mr. Chairman. Mr. Taylor, talk more about the technology that you spend so much time focusing on. Yesterday, when we had our hearing in Atlanta, I had a fellow there who was in the timber industry, and I asked him about his concerns over pressures that the new technologies that would use biomass for fuel might put on their markets, and had one of your colleagues from that school over there they call Georgia who emphasized that the cellulose ethanol technology still had many hurdles to being commercially viable. I remember in 2004 and 2005 hearing we were a year away from having those technical obstacles behind us. Where are we, in your view, on being able to have some commercially viable biomass energy sources?

Dr. Taylor: From a liquid fuel standpoint, we're closer, definitely. There are commercial plants that have come online in Tennessee. It wouldn't be a full-scale plant, but DuPont Danisco Cellulosic Ethanol is a joint venture they have built a plant south of Knoxville that is taking corn cobs right now and producing ethanol. Their next step will be to take switch grass and produce ethanol. Obviously there's a company in Georgia that's been building a larger plant, a gasification, gas to liquids plant that would eventually produce ethanol. I think their first step is to produce methanol is what's planned.

Rep. Rogers: Aren't they planning on using trees?

Dr. Taylor: That one would be a forest biomass plant.

Rep. Rogers: Do they have the technology or is this something they're hoping will come along?

Dr. Taylor: The technology is there. We know how to do these, and you've seen our labs at Auburn. We can do it on a small-scale, but the challenge is still scaling it up economically, to make the economics work out at scale.

Rep. Rogers: So you think the company in Georgia has the technology, they haven't let the rest of the world in on it for competitive reasons?

Dr. Taylor: Yes, but I don't think there's anything that unusual about their particular technology. It's gasification, gas to liquids technology that a lot of us are working on. So in their case, there's nothing particularly unusual about what they're doing. There are other people that have that capability.

Rep. Rogers: You don't see, in the near future, these technologies putting price pressures on timberland and timber products?

Dr. Taylor: I wouldn't say in the next six months, no. I wouldn't say that. It's still going to be...we're still a little bit ways out before those industries will come online enough that they do put pressure on us. Renewable power production has the potential to put pressure on the market sooner. Most of our electric utilities have already tested forest biomass in their coal-fired plants, so they're...I wouldn't say they're ready to go, but they've done their homework. They know

what they would need to do to begin producing electricity with forest biomass. So that one probably has the potential to put pressure on us sooner.

And then there are other bioenergy industries. The pellet industry today across the South. That's primarily an export market that's providing pellets for the European market. But that continues to grow and will continue to place upward pressure on the market.

Rep. Rogers: First let me say I love being back in Alabama, mainly when I hear y'all talk. It gives me a warm, comfortable feeling. You might imagine I hear a lot of accents in Washington, and it's nice to be home. Mr. Dewberry, when you look at conservation programs, what would you like to see this committee, as their single take away, leave here trying to incorporate into the farm bill that would help you from a conservation standpoint?

Mr. Dewberry: In the 2008 compared to 2012, most of the conservation programs that are in there for forest management I think I would like to see them in there. If there's anything I think that could change that would probably help the landowner and also the technical side, I know of cases where landowners have three management plans: one to take care of EQIP, one for WHIP, and then they have one Stewardship plan on that property. And if a Stewardship plan could suffice for EQIP and WHIP in the management plan, if these areas of management are addressed, I think it would help all concerns – the paperwork side, for the technical people on the ground, and also for the landowner.

And also it would free up time for that technical person because they wouldn't be spending time rewriting a plan that was pretty much already there. So if there was some way that a management plan for EQIP and WHIP could be substitute – the substitute could become the Stewardship plan that was already on that property, written by a certified forester, I think that would help all concerns. Right now a plan has to be written for the EQIP program, and one for WHIP, and a landowner may already have a plan on his property.

Rep. Rogers: Thank you. My time has expired. I yield back.

Rep. Bright: The gentlemen from Nebraska.

Rep. Smith: Thank you, and thank you to the panel for your participation and sharing your expertise. Mr. Gibbs, have you weighed in on any of the food safety legislation in Washington, the new efforts basically determining that the status quo is unsafe and coming up with new procedures – not only insuring standards, but telling producers how to achieve that standard? Have you weighed in on any of that?

Mr. Gibbs: Every day. We live it every day and we are the safest food supply in the world. And, I mean, it's obvious, it's evident. If you go to any IBP processing facility, it's like a hospital. I mean, they work two shifts on and one shift cleaning. I mean, we're doing our vaccinations in – we're BQA certified, B

Quality Assurance certified. I mean, everything we do...now we're stressing humane issues. I mean, we're producing the safest food supply the world has to offer.

Rep. Smith: On the humane issues, if you could elaborate.

Mr. Gibbs: We make a conscious effort now to be absolutely humane in everything we do. Have you heard of our [sub H bill deal] with Temple Grandin as far as correct handling facilities so that you've got no corners, so that the cattle flow. I mean, our cattle is our greatest asset, so if they're not...I mean, they get fed before I do, always. Always.

Rep. Smith: It's interesting, just the...whether it's the humane issues, whether it is the so-called food safety issues, obviously to maintain competitive position in the marketplace, you know the importance of food safety, so I appreciate the efforts that the industry does.

Mr. Gibbs: You know, the one thing I can say is – I'm a simple type person – is it sometimes appears that we worry about taking care of everybody but us. I mean, doesn't it say something like government by the people, for the people? And I mean that means us American citizens, us American business people. You know, we are competing against food products that don't have anything like the requirements we do. That's pretty tough.

Rep. Smith: Would you say food requirements or energy requirements, or both?

Mr. Gibbs: Food safety requirements. Is ethanol economically viable? You're from Nebraska.

Rep. Smith: It is in Nebraska. [*Laughter.*]

Mr. Gibbs: I think, doesn't it take, like, seven gallons of fossil fuel to produce one gallon of ethanol? And then if you put 10% in the fuel, you get 20% less fuel mileage?

Rep. Smith: I represent a huge livestock district along with a huge ethanol district, and so it does give me an amount of objectivity.

Mr. Gibbs: I apologize.

Rep. Smith: But I hear what you're saying, and I think that regardless, though, when we look at industry today, whether it's energy, whether it's food safety, whether it's food supply, quantity, quality, you name it, it is truly inspiring how far we have come. And that's why I don't think that, as the Chairman said earlier, we want to pit small against large, large against small, medium – who knows what the optimal size is—

Mr. Gibbs: We're all on the same side.

Rep. Smith: --other than what consumers will support. And so when I look at the energy issue, I'm inspired as well. I mean, we've been growing record yields of corn in Nebraska with record low amounts of moisture. And thanks to the research and development of our university and the biotechnology across the country and around the world that we can feed the world.

And so I think that we've come a long way, thanks to producers, though, being willing – the willingness of the producers to try a better way, sometimes when it might be a little risky. But they're willing to engage in that because hopefully there's some reward down the road and that the government won't take it away and discourage that risk the next time. And so as we do move forward, though, I'd be curious, Mr. Dewberry, where does most of your product end up these days?

Mr. Dewberry: Are you talking about from where it comes from the farm? If it's pulp, it's going into the pulp and paper industry, and if it's saw timber, it's going into the lumber industry. And you know as well as I do what that means as far as lumber.

Rep. Smith: Do you track that very much, or are you able to...because one thing that really concerns me about cap and trade and just increasing the cost of doing business, and increasing the cost of shipping – and we don't have a lot of wood pulp in Nebraska, if you know what I'm saying – and so we depend on regions other than ours, even though we have a need for wood pulp, whether it's paper or whether it's lumber. How far do you track that out geographically?

Mr. Dewberry: Most of it's sold locally, and where it goes from there, I'm sure all over the United States. A lot of it will be shipped out, Mobile Bay. Part of it will go down there and go out Mobile Bay, so it's worldwide.

Rep. Smith: Is that largely by rail?

Mr. Dewberry: Most of it is trucked or either by the river. Some of it is shipped by river.

Rep. Smith: Thank you, Mr. Chairman.

Chairman Peterson: Thank the gentleman. The gentleman from Pennsylvania.

Rep. Thompson: As we – obviously the point of this is to look forward to the 2012 Farm Bill, but the starting point obviously has to be where we've come from with the last effort in 2008, so I'd like to throw out to all of you gentlemen, are there any provisions of the 2008 Farm Bill that have not been implemented yet that you would really encourage that would be moved ahead with?

Mr. Gibbs: I can't answer anything.

Rep. Thompson: Not aware of, Mr. Gibbs. Dr. Taylor?

Dr. Taylor: Under BCAP, to go back to the earlier question, one of the provisions in BCAP now is to provide cost share funds to establish biomass crops or bioenergy crops, and to my knowledge, that hasn't been implemented yet, so that's one. It's in the language, it just needs to be implemented. You can't harvest things without reforestation or without establishing those new crops, so that's going to be a pretty critical issue to make sure that happens.

Rep. Thompson: Thank you. Mr. Wiggins, any that you're aware of?

Mr. Wiggins: No.

Rep. Thompson: Okay. The exports, obviously very important. Incredible market for us. Seven billion individuals around the world, potential markets for our agriculture products. And I wanted to get an opinion. We've got three pending trade agreements – South Korea, Panama, Colombia. Any thoughts? Those are kind of lingering right now. If we get those implemented, would that be a positive impact? Do you see any down side to them?

Mr. Dewberry: I, myself, I can't see any down side. Any time we can sell a product and sell it to other countries, I think it's a positive thing. And if we can make it where we can do that, I think the more markets the better.

Rep. Thompson: Mr. Gibbs, any thoughts?

Mr. Gibbs: Absolutely. We want money flowing this way.

Rep. Thompson: There you go. Dr. Taylor?

Dr. Taylor: ...anything to offer.

Mr. Wiggins: Sir, I'm in favor of implementing the agreements that have already been negotiated, and I just don't understand why we're not doing that. And maybe y'all can tell us why.

Rep. Thompson: I've only been there 16 months. I haven't figured out why we're not either yet.

Mr. Wiggins: Okay.

Rep. Thompson: Mr. Gibbs, I share your concern with this Administration's focus on things other than production agriculture. It seems like there's been, overall, just really a hyping of organic, which is good. It has its place. It's an important niche, and I would never detract from that. But to just focus on that one area of agriculture, that one sector, I think at the harm of all parts of agriculture, I have a significant concern about that.

And in the focus in this on things other than production agriculture, in the context of developing this next farm bill, while things like graduation rates in rural

America obviously are extremely important, they aren't the base focus of our commodity programs, nor should they be. I'm concerned that this Administration is trying to turn our farming communities into bedroom communities, which we find more and more. In your current dealings with the Department, have you already seen any ways this Administration is trying to move away from production agriculture?

Mr. Gibbs: Well, I have to turn the news off a lot of times to function during the day because of all the fears that surround us. We're on the Georgia-Alabama state line, just south of Interstate 20, and we're getting swallowed by Atlanta. We're raising cattle on family land that's been in the family for over 100 years, and it's too expensive.

If it wasn't for us having them signed up on the conservation program, we couldn't even pay the taxes on it. Our business wouldn't... You know, we gotta just simplify things a little bit. I mean, if we want a high-speed Internet access bill, let's name it a high-speed Internet access bill, not a farm bill. I mean, we just pile so much stuff in there that we miss what we're really trying to work on. That's just me.

Rep. Thompson: Well, not just you. I agree, Mr. Gibbs, and I have come to the conclusion there's only one reason for a bill that's more than about a thousand pages, and that's to hide stuff. Mr. Chairman, I yield back.

Chairman Peterson: Well, that may be true, but we don't hide anything in the farm bill. We've got a very open process. Everybody knew what we were doing. There were no earmarks in the House bill and there won't be any earmarks this time. Unfortunately it takes a lot of language, but all of this energy stuff that we did was all brand new and it took a lot of language. We didn't get it all right. We got a lot of it right. And some other people screwed up some of the stuff – the BCAP thing. That was my idea, my...the idea was to grow new products, figure out how to do it, and it got off on a tangent for a number of different reasons, and they're getting it straightened out, and I think they're going to get the rules out to establish the new crops and that stuff pretty quick.

Trade came up. Some of you may not answer this, or be interested, but one of the things that – we used to have a big market in Cuba – rice and a number of other products that we have basically eliminated ourselves, the past Administration put restrictions. I've got a bill to open up trade with Cuba that we're hopefully going to bring up in the committee in another three, four weeks. Are you in favor of that, opening up Cuba?

Mr. Dewberry: From what I know, I am.

Chairman Peterson: Mr. Gibbs?

Mr. Gibbs: I mean, we'd kind of be going against what we've always stood for if we do.

Chairman Peterson: What's that? You mean...?

Mr. Gibbs: Human rights.

Chairman Peterson: Well...

Mr. Gibbs: We feed everybody and, I mean, yeah, we can...I mean, we're giving them assistance and all anyway, aren't we? Humanitarian efforts.

Chairman Peterson: I don't know that we're doing anything.

Mr. Gibbs: We do everything everywhere else.

Chairman Peterson: Well, yeah, but this policy has been going on for 50 some years, and it hasn't worked too good. Some of us think it might be time to change. So you're not on board with that? Your national organization, I believe, is.

Mr. Gibbs: I will study that out. I just spoke out of turn possibly.

Chairman Peterson: All right. Well, that's fine. I understand that reaction, because a lot of people have that reaction. But, I mean, we had the situation with Vietnam. Vietnam's become a communist country. We opened it up. It's been a huge success. The way we've changed the economy in Vietnam is turning into a market-based economy because we opened it up. And I think that will happen in Cuba. China clearly is a market-based economy now, pretty much.

Mr. Gibbs: How long has that been? I mean, that was my uncle in '68. I mean, if we would have gone in there and won, we wouldn't have had to wait 40 years for it to start opening up.

Chairman Peterson: Well, I don't disagree with that, but you and I can't change that. And we're both too young to have been involved in '68 anyway. [*Laughs.*] Mr. Wiggins, have you got any opinion on it?

Mr. Wiggins: I totally agree with you, Mr. Chairman.

Chairman Peterson: Thank you. Well, I got distracted. I've been working on some other things here. I just want to thank the panel for your being with us today and for your great testimony and answers to the questions, taking your Saturday afternoon. The committee very much appreciates it, and I think we will excuse the panel. And I will recognize our host, Mr. Bright, for any closing comments that he might have.

Rep. Bright: Very briefly, Mr. Chairman, let me once again stress to you our appreciation for you bringing this U.S. Congress field hearing to Troy, Alabama. I will make somewhat of an apology and correction. We're sitting here in the home of Troy University, and here I was talking about Auburn University being the number one university in the state. I will have to kind of backpedal a little bit

and recognize that Troy and Troy University is also a great university here, second only to Auburn University.

But let me commend everyone who came and observed and who have participated – the panelists, thank you so very much. This is so key. Agriculture is, in my opinion, and each person on – they can speak for themselves – it is so key to the strength of our sovereignty as a nation as a whole. It's right there with the military community. We, in order to be able to keep a strong country, we've got to do two things. Number one, we've got to make sure our military is strong, the strongest in the world, but we also have to make sure that our food chain is protected and it remains strong.

And it gives me great pleasure from our district to serve on the Agriculture, and serve with great gentlemen and other ag interested congressmen that we have here on this riser today, because I've seen them in action and they're truly concerned about our agriculture industry, and they want to protect it. So thank you for being here. Thank you, Mr. Chairman. Again I want to thank my colleague from Alabama, Mr. Mike Rogers. It's been an honor to serve with him, and he's also protecting the farmers and ag industry in our state and our nation.

So thank y'all very much, and it's great to be in God's country. I will say that we all – I flew down yesterday. This old country boy from Dale County, Alabama flew down in the United States of America jet from Washington, D.C. with these guys in a red, white, and blue airplane. I thought I was in hog heaven until we landed in Atlanta, Georgia and I got out and the heat and the humidity hit me in the face and I said, "Man, this feels like home," and somebody said, "Well, you're in Georgia." I said, "Oh, gosh, we're not in God's country yet, but we're close to it." But anyway, thank you very much for coming out and participating. This group today – by the way, I was in Georgia yesterday – you were bigger and better than they were in Georgia, so thank you for your interest and your participation. Mr. Chairman, I yield back.

Chairman Peterson: ...gentleman, and I thank him for his hospitality we've enjoyed, and it's been a very productive hearing. And Mr. Dewberry, I was going to say I grew up in Clay County, Minnesota. That's a little different, probably, than Clay County, Alabama, but... And one of the gentlemen I was talking to was telling me that this facility here, beautiful facility, was built with all volunteer people, and they maintain it. They only pay one person to clean a little bit, and everything else is done – people in the community come in and do whatever has to be done, and built this thing. And so it's a tremendous thing for a community to come together and do that, so we're grateful. [*Applause.*]

So with that, under the rules of the committee, the record of today's hearing will remain open for 30 calendar days to receive additional material and supplementary written responses from the witnesses to any question that's posed by a member. And this hearing of the Committee on Agriculture is adjourned.

[End of recording.]