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September 2005

### Farm Bill Forum, Husker Harvest Days, Grand Island, Nebraska

Mike Johanns

*US Department of Agriculture*

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# **TRANSCRIPT**

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**OF  
NEBRASKA FARM BILL FORUM WITH AGRICULTURE SECRETARY MIKE  
JOHANNIS AND MODERATORS SUSAN LITTLEFIELD, KZEN FARM NET, KEN  
RAHJES OF KRVN AND EMERY KLEVEN OF KOYL AT THE HUSKER HARVEST  
DAYS IN GRAND ISLAND, NEBRASKA ON SEPTEMBER 15, 2005**

SECRETARY MIKE JOHANNIS: Greg Ibach, I noticed he is in the office right there. Greg, the director of agriculture. So, Greg, good to have you here.

Then I also want to say thank you to Tony and Justin. They are from FFA and 4-H and they helped with the pledge of allegiance. You will see when we start the forum we will start with an FFA person. We will start with a 4H person. I was in both organizations growing up. Part of what we're fleshing out in these Farm Bill forums is how do we create opportunity for the next generation? So all across the country we've started it with those two groups represented by a young person.

I also want to say thank you to our friends here at Husker Harvest Days. I have an unbroken streak of attending Husker Harvest Days for a lot of years now and I thought, oh, man, this year I'm not going to get here. So this worked out great. We'll have to figure out a reason next year to do another forum or something.

[Laughter.]

SECRETARY JOHANNIS: We have done these across the country. I've talked a lot about growing up on that dairy farm. One of the things I tell people, I grew up in a family where there were three sons. And my dad, John, his idea of building character was to give his sons a pitchfork. And you know, you would get sent out to the barn or the hog house or whatever, stand ankle deep in you know what and pitch away.

[Laughter.]

SECRETARY JOHANNIS: He thought he was building character. Little did he know he was preparing me for my life in politics; right?

[Laughter.]

SECRETARY JOHANNIS: I also want to say hello to my friend Senator Adrian Smith from the Scottsbluff area. The senator sang, was it our first inauguration? And did a great job. And you did a great job here. If I had a voice like that, I think I would be singing. You've got a beautiful voice.

And Senator Stuthman. I did see Senator Stuthman here. Arnie, it's great to see you. You bet. Yeah, give Arnie a round of applause and Senator Smith.

[Applause.]

SECRETARY JOHANNNS: Well, folks, we are here because there's a gentleman in Washington who really wanted me to get out across the United States if confirmed by the Senate as the ag Secretary. In fact, the day before the announcement I sat down with President Bush and he said, "you know, Mike, I really want you to be the ag Secretary that gets out and talks to farmers and ranchers." And when we talked about that in the future after my confirmation and talked about a number of issues that I would be facing as the ag Secretary, we started to work on this idea of the Farm Bill forums and, again, he said, "that is a great idea." And so we've done these all across the United States. I think I've done 13 myself. The Department has done about 19 of them. We will continue to do those through the better part of this year.

But I bring greetings from a great friend of yours and if this works right, we will hear from the President of the United States.

PRESIDENT GEORGE BUSH [Taped]: Thanks for letting me speak to you at this Farm Bill Forum. America's farm and ranch families provide a safe and abundant food supply for our people and for much of the world. You represent the best values of America, stewardship of the land, hard work and independence, faith, service, and community.

Mike Johanns understands the importance of America's farmers to our country, which is why I chose him to lead our Department of Agriculture. I am proud of his work and he will lead our efforts on the next Farm Bill. Secretary Johanns and I believe the first step in this process is to ask each of you how today's Farm Bill is working and how it can be better. As we look to improve America's farm policy, we will continue to focus on the following goals:

See, America has about 5 percent of the world's population, which means 95 percent of your potential customers are over seas. So one of our goals must be to ensure that America's farmers and ranchers have access to open, global markets.

A second goal is that we want future generations to have plenty of opportunities to go into agriculture.

Thirdly we need cooperative conservation that encourages good stewardship of our land and natural habitats.

We also need to act wisely in delivering help to our nation's producers. We must promote cutting edge, agricultural products and research.

And, finally, we must ensure a good quality of life in rural America.

The Farm Bill is important legislation that meets real needs. The next Farm Bill should further strengthen the farm economy and preserve this way of life for farmers and ranchers of the future.

Hearing your advice is an important step toward meeting these goals. I thank you for all you do for our country. And thank you for listening.

SECRETARY JOHANNNS: Great. There is your President. You bet.

[Applause.]

SECRETARY JOHANNNS: I will share a personal story about my work with the President, just take a minute, but it kind of told me everything I needed to know about this man I would be working for. I had only been Secretary a little while and we were working on a really complicated issue. I thought it was something that the President should be briefed about just in terms of the complexity. So we went in, a whole group of us, sat down and the briefing is going on and the first thing that struck me, he didn't need the briefing. He knew exactly what the issues were and the ramifications and this and that.

But in the briefing, kind of right in the middle of it, he said, "Wait a second." He said, "I've got a question." And he turned to me and he said, "Mike, tell me what's the right thing to do?" And I told him and he said, "then do that." And that really was the end of the meeting. And that's the kind of guy I work for. I admire him a great deal. He's doing a great job for our country.

If I can, the whole goal here with the Farm Bill Forum is not for me to talk. The more I talk, the less opportunity you have over the next three hours to offer your opinions. So, the goal here is for you to take the opportunity to offer your views about the six areas that we've identified here. I'll go on to tell you, if you've got some general thoughts about farm policy, I want to hear them. We aren't very restrictive here.

The one thing I would ask, if you've got a specific issue, I've got a loan application pending and I can't seem to get an answer as to when the work will be done. We're concerned about that, we want to help you with that. We've got a lot of USDA people here and we would love to try to get you an answer to that kind of question. But today we are kind of anxious to hear from you about farm policy maybe versus your individual issue that, again, we want to help you with, but let us do that in a different way.

Let me just wrap up and say, it is so good to be home. When we landed last night and I walked into that airport, it just felt so good. I gave an interview earlier today and I said, "Is it appropriate for me in my national role now to just end my comments by saying Go Big Red."

[Laughter.]

SECRETARY JOHANNNS: Thank you.

MODERATOR: And thank you, Mr. Secretary. You should have received, when you came in, a brochure. And in that brochure lists the six questions that Mr. Secretary would like you to address when you come up to the microphone.

I would like to kind of go over some things that I would like you to think about before you head to the microphones. We've got a microphone right here, and then a microphone just on the other side of the cameras right here.

Now, again, just like Mike said, his role is to listen to what you have to say. And I would like to remind you that we have a lot of people here, a lot of folks that would like to get their statements heard, so we have a two-minute limit on the amount of time that you can speak. And near the microphones we have timers. When they show you the green card, they holding them up right now, when you see the green card, you have two minutes to speak. When the yellow card pops up, you have 30 seconds to finish your thoughts. And when the red card please finish your thoughts complete, say, thank you very much and we'll move on to the next person who gets to speak.

When you do come to the microphone, please give us your first name, the city you are from, and maybe what your role is with agriculture and then go ahead and make your statement.

Now, if you have another question in regard to something other than the six comments that are on the sheet, there is a help desk that is through these doors off to my left. You can go in there and put your questions down and hopefully we can get the answers that you need.

Nice comments that you've received so far when it comes from people. A lot of folks very pleased. Everybody I've talked to that has attended other forums have been very pleased with the fact that this is what you're doing. You are sitting there, you are listening with a pad of paper and a pen in your hand and you are continuing to make notes.

SECRETARY JOHANNIS: The comments have been great and I think that's exactly what we expect today, Susan. The Farm Broadcasters, too, all across the country have really stepped up and helped us with this. Not only getting the word out, but they've done the moderation on all of these programs. So, you continue the tradition through your colleagues that will be helping out there.

So I think we're ready to go.

MODERATOR: All right. We're set. And we are going to start out with a member of the FFA who will be making the first statement.

MS. ANITA ESTES: Good afternoon, I'm Anita Estes from Seward, Nebraska and I had the opportunity to serve as the 2004-2005 Nebraska state FFA president.

I am responding to question number one which asks about the unintended consequences that sometimes result for young and beginning farmers and ranchers. And I believe that one of the most important things we can do to prevent those unintended consequences and to fix those consequences is to do exactly what Secretary Johannis is doing today, being here and listening to the people who really know what it's like to be in the agriculture industry. It's great to see people here who are standing in the back because that let me know that there are people who care beyond the amount of chairs that have been set up. And some of those consequences that we talk about are that young and beginning farmers oftentimes can't find the funds to rent and purchase ground. Sometimes they can't find the ground to rent and purchase. And so what I think needs to happen is that incentives need to be given to those people who have the ground to rent and have the grounds to sell and whether that comes through tax incentives or other incentives such as providing a partnership between the young farmers and the experienced farmers to help them learn from each other to implement new technology and new methods as well as pass on the tradition of agriculture that our country was founded. So these are the things that I believe are important in being able to continue the quality of agriculture that we have here in our state.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: We will next have a representative from the 4-H.

MS. MARY JACOBS: Good afternoon. Thank you for giving me this opportunity to speak today about the upcoming 2007 Farm Bill on behalf of the 118,000 Nebraska 4-H'ers that I represent. My name is Mary Jacobs and I'm a senior at North Platt High School. I'm a

member of a third-generation 4-H family. My grandparents receive the Pioneer Farm Family Award in 1988 representing generations of commitment to Nebraska agriculture.

Since the early 1900s the federal government has been involved in the passage of farm legislation intended to help fight hunger, conserve our natural resource, protect the safety of the nation's food supply and to ensure open markets for U.S. agricultural products.

To guarantee that the goals established by the USDA are achieved it is imperative that provisions be made to help younger producers enter production agriculture or alternative agribusiness careers and the adequate safety nets are in place to help them succeed. The rising cost of land, machinery and farm input will certainly make this more challenging. I would urge you to consider any unintended consequences that may occur as a result of the subsidy programs in the new bill.

American farmers that produce 18 percent of the world's food supply must be enlightened with the necessary educational tools to compete in the competitive marketplace. I believe that this can best be achieved by making certain that we have the best education and research opportunities available such as those provided by the Land Grant College and Cooperative Extension Service of the USDA. Their support of the 4H program and Rural Youth Development Program will empower youth to become effective leaders and contributing members of society. These programs help teach alternative behaviors through a century of learning by doing. 4-H empowers youth through organized clubs, camps, and after-school programs that help shape positive alternative behavior such as competence, confidence, character and a connection with the community. Seven million 4-H young people are a living testament to the success of this dynamic educational program.

As we look toward the future, I hope that we can continue building this strong foundation and an investment in our youth.

Thank you.

[Applause.]

MODERATOR: Thank you very much.

Now, just one moment before we start with your comments. I want to remind you that today's forum is being recorded that will allow for them to get the comments written down. They will be able to go back and listen to them. Now, if for some reason you do not get the opportunity to come to the microphone today, we encourage you to send your comments by e-mail. You can also head to the USDA's web site at [www.USDA.gov](http://www.USDA.gov). All comments are weighed the same whether they come via e-mail or here at the forum.

So, Mr. Secretary, if you are ready.

SECRETARY JOHANNIS: We are ready.

MODERATOR: All right. We are going to start. I see we have a gentleman to the microphone.

MR. GREG IBACH: Thank you, Secretary Johannis. First of all, I'm Greg Ibach. I'm the director of AG here in Nebraska. I'm a cow, calf and corn producer also from Sumner, Nebraska.

Thank you, Secretary Johanns for providing this opportunity for our farmers, ranchers, and others to help shape policy that will influence the future of rural Nebraska. Given the high prices of inputs, some are questioning what the future may hold.

As I left to come here this morning, I checked prices at our local co-op. Diesel was listed at \$2.73 and it's difficult to even have a price quote on fertilizer for next season's crop. The price for corn yesterday at Overton, my elevator, was \$1.57 a bushel.

Our nation's farmers pride themselves on being among the most efficient producers in the world. But even the most efficient of us will have difficulty showing a profit considering these factors. Development of a new Farm Bill with these conditions as the backdrop will be a challenge. But it also calls to our attention the need for change.

As a producer and as someone who has had the opportunity to work on agriculture policy, I believe the 2007 Farm Bill debate must focus on our most pressing issues. We must review our current programs to understand their effects intended or unintended. The work of the World Trade Organization will continue to influence our farm policy direction as we must trade in a competitive global marketplace.

As I visit with farmers and ranchers, they indicate a desire and willingness to think outside the box in order to make effective changes. Our payment structure traditionally has focused on price and specific commodities. Many producers are discussing ideas that take steps beyond this traditional farm program structure. The crop insurance program provides a good starting point.

The Risk Management Agency has made some effort towards creating programs that assure a level of growth in farm revenue rather than ensuring only yields. Some industry groups have talked about the potential for full farm revenue insurance. Perhaps it is time to give these concepts broader discussion.

The past two Farm Bills have provided producers this flexibility with regard to planting other non-program crops. However, the direct tie between payments and specific commodities indirectly discourages the production of nontraditional crops.

In Nebraska, livestock production provides our farmers an important local market for their commodities. It is imperative that the 2007 Farm Bill help livestock producers cope with the increasing regulatory burdens facing their sector. The 2002 Farm Bill made some strides in this area, but more work needs to be done.

Again, thank you for returning to Nebraska for this important event.

MODERATOR: And as we continue on, the gentleman here in the middle.

MR. RICHARD HAHN: Mr. Secretary, my name is Richard Hahn, I live in Omaha, Nebraska. I recently retired as president and CEO of Farmers National Company after 19 years in that position. I was raised on a farm in Madison County, Nebraska and I have been involved in agribusiness for 41 years.

Today I speak on behalf of the 25 by 25 Agricultural Energy Alliance. I serve as a member of that steering committee. This committee is comprised of agriculture leaders from across the country which include people from production agriculture, agribusiness and agricultural organizations.

Our vision is that agriculture could potentially produce 25 percent of the total energy consumed in the United States by the year 2025 while continuing to provide, abundant, safe, and affordable food and fiber. The broad spectrum of energy resources we included in this vision beyond ethanol and biodiesel is wind, solar, methane generated from livestock wastes, and biomass.

United States agriculture faces increasing competition from expanding production capacity of other countries and their lower production costs. This would supply another market for our crops and could be very beneficial to our economy. The market would certainly be very welcome both by our farmers and consumers of energy.

American farmers, ranchers, foresters, and processors can provide ever-increasing volumes of transportation fuels, (unclear) ethanol and biodiesel, provide the land for wind generators and location of solar energy panels, convert animal and food processing waste into methane generated fuel for engines, provide America with cleaner energy and lower energy costs.

What are the benefits? Replace dependency on OPEC, provide an additional market for our crops, provide a use for animal waste, provide environmental benefits, increase farm income, and provide economic benefits to revitalize rural communities.

My comments have touched several of the questions you asked to be addressed at this forum. We believe the 2007 Farm Bill should include a focal point on renewable energy; the energy title should be strengthened; the energy conservation and production provision should be woven into all appropriate titles; a mission statement of your department should include the production of energy.

We strongly believe American agriculture can power our future. We are hopeful that the 2007 Farm Bill and the leadership of USDA will embrace and support the vision being advanced by the 25 by 25 Agricultural Energy Alliance. We believe 25 percent of the energy from agriculture by the year 2025 is very aggressive but achievable. We are confident that your leadership and that of President Bush and the U.S. Congress, the 25 by 25 mission can be achieved.

I passed out some of these brochures. I left them at chairs.

MODERATOR: Thank you so much for your comments. We need to continue on.

MR. HAHN: We also have a pen here too that's available that says 25 by 25. Thank you very much.

MODERATOR: We will go on over to this young lady right here.

GLORIA: I'm Gloria and my husband and I farm irrigated row crops. We also have a cow/calf operation. I am concerned with question two and that is our markets. And I want to address the issue of fairness in trade. We've got a lot of free trade, but very little in the way of fairness of trade.

I just read in the paper here, I think it was yesterday, about Japan. USDA is considering importing beef from Japan and they are no closer to bringing or opening their markets to our beef than they were when we first discovered BSE. Where is the fairness in that?



The Canadian Wheat Board acts as a monopoly. You cannot just go into Canada with a load of wheat and sell it on the Canadian market. Again, where's the fairness in that?

There is a glitch in our CAFTA agreement in which they can bring a partially refined ethanol into a Central American country, finish refining it and sell it here without the restrictions that we currently have from a non-CAFTA nation. So, again, we need fairness in trade, not just free trade.

Other issues such as the packers' control of captive supply in which they can own livestock and use that livestock then to help hold down prices when they get too high. And to sum it up because they're giving me my signal, if they want to force mandatory labeling upon the farmer/rancher, why don't they force mandatory country of origin on our packers right now?

[Applause.]

MODERATOR: And, again, just a reminder, I know it was mentioned at the beginning, I just heard a cell phone ringing a minute ago. If you do have your cell phones on and you can have them shut off, please do so. Otherwise, move them to the silence mode so it doesn't disrupt as we continue with this forum. We will now move on. Right here, sir.

MR. LONNIE WELLS: Thank you. Welcome back, Mr. Secretary. My name is Lonnie Wells, I am an agricultural marketing consultant and I represent a number of farmers in central Nebraska. We wanted to forward to you our concern about some of the fairness issues when it comes to government payments, LDPs, especially.

This early in the season, as you know, LDPs are the highest and they benefit the people that farm to the south of us in those southern states. As harvest moves north traditionally those LDPs get smaller and smaller. So by the time you get to the Dakotas and Minnesota those farmers get a lot less than the guys did in Oklahoma, Texas, Missouri, and those states. So that's an issue that we would like to have addressed in the other Farm Bill.

We have a great belief that this Farm Bill is not all that bad for farmers, however, the LDP structure is so volatile with being to the futures market and now our transportation system that is in an uproar, the volatility hasn't helped our marketing. Producers that would like to market in the spring when prices normally are the highest are afraid to now because if you forward contract grain, the last two out of the three years in the spring you get \$2.15 to \$2.20 in Nebraska and that doesn't cut it with irrigated costs out here. And now with our higher costs, it doesn't cut it with that either.

So if I forward contracted at \$2.25 counting on an LDP in the fall and then we have a little dryness somewhere in the corn belt and the market rallies and we have no LDP, we forwarded contracted at a loss and put ourselves out of business. So some type of taking the volatility out of those LDPs I think for the producer would be a good idea in the next Farm Bill.

Thank you.

MODERATOR: Thank you for your comments.

[Applause.]

MODERATOR: Moving on, representing WIFE; is that correct? Please step up to the microphone and make your comments.

MS. NORMA HALL: Secretary Johanns and Governor Heineman, I am Norma Hall from Elmwood, Nebraska representing Women Involved in Farm Economics, WIFE. In this brief period of time I would like to address three items that I believe are important that need to be considered in the 2007 Farm Bill. Country of origin labeling COOL, payment limitations, and the person status.

Legislation was passed in the 2002 Farm Bill calling for a mandatory labeling of origin of product. Congress intended and farm groups encouraged that food sold in the U.S. be labeled as to the country of origin. However, an amendment was passed cutting the funding for the program. COOL has been projected to be too costly. But we believe that consumers have the right to know where the food they purchase is produced and processed. Isn't it more important for the consumer to know where the food comes from, where the shirt is made, or the toy is produced? WIFE strongly recommends that COOL be included in the 2007 Farm Bill.

As part of the budget reconciliation process Congress may address payment limitations as a way to cut the budget. WIFE believes a payment cap needs to be established for conservation practice or for complete annual payments with no loopholes. WIFE suggests one payment per Social Security number.

[Tape break.]

MS. HALL: Again, WIFE supports COOL, payment limitations and person status in the 2007 Farm Bill. Thank you.

[Applause.]

MODERATOR: For some of the folks that are standing along the sides of the tents, there are a few seats scattered throughout. I would like to invite you to come on in, sit down, and maybe make a statement also.

We will move on to the next microphone.

MR. DENNIS SCHUSTER [s p]: Thank you. My name is Dennis Schuster. I am a livestock and grain farmer from Pawnee County, Nebraska.

Mr. Secretary, I appreciate the time that you are spending with us. I hope that when you rewrite the Farm Bill that the federal crop program stays the same. That the funding of the federal crop bill does not change. With the dry years the Nebraskans had in the last five years, the federal program has helped many a farmer stay in business here in the state.

Next item, I hope that the CRP program will continue to be funded with one change that could save a lot of money for the CRP program. That is when a contract expires after ten years, that you go in there and you've got to reseed that ground that you established for the last ten years. And if we could go in there and leave that -- most generally it is a lot of times from the same mixture. And we're going in there and have to destroy it, turn right around and reseed it again and this can save the federal government anywhere from \$50 to \$100 an acre just in reseed costs. It don't sound like much, but you take all the acres, it's a lot.

The next thing, I feel that we should have some kind of payment limitation on the Farm Bill. I think too much of the money is going into the wrong hands, not in the family farmer.

Another thing that should be changed is when I take out a government loan on corn, bean or wheat, with interest, and I pay it back, that this should not be considered expense by USDA or

CCC and paid back in the general fund to be credited back in. What's happening, it is my understanding, that this credit is not being paid back to fund the Farm Bill, it's being paid back in to being credited against the general fund and not to the Farm Bill.

I never thought, Mr. Secretary, that I would see the day when it took two bushels of corn to buy a gallon of gas. I mean, this is getting out of hand for us here in agriculture.

I know, Ma'am.

MODERATOR: Thank you so much, sir. We've got to continue on. I apologize.

Let's move on to the next comments.

MR. \_\_\_\_\_: Mr. Secretary, on behalf of Nebraska Cattlemen, I would like to welcome you back home. I would like to express my appreciation for the opportunity to stand before you today and make some comments in regard to the 2007 Farm Bill and the construction of the language of that Farm Bill. I am a third-generation cattle feeder and farmer right between the facility here and Grand Island. We've been in place since 1935.

The Nebraska Cattlemen feel very strongly that there are several important components to the construction of any Farm Bill legislation. We do have two specific points I would like to discuss here today and make comments on. One of those being the Conservation Reserve Program better known as CRP. The CRP are undoubtedly a very important factor in the Farm Bill. They are more likely than not to be connected with farm ground here in the valley county, valley country, however they do play a very important role in the grazing and ranch environment with the ability to cut hay.

With that being said, in the past we have seen in drought years, such as this, that there has been the ability to graze those acres with the cattle when we are short on feed in the pastures. We of the Nebraska Cattlemen feel very strongly that is one factor that is very important and we would like to see contained within the 2007 Farm Bill. That being said, in the particular year that the grazing takes place, that it would be done with the reduction of a payment in that calendar year.

The other item that I would like to speak to is the Country of Origin Labeling or COOL. We feel that the COOL is a very important piece of legislation. However, the Nebraska Cattlemen seeks a process for the mandatory Country of Origin Labeling that will benefit the U.S. beef industry as well as domestic and international consumers. The process of Country of Origin Labeling as contained in the 2002 Farm Bill would impose unnecessary costs and labor burdens on producers and does not represent the NC membership views as an efficient, cost-effective, and workable mandatory labeling program. We would like to see that the COOL program take this into consideration when we are developing the language so that we make it an efficient, but workable program.

Thank you for your time and I welcome you home.

SECRETARY JOHANNIS: Thank you.

[Applause.]

MODERATOR: Go ahead.

MR. ERNIE MELL [sp]: Secretary Johanns, it's good to have you back in Nebraska and we do appreciate the time you are spending taking these testimonies as far as the farm program is concerned. I am Ernie Mell [sp] located near North Platte, Nebraska in the west central part of the state, a member of Lincoln County Farm Bureau, with production agriculture being my only occupation and I'm very proud of that.

Unpredictable weather conditions and markets, uncertainties involved with our international trade, the value of the dollar, and variable input costs have produced turbulent and difficult times for agriculture.

The 2002 Farm Bill in combination with the crop insurance program has worked reasonably well for Nebraska farmers and ranchers to weather the financial storms while also providing funds for our nation's conservation needs which are important. However, one issue that Nebraska producers have seen as a growing problem with the current program is that too often our farm policy focus is only on prices. The focus, we feel, should really be on revenue which takes into account both prices and yields. It is total revenue above costs that really determines a producer's positive income potential.

As many Nebraska producers have faced severe drought these past five years, weaknesses have shown up with the current farm program. The problem is that it tends to overcompensate when it should not and under compensate when more assistance is needed. Our current system of providing income support for producers originates from a rather hodgepodge of programs within the Farm Bill, crop insurance program and ad hoc disaster programs.

To address the issue of supporting revenue rather than prices maybe consideration should be given to adjusting the programs so payments are triggered when either prices are low or yields are low. A possible integration of the farm program and some aspects of the crop insurance program may be worth considering and may also be more WTO-friendly as we deal with rules governing domestic trade distorting subsidies.

Thank you very much.

[Applause.]

MODERATOR: And we will continue on.

MR. GREG SMITH: Welcome back Mr. Secretary. My name is Greg Smith and I represent Roberts Dairy out of Omaha, Nebraska. We are a full-line dairy. We produce fluid milk, culture and juice at our Omaha facility. In addition to our Omaha plant we have processing plants in Iowa City and Kansas City. We employ over 700 people at all locations and it takes over 600 DFA dairy farms to supply our plants.

Mr. Secretary, dairy farmers and processors need better tools to manage price volatility. Dairy farmers and processors are both at the mercy of huge price swings because they do not have the same basic tools other commodities have to manage price volatility. You are spending three to 50 cents more on a gallon of milk versus \$25,000 more for a new car in 1980 dollars. Our goal as well as the dairy farmers is to increase dairy consumption. When you get these huge swings in the price I think sometimes we force our customers to look for different alternatives.

Grain, wheat and soybean farmers can forward contract with their customers to guarantee a fair price for a set period of time. Dairy farmers should have the same ability to do so with all of the customers, cooperatives and proprietary processors.

Congress allowed a successful voluntary dairy forward contracting program to expire last year. We would like the administration to push to reinstate the program for all processors and producers. The next Farm Bill is the perfect time to create a win/win situation for farmers, processors and consumers with less regulation and government intrusion the industry can continue to innovate and expand. U.S. and world customers will buy more dairy products and U.S. dairy farmers will produce more milk to meet this growing demand.

Thank you, Mr. Secretary for your time.

[Applause.]

MODERATOR: Before we get ready to take a short break, we will take one more question over here.

MR. STEVE LUCIEN [sp]: Secretary Johanns and Governor Heineman, thank you for being here. My name is Steve Lucien [sp]. I'm a farmer in Franklin County, Nebraska. I just got back last night about midnight from a D.C. trip. While there I visited with numerous congress people, senators, and USDA folks. While there, Department Secretary of ag, Chuck Connor, said that he did not want the next Farm Bill to be another bump on the head.

There seems to be an ideology of nonsense running around D.C. The ideology is similar to that of early people that think that the world is flat. In this case the thoughts are that free trade, not fair trade, is all of our solutions. The theory, which is only a theory, and I must stress only a theory, will not work and will never work set in this current environment. The current environment is this, the world grain trade is currently monopolized and manipulated by global conglomerates. These corporations are price setters and price fixers. They are paid to move off shore and told not to bring the money back. Raw commodity prices should partly be driven by uncertainties.

Currently there are very few uncertainties when we look at the worldwide production of ag products. We currently have a global conglomerate in 58 countries of the world and controls up to 80 percent of the world grain movement. This company can create grain surpluses anywhere in the world with just the threat of moving grain from one location to another without even moving a single bushel of grain in some cases, yet causing prices to plummet.

The United States is still the breadbasket of the world, yet our WTO advisers never consider setting U.S. prices to a level above the cost of production. Secretary Johanns, do you know how to make a farmer spend \$100? You give him \$50 and tell him it's going to rain.

[Laughter.]

MR. LUCEIN [sp]: It's time to go back to our old strategies of letting agriculture be the economic engineers of each nation. A farmer's dollar will go through our economy at least seven times which will enhance total state and federal tax revenues. The current federal deficit is currently \$7.983 trillion. This is up, as I recall from a March visit to D.C., nearly \$800 billion. This is currently \$26,000 of the U.S. debt to each U.S. citizen.

Mr. Secretary, don't give us another bump on that head. Let agriculture be the economic driver and uphold our antitrust and monopoly laws. Let farmers and ranchers help write the next Farm Bill not the grain trade. Please, don't give us another bump on the head. Thank you very much.

[Applause.]

MODERATOR: Thank you for your comments.

Before we head to a quick break, we are going to take about a five-minute recess. You've had the opportunity to head to numerous states, Mr. Secretary. Comparing what you're hearing in the upper Midwest to the southern states, big comparison.

SECRETARY JOHANNNS: It is a big comparison. Let me just say, this is starting out to be a great forum, a lot of ideas. But I will just touch on one thing and this probably won't surprise a lot of people in the room. I hadn't been here ten minutes and a farmer came up to me and said, "Mike, we need payment limits. I can't figure out why you're not getting the job done on payment limits." And I said to him, "You need to come south with me and say that."

[Laughter.]

SECRETARY JOHANNNS: Very different opinion depending upon where you're farming in the United States just on that one issue. But this is great. Keep up the comments. We are taking a lot of good notes, a lot of good ideas.

And I'll also share, I said one thing, but this idea of crop insurance and the revenue-based approach came up in Illinois. We are starting to hear a little bit more about that versus the traditional sort of farm program. So if anybody has ideas on that we would welcome them.

I thought Susan did a great job. How about a round of applause.

[Applause.]

MODERATOR: Thank you. We are going to take a five-minute break. So, please, if you haven't found a seat, find one. We've got more comments. Folks are lining up. We encourage you to get in line and make your comments heard.

[Brief recess taken.]

[Music playing.]

MALE MODERATOR: Ladies and gentlemen, we have about one minute and we'll get on with the second hour. So if you want to find a seat or get in line, in about one minute we will begin again.

[Music playing.]

MODERATOR: All right, ladies and gentlemen, if we could have your attention. We want to make sure to give everybody the opportunity that wants to speak on the Farm Bill to do that.

If we can get the Secretary and the Governor back. We will also be taking a break in another 55 minutes as well to make sure everyone has the opportunity.

Ladies and gentlemen we want to get started again. If you will please find your seats as the Secretary and the Governor --

[Tape break.]

MODERATOR: As we continue on again let me remind you of the, not really rules, but suggestions. Cell phones are still going off. We all know everyone is important, but either please shut it off or put it on silent, or vibrate, or how ever you need to handle that situation. But that would help us all tremendously as well.

We do have three microphones. We will get to as many people as possible. So I will keep this very, very short and we will get under way. But I will say one thing, as I guess they said, they gave me a little bit of personal privilege. I am one of the newest and my family is one of the newest members in that state of Nebraska. And both these gentlemen up here, Mr. Secretary, Governor, have been just tremendous to work with. As I say sometimes on the radio, Nebraska is by far the most friendliest state in America and it is so true and we thank you for, as I am learning the way, the Nebraska way, I come from Kansas so --

[Chorus of boos.]

MODERATOR: We are not talking football, we don't have time for that because I have the microphone.

[Laughter.]

MODERATOR: The last thing I will say is, we don't expect you to be professional speakers. But we want to make sure that you are right up to the microphone so everyone can hear. The last thing I will say. We start again in the middle. Sir.

MR. JIM HANNA: Secretary Johanns, Governor Heineman and other guests, my name is Jim Hanna. I am a fifth generation cow/calf producer from Brownlee, Nebraska. I am here today to represent ICON, Independent Cattlemen of Nebraska. We are the newest and fastest growing agricultural organization in the state with a member of nearly 700 cattle producers. ICON is affiliated with RCALF USA whose Nebraska membership has tripled in the last year and numbers nearly 2,800.

I would like to introduce our president, Chris Abbott, from Hyannis, and our secretary, Bob Rothwell also from Hyannis. Our vision is quite simple. We intend to promote policy that will ensure our members have the ability to remain independent business men and women in an economically and socially sustainable environment. We strongly believe that the future viability of U.S. agriculture is dependent on the following: restoration of competitive markets for our products as they leave the farm gate; enforcement of current regulation and attention to new regulations that would assure no one industry segment or entity is able to use undue influence over any other; and emphasis on the welfare of and promotion of domestic producers and their products.

Our comments today, while not specific to the six questions you have posed to us, are intended to respond to the broader issues you have raised. The goal of any farm legislation should be to enhance the climate for America's farmers and ranchers.

Mr. Secretary, with all due respect, your department and the administration must understand that discussions of government subsidization, rural development, and the like are secondary to the more pressing problem of the lack of profitability we see in agriculture today. Until we come to grips with creating a business structure in which the cash generated by the sales of our farm and ranch products is sufficient to pay for the land, cover the operating debt and the overhead and provide a modest profit, we will never attract young people back to the land or reverse the decline of our rural communities. U.S. consumers have access to the safest,

most diverse, and inexpensive food supply in the world. However, they must understand that the cost to produce it is constantly on the rise.

With these comments in mind, ICON submits that the following items are critical for inclusion in the 2007 Farm Bill. First a comprehensive competition title must be drafted in order to assure that the more concentrated segments of our industry do not unduly influence the independent business structure that is the hallmark of our farmers and ranchers. This title, at a minimum, should address topics such as limits on meat packers' ability to own and control cattle in excess of 14 days and enhancing reforms that would end unfair practices in agricultural contracts.

MODERATOR: Thank you. Your time is up. I apologize. I want to make sure that -- we want to get as many people as possible. I want to remind you, if you have comments and either don't get them done, or have additional comments, more than the two minutes, please submit them to [USDA.gov](http://USDA.gov). And we will do that. We want to make sure everybody has ample time. Again, a two-minute limit. That's what we'll continue to go. So on my right.

MR. LOREN WEMOFF [s p]: Thank you. I am Loren Wemoff [sp] and I farm by Humphrey, Nebraska. My concern is I got a son that's a sophomore in high school and if I want to put him on the farm, this new Farm Bill will take a part of his life when he gets out of college.

I wrote down some quick numbers. The only ones you need to remember are at the end. He's a young farmer. He's going to buy a 2001 pick-up for \$13,000; a '98 tractor for \$42,900; a '95 New Holland combine for \$43,500; an '85 corn head for \$95; a '94 John Deere flex head for \$10,500; a Bradley wagon for \$42,000; a brandhogger [s p] for \$750; a Kenworth tractor for \$27,000, that's a '96. The only new item that I have on the list is a 2005 grain hopper for \$26,500; a '98 Kinsey 12-row planter for \$12,700; a Demco 1,000-gallon sprayer for \$57; Great Plains 15-foot drill for \$9450; a 48-foot fuel cultivator that the farm program may tell him he doesn't need for \$61; an '02 Krauss 24-foot disc for \$21,500. And all these items were bought locally or will be bought locally. They came out of the Midwest Messenger for prices, so you know where you can find them. That came up to a total of \$233,315. At 6.5 percent interest his first bill is \$7,000. And these numbers you have to remember, 7,982 bushels is just his interest. A 20-year loan on that amount is 6,139 bushels; cost of living, which is 40 hours a work week at \$13.46 because that's \$28,000 a year, is 14,737 bushels of corn.

His health insurance costs, which I thank the government, they put an HSA program in for us, and these are my actual numbers, is 4,252 bushels right off the top. You take that total numbers and you divide that by \$1.90 corn that means he's got to have 33,109 bushels of corn to make a living, or to pay that bill. If you divide that, or put another \$153.00 an acre, that's 80 bushels more or 33,189 bushels. And if you divide that out, that means he's got to have 286 bushels of corn on a 160-acre farm average to make that work. It doesn't pencil out.

MODERATOR: Thank you.

MR. WEMOFF: If he does a 320-acre farm, he needs \$183.00. None of those bushels on your USDA report even come close. And then I'll put in a word here yet, he doesn't even have the ground. How is he going to start?

Thank you.

MODERATOR: Thank you.

[Applause.]



MODERATOR: To my left.

MR. DON REEVES: I'm Don Reeves from Central City. Farmer. I've met both of you in your roles as governor as a member of the Merritt County Development Corporation. I am quite active in the religious community, both locally and nationally, but I'm speaking today as president of the Center for Rural Affairs.

I want to talk first about unintended consequences. Farm program payments without effective limits result in inflated land values and block the entrance of new farmers, limiting, in your words, "new opportunity." So the first point I want to make, the single most effective thing Congress could do to strengthen family farms is to stop subsidizing further growth in already larger than average farms by limiting farm program payments, whatever the mechanism turns out to be.

Second point, even in the most rural farm dependent counties, the majority of new jobs are non-farm proprietorships. People creating their own jobs by starting small businesses. This is a strategy that works. The next Farm Bill should make a major investment in rural development based on small entrepreneurship.

Third point, we must also invest in agricultural entrepreneurship. The future opportunities for small and mid-size farms are in market niches of consumers willing to pay premiums for food with unique attributes and produced in ways they support. The USDA value-added producer grants created by the 2002 Farm Bill supports such niche markets. The program should be renewed with assurance of adequate funding.

Point four, the new Farm Bill must also effectively foster conservation and good environmental stewardship which have almost universal support. Conservation policy must address working lands and not focus primarily on land retirement. We should build on the present conservation security program because it rewards those who already practice good stewardship as well as those making improvements.

Finally, the Center for Rural Affairs has other ideas and we look forward to working with you on the 2007 Farm Bill. But most importantly I want to end with a question. We would like to know if this administration will support farm payment limits both in the current budget reconciliation and in the 2007 Farm Bill and if the administration will make a major commitment to rural development in the next Farm Bill?

Thank you.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: Now to the middle.

MR. JERRY BOND: My name is Jerry Bond from Rabocca [sp], Nebraska. Secretary Johanns and Governor Heineman, it's good to see you again. I am a third-generation dairy farmer. I believe the USDA Rural Development plays a great part of our farm program to be able to offer both of their houses or businesses and the finish will probably now be cut in that area. Because as a direct benefit upon not only those kids that are here that are going to school that want to develop and do businesses, it's a direct benefit to them where they can have the

money and the opportunity to go out and get something established. Benefit our state and keep the intelligence. Our greatest commodity is our kids here in this state.

The other thing is also trade agreements. Trade agreements that come across have to be fair. We dealt, Governor Johanns, [sic] directly with you on an Australian trade agreement. Had that came through two years ago would have wiped out the very industry in the nation. We need to continually have those fair trade nets. We need to look outside the box. We need to think of like the call program that we established, self-funded by the producers is a great benefit. It benefits both the taxpayers so they don't have to pay an extra amount of money for subsidies, but it's a direct benefit to producers and we would rather receive things directly than a government payment program. That's one of the things that I think we need to do.

There's are certain things that we can tweak, whether it be solids and things that would help the volatility and the process, very simple, wouldn't cost anything, just changes in how things are done. Thank you.

MODERATOR: Thank you very much.

[Applause.]

MR. JIM CRANDALL: Good afternoon, I'm Jim Crandall, associate director of the Nebraska Cooperative Development Center. Our center is a nonprofit corporation that is hosted by the University of Nebraska, Lincoln Extension in the Department of AG Economics and the Center for Fibril Innovation. Organized in 1999, our center's primary goal is helping farmers and ranchers start or expand value-added business opportunities.

Mr. Secretary, in your role as governor of Nebraska as did Governor Heineman this year, you provided our center with letters of support as we made application to USDA Rural Development for grants to support our work. The funding we have received from the Rural Cooperative Development Grant Program has played a critical role in helping us provide educational programs and direct technical assistance to producers. We have matched federal dollars three to one with over \$3.2 million in Nebraska dollars towards rural business development.

Since our inception in 1999, we've worked with over 50 cooperatively based enterprises in rural Nebraska resulting in numerous full-time and part-time jobs in our state. In addition the new income stream created by the cooperatively owned business venture is helping our farm and ranch families stay in rural Nebraska. Our success is being repeated in 43 other states across our nation.

This past Tuesday you announced the recipients of this year's Rural Cooperative Development Grants. Cooperative development centers will leverage those federal dollars to help create rural businesses. I am here today to encourage you to recommend continuing and expanding the Rural Cooperative Development Grant Programs that are so vital to the work that we do. This relatively small program and Cooperative Services Division of USDA Rural Development is having a large impact in providing effective assistance in rural areas.

The other area that I want to address as a part of question six is the Value Added Producer Grant Program. The Nebraska office of USDA Rural Development has done an excellent job of promoting and making this program visible for Nebraska producers. This program provides funding for planning and development as well as working capital for a new value-added venture. The VAPG program has been very successful for many producers across the country and certainly here in Nebraska as our producers have utilized the program heavily.

Rural entrepreneurship is critical to rural revitalization and plays a huge role in attracting young people back to our rural communities.

Thank you for your time and welcome back home.

MODERATOR: Thank you very much. Now we go back here.

MS. HILARY MIRACLE: Secretary Johanns, Governor Heineman, thank you for taking time to listen to the producers today. We very much appreciate that. My name is Hilary Miracle. My husband and I farm with his family. We are the sixth generation on that farm and we want to keep it there for our children. So, certainly number one is one of our concerns. And with that is the (unclear) value prices. It's hard to get involved.

Things we would like to see are some tax incentives. The capital gains waiver has been mentioned and talked about some. We think that would be an excellent program, but we would like to see the opportunity for that to be used in family farming situations, not just from a neighbor or things like that. Also more innovations and possible mentoring things such as that for young farmers to young producers so that we can learn from them and also take the benefit of their knowledge and use it with our new ideas.

Number four would be the other question I would like to visit with you about, the conservation and environmental goals. Please realize that some farmers are already very involved in conservation and for us to be involved in some of the programs, we would have to tear up some of the buffer strips and things like that and start over to get those payments. So if they're already doing it, take that into consideration and allow us to continue doing that without having to farm it for a year and then put it back into buffer strip.

I am also a member of the Farm Bureau and the chairman of the Young Farmers and Ranchers. So whenever you want opinions of young farmers, let us know, we would love to visit with you.

Thank you.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: Now here in the middle.

MR. JASON COLES: Secretary Johanns, Governor Heineman, thank you for coming. It really shows that you do care about rural America. My name is Jason Coles. I live near Laurel, Nebraska in the northeast corner of the state and I am part of the Cedar County Farm Bureau.

Government payments accrue to the land both in terms of the price of the land, but also in terms of higher rental rates. Taking land out of production via the conservation program also boosts rental rates. However, rental rates are higher than might otherwise be suggested strictly by agricultural markets. Renting land and investing the sweat equity needed to produce the crop in one way may cause new producers difficulty in getting into business. Average net rent paid to non-operators/landlords during the 1995 to 1999 were 40 percent higher than that paid in 1985 to 1989. Yet, net cash receipts were up only 15 percent during that same time period.

Clearly government support has had an impact on land costs and cash rents which has affected my ability to compete with larger more established producers in my area. Our current farm program system is based on production which is tied to the land and maybe consideration should be given to providing assistance to producers rather than to production. However, if traditional family farm policy is reformed to address these unintended consequences, these reforms will have to move cautiously over a period of time to avoid major impact on the valuation of land. Farmers that have been engaged in farming for quite some time have substantial investment in the land and it could wreak havoc with their balance sheets. And so like I say, I would just appreciate you taking a look at this and looking at the way farm payments are distributed.

Thank you.

MODERATOR: Thank you very much. Some of you outside, if you want to come in, there are some seats to the south. There's a nice breeze blowing through so you get cooled off a little bit.

Excellent comments. We will continue. I know some of you have been in line for a long time. So let's go over here to my right.

MR. JOE FRYMAN: Hello and thank you Secretary Johanns and Governor Heineman for this opportunity to speak today. My name is Joe Fryman. I am president of the Nebraska state Grange. I am also a dry land corn and soybean farmer from eastern Nebraska near Blair, operating a family farm that's been in my family for over 125 years.

Rather than focus on low-commodity prices, especially corn, or high energy and input costs, I would instead like to offer a rather specific suggestion relating to loan deficiency payments or LDPs. The following resolution was adopted at our Nebraska State Grange Annual Convention last weekend.

“Whereas under the present farm program LDPs are based on actual bushel produced in the current year and whereas in years of lower production due to drought, hail, et cetera, a farmer will have fewer bushels to sell as well as fewer bushels to determine the LD payments on. And whereas the years of lowest production would be the years one could use more assistance, therefore be it resolved that the Grange support efforts to have the LDP figured on average yields for a particular farm using the average production history or APH according to the federal crop insurance records rather than the actual production of the current year. And be it further resolved the producer retain the right to choose the day when the LDP price would be established.”

I feel this could be a win/win situation for the producer and the taxpayer. By using 100 percent of the federal crop insurance actual production history yields a producer would have a higher figure to base LDPs in a poorer production year. While in an above-average production year, the need for LDPs may not be as necessary due to the greater number of bushels to sell. This would provide more assistance to producers in a short crop year. By using APH figures the workload in the FSA offices should be reduced. Under this proposal the task of bringing in production evidence, recording and trying to keep straight what bushels have or have not been used to collect the LDPs would be lessened. The problems associated with determining when beneficial interest changes hands would be eliminated as a producer could apply for the LDP any time during the marketing year, even before the crop was harvested. I believe that addresses one of the concerns one of the previous speakers had about them and the south being able to collect earlier than we in the north.

I do have more to say, but I see my time is up. Thank you.

MODERATOR: Thank you very much.

Let's go back over here.

MR. LYNN CRISP: Secretary Johanns, I appreciate this opportunity today to speak with you. The following are some of the policy considerations for the 2007 Farm Bill. My name is Lynn Crisp. I farm by Kenesaw and I'm a member of the Nebraska Corn Growers Association.

I would like to speak about some unintended consequences and then make a bold statement about conservation. The policy position should be to leave current commodity program support in place with the exceptions of cotton and rice. If it is to be a policy goal to diminish farm program support, the current commodity programs should be allowed to erode over time with inflation. Over the course of just three farm bills, significant support reductions would be realized without the destabilization and unintended consequences of deep cuts immediately.

Farmers are producers of commodities or achieved goals and should be compensated because they earn it not because of entitlements or viewed as welfare recipients. A few years back it was thought to be a good idea to decouple compensation from production. This is a dangerous idea and will not be supported long-term by Congress with tax dollars. Taxpayers want and deserve some measure of productivity for their money.

It is not difficult to argue the point that every producer should have a conservation plan. Most farmers are conservation minded by nature. Direct payments should be justified by performance goals and a plan paid only to producers. Although the payments are tied to the land, a producer is the only person actively engaged in achieving goals. The plan must be the creation of the producer and possible scores need to be well in excess of 100. Scores of 100 or higher should receive full payment and a 65 would receive a 65 percent payment. Key components might include conservation objectives as a major component, a list of enhancements or other objectives available for extra credit or a component involving a beginning farmer in the operation. Just some novel ideas about conservation programs.

Thank you.

MODERATOR: Thank you very much.

On to the middle.

MR. JOE SCHRAM [sp]: Mr. Secretary, Governor, thank you. Before I say anything else about agriculture, I would like to have you give a message to President Bush. Him and I don't always agree on everything, but one thing about Mr. Bush, when he says he's going to do something, he means it and he does what he says he's going to do. And I want you to tell him thank you for that.

I'd like to tell you a little bit about my self. I'm Joe Schram. I am from northeast Colorado. We farm in southwestern Nebraska up and down the state line. We raise corn, wheat. We raise sugar beets. We raise pinto beans, kidney beans, various crops. We started, my wife and I, grew up in Omaha. We had nothing. We went to work for a larger commercial cattle feeder back there. He moved us out to western Nebraska. He gave us a start feeding cattle. That's how we got a start into agriculture. We saved that money. We decided we turned 30 and we said, what do we want to do? We want to raise our kids and we don't want to be gone so much. So we started a farm. It's been very difficult.

Our sons are raised now. Our oldest son and his wife graduated from CSU with ag degrees. They've come back to join us on the farm. We were looking for land to rent. We had a fellow that we always bought our seed corn from that wanted to retire. And he came to us and said, "Joe, would your son like to rent my land? I want to give it to a young man to get started." I said, "Yes, we would. We really needed the land." So we made him an offer of cash rent on the ground. He said, "No, Joe, that's too high." He said, "I'll take less." He said, "I don't want someone here with big cash rent. I want somebody that will take care of my property and take care of my farm."

The reason I'm telling you about our operation is, we three years ago bought stock in the sugar beet industry in western Nebraska. When you hear about big sugar, you're hearing about my son and I. That's big sugar. The thing we're really concerned about in the new Farm Bill is that we keep limits on how much sugar is produced in the United States. A lot of big corporations want to take limits off so that cheaper sugar can come in and ruin our sugar market.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Young man.

MR. TRAVIS RAINFORTH: Good evening. Thank you for being here Secretary Johanns, Governor Heineman. My name is Travis Rainforth. I live south of Grand Island here at Doniphan. I'm 24 years old and I am what would be considered a beginning farmer. I am looking to get started.

I am not here to complain about anything, I just want to make a suggestion. I became aware of a program that was called "Land Link Clearinghouse" and I signed up for this. Explained the operation I was looking for and they in turn sent me a list of various farms throughout Nebraska, Iowa, there was a farm down in Mississippi, as a matter of fact, in Gulf Port, but I don't think it's there anymore.

[Laughter.]

MR. RAINFORTH: Anyways, this coming Monday my wife and I are going to look at a farm in Harlan County. The farmer is looking to partner with someone who is looking to get started and eventually buy him out. You know, outside of northeast Nebraska, as I've talked to people in this area, very few people know about this program. I think, you know, the Department of Agriculture, we really need to look at promoting programs like this. Making people aware that these exist, you know, to help young people get started.

I will leave with this. Last year I tried to rent some ground in this area and the ground happened to be from a person who was a former state senator. Governor Heineman, you might be familiar with, or even you Secretary Johanns, there's a program called "The Nebraska Beginning Farmer Tax Credit." And after I expressed interest in this land she told me what she was asking for rent and it was a little more than I could afford. So I asked her, well, would you be interested in this Nebraska Tax Farmer Credit. And she replied to me that, "oh, yeah, I remember that. That's just kind of a joke anyways." I would like to stress to you, let's take this seriously about getting the beginning farmer started. Because if we take this approach that it's

just a joke again, we are going to be signing a death warrant of family farms in the next 50 to 100 years.

Once again, thank you for your time.

[Applause.]

MODERATOR: Thank you very much.

Over to the left.

MR. GARY DOOR: Welcome back to Nebraska, Secretary Johanns. If you look around the building and the area today, you are going to notice one thing is lacking, and that is the young producers. I am going to throw a few comments out and I like the comments I just heard. Because the young farmers are our future. In a few years there will be a whole generation of farmers retiring with very few people to take their place.

Our first of three sons is trying to get started farming and he managed to get a beginning farmer's loan through FSA. He was frustrated with all the paperwork because there was so much duplication. And then when he does have a good year, he's told he doesn't qualify anymore. It's kind of tough for someone young to get going. You get your loan and you don't know if you're going to have it tomorrow. You are sent out to the banks and they more or less give you the run around too. I know they have a lot of us in northeast Nebraska.

One thing I would suggest is that if they qualify for the guaranteed loan or the beginning farmer loan it would be for a set number of years, not just today. It would also be nice if they could get their funds advanced as needed. When they get one of the beginning farmer loans the funds are all advanced today and that's the funds for the entire year. The interest does sound low and reasonable, but when you look at the amount of money they are borrowing today it isn't really that cheap. He was told by the bank he's with today, I think I can almost get as cheap of interest today.

Nebraska has the tax incentive for farmers who rent land to beginning farmers. I think this should be continued and expanded because the concentration and consolidation will continue to get worse if existing farmers don't receive some benefits for taking a chance on the younger farmers.

I guess I forgot to say, I'm Gary Door, livestock and row crop producer from Creighton, Nebraska.

Thank you for your time.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: In the middle.

MS. MARGE LAUER: Mr. Secretary, Governor Heineman, thank you very much for listening. I am Marge Lauer. I am the executive director for CAPA [sp], and that is Nebraska's producer-owned ag development group. We represent nearly 500 members, which means I could bring you 500 issues. But I really want to be here today to say and endorse and encourage additional funding into the ag development programs and funds.

CAPA [s p] has been very fortunate in receiving the value-added agricultural producer grants, grants from the Cooperative Business Center, from the USDA Department of Ag. And those grants have led to the development of a very successful ethanol plant and currently we are looking at extracting leutene [ph] from alfalfa, at a fuel injection system, at specialty crops, at trading specialty products into Mexico and a couple other projects. The only reason we are able to do that is because of the funding that we have received.

I am also very proud of our membership in that we have received nearly \$600,000 through these sources. But that means we matched it with 600 plus from our membership. No one can do it better than the farmer and we are here to do it ourselves if we have a little help. So I encourage you to keep that program up and expand it if you can.

Thank you.

[Applause.]

MODERATOR: Thank you very much. Let's do a quick reset. We have three microphones, one by the media stand here. If you would like to get in line there as well. Comments under two minutes or around two minutes, I guess. When you get the red, then that's when we say thank you very much. If you have additional comments, you can send them to USDA submit them electronically, [USDA.gov](http://USDA.gov).

If you have a specific USDA concern or question that does not pertain to farm policy today, right behind this tent a yellow tent is a help desk and many of the professionals that serve you in the State of Nebraska are here to help you with whatever question you may have. So if you have a particular beef about something that is not dealing with farm policy, you can address it out there as a specific question.

With that, we will continue on and go to my right.

MS. JEN HERNANDEZ: Thank you, Secretary Johanns and Governor Heineman and welcome back to Nebraska. My name is Jen Hernandez and I'm with the Nebraska Appleseed Center for Law in the Public Interest. There are a lot of important aspects to the Farm Bill, as you know and we've heard some of them today including payment limitations. I thank you for the opportunity to share comments on another aspect of the Farm Bill which is the Federal Food Stamp Program.

As you know the Food Stamp Program is highly efficient and it helps very hard-working families put nutritious food on the table for their families. It provides the State of Nebraska the flexibility that we need to work here in the state. As you prepare to reauthorize the Farm Bill numerous proposals for changes to the Food Stamp Program are likely to come up. One example might be a federal food stamp block grant. So I urge you to protect the integrity of the Food Stamp Program so that it can continue to respond effectively to the needs of hard-working Nebraskans.

Thank you.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: On my left.



MR. SCOTT JOSIAH: Good afternoon Mr. Secretary and Governor Heineman. My name is Scott Josiah. I am the Nebraska State Forester and Director of the Nebraska Forest Service which is part of the University of Nebraska.

My comments today will pertain to Farm Bill policy regarding privately owned family forests and conservation tree planting. So I speak for the trees.

Family forest and conservation tree plantings are enormously important. Forty-two percent of our nation's forest lands are family owned. Across the central states, as you well know, these forests are well integrated into the agriculture landscape either naturally or intentionally. They produce critically important ecosystem services that benefit nearly all Americans. Family forests filter nearly two-thirds of the nation's drinking water. Sequester huge amounts of carbon, and provide wildlife habitat, arrest soil erosion, clean the air, and increase crop yields. They provide nearly one half the nation's round wood and are engines for rural economic development.

Concerning family forests in the upcoming 2007 Farm Bill we believe it needs to:

One, provide financial and technical assistance via programs such as FLIP that encourages private land owners to sustainably manage their forest lands.

Foster market-driven conservation by linking conservation with rural economic development policies and programs. Policies can assure that working trees and forests and conservation plantings provide ecosystem services at the same time commercially valuable products that drive rural economic development.

Support programs that can serve working rural lands such as CRP and EQIP and preserve and enhance the forestry-related components of these programs. Support initiatives that develop wood-based bioenergy. Support enhanced community fire protection on family-owned land to reduce fuel loads, improve growth and health, and a reduced risk of raw land fire.

I am out of time, but thank you very much for this opportunity to provide you with forestry-related info on the upcoming Farm Bill. Thank you.

MODERATOR: Thank you. To the middle.

MR. PAUL KENNEY: Secretary Johanns, Governor Heineman, I would like to thank you for your help in a group like this building and ethanol plant. Without your help, USDA and Greg Ibach, that would not be possible. And I am here with a question more than a statement. How do we retain control of that \$1.50 corn that Greg referred to? How do we look at that as energy? How do we have that in our hands instead of passing it to the global national companies so that sometime there's money made. And I guess that's more of questions that I have is how do we remain in control of that.

Thank you.

MODERATOR: Can we get your name, sir?

MR. PAUL KENNEY: Paul Kenney, I farm near Amherst.

MODERATOR: Thank you very much. All right.

MR. STEVE EBKE: Yes, Governor and Mr. Secretary. The Nebraska Corn Growers thank you for your giving us the opportunity -- the farmers in this room -- the opportunity to make their thoughts known. My name is Steve Ebke. My wife and I farm near Daykin , Nebraska. My comments today are going to be directed at questions five and six.

Information from the Kansas City Federal Reserve indicates farm price supports alone have proven to be only partially effective as rural development policy. During the 1990s, three out of four farm-based counties experience sub par economic growth and half lost farm population. The government farm safety net may have kept some of the farm operations in business during chronic low prices. However, it has not been successful in stemming the economic erosion in farm supply businesses or Main Street store fronts.

Analysis by Iowa State University Center for Agricultural and Rural Development found that the higher a county's dependence on farm income, the lower its per capita income growth during the 1990s. An emphasis on entrepreneurship rather than entitlement will refocus agriculture to revitalize rural America. Development of markets for value-added processing and new value chains for identity-preserved agricultural products would benefit rural America. Farmers must participate as shareholders in the industry springing from these markets, not just as vendors. Ownership of the manufacturing plant, not the raw commodities, will offer far better economic futures for our farmers in their communities. A trend of farmer-ownership should generate new jobs, recirculate profits locally and help revive depressed rural communities.

To develop these markets and foster this transition to farmer ownership, farmer leaders and policymakers should focus on: one, redefining U.S. agriculture's strategic importance beyond a food-based economy.

Two, intensifying and targeting basic science research to bio-based products for America's health, environmental, and energy needs.

Three, fostering economically viable, value-added business opportunities in rural areas.

Four, encouraging dynamic, farmer-owned business models that can anticipate and take advantage of market opportunities.

Five, increasing government support for entrepreneurship and innovation in rural areas.

Thank you.

MODERATOR: Thank you. Young man.

MR. \_\_\_\_\_: Thank you. I'm not so young anymore, I'm 43. But I am one of the younger farmers in my area. A big thank you to Secretary Johanns, Governor Heineman, and KRVN and the other farm broadcasters who have played a part in this. We sure thank you for the opportunity.

I have a comment on the LDP program. I've heard some good ones so far on how to possibly simplify it and make it better. I'd like to see also such say like September 1st, any time after that, be able to take the LDP on your estimated bushels and if, say you come out and you're short bushels, you would have to pay that back obviously. But that might be an option. I don't want to see the LDP that President Bush's proposal was 85 percent of the direct payment yield. Like in southwest Nebraska where I farm a lot of those were set before I was farming and they are at 120-bushel. That 85 percent of that, you know, is about half of what we would normally get with the current system. So that would really affect our bottom line there. So I would like to

see that, I guess, not go into effect. I would like to keep it so we can get it on the bushels we raise.

For the payment limits, I guess it depends on what side of the limits you're on, whether you're for them or against them. I farm with my wife. I don't have any hired help. We farm 2,500 acres of irrigated corn. So a fairly sizeable task. And with the much reduction in payments we would be -- limits we would be probably bumping up against them fairly quickly. So I don't want to see a big reduction in the payment limitations, the three-entity rule, I have no problem probably eliminating that.

Anyway, I would just like to encourage all of you that have youngsters that want to farm, don't be gloom and doom to them. Encourage them. Thank you.

MODERATOR: Thank you very much for your comments.

In the middle.

MR. SEAN O'CONNOR: Yes, Mr. Secretary and Governor. I am Sean O'Connor from Greeley County, dry land farmer up there. I would like to comment on question number four, on the conservation program. I would like to encourage you to keep those for several reasons. I guess for myself as a producer, I have a contract that's coming out in 2007. I think in 2007-08 over half the contracts in Nebraska come out of that program. I'm also a tenant on one that will come out the very next year. To me that has been very important because those are the low-producing acres that we put in them.

In the last five or six years with high inputs, a drought in our area, they wouldn't have produced enough to return our inputs. So it's been very nice to have that guaranteed payment coming out of there retaining control of that ground. And as one of the speakers said earlier, to be able to graze that in drought years or every third year, that's been real important. I would encourage you to find a way to keep that in our program. And as the young lady spoke earlier, with the buffer strips and other conservation programs, to re-enroll them without making farmers tear up those practices and farm it, and put more erosion into our streams and so forth, if we can find a way to keep those in there and encourage the farmers to update those practices and make them better as they re-enroll them.

Thank you.

MODERATOR: Thank you very much. Sir.

MR. CHRIS ABBOTT: Secretary Johanns, Governor Heineman, thank you for being here today. My name is Chris Abbott, I'm a fifth generation rancher from Hyannis, Nebraska. I was born and raised back in the '50s and '60s in that area. Back then Grant County was one of the wealthiest counties in the nation. Today it's seventh poorest.

My comments today are geared towards question number two. The newly formed organization of Independent Cattlemen of Nebraska firmly believes that the fate of our family cattle production business lies in our ability to enhance competition for our products. Vertical integration and further concentration in agriculture will bring with it diminishing interest by the next generation and continued degradation of our rural communities.

Our second concern is that a least cost and logical, mandatory country of origin law remains a part of the Farm Bill package. Recent free trade agreements continue to expose the domestic live cattle industry to greater and greater threats from imports of cattle and beef

products. U.S. producers must be given a tool to differentiate their product. It is entirely unreasonable to imagine we can compete with foreign cattle producers who have access to vastly cheaper inputs, less regulation, and/or significant government subsidies. Our hope is that America's consumers will recognize the value of supporting our domestic industry in the safety and wholesomeness we can afford them.

Other COOL issues that need to be addressed include inclusion of mandatory individual IDs, a method to establish origin, simplification of the required labels, grandfathering of domestic cattle born prior to the implementation date, expansion of the program to include all retail outlets, and restriction of the application of the USDA grade shield to products only from animals, born, raised, and processed in the United States.

Congress has once passed the provision for COOL. Consumer groups applaud it, organizations representing cattle producers across the country are demanding it. Mr. Secretary, I implore you, we must make COOL viable and we must implement it now.

In closing, I would like to thank you the USDA and Secretary Johanns for taking the time to listen to the concerns of AG producers across the nation. These are critical times in farm and ranch country. The Independent Cattlemen of Nebraska will continue to advocate for changes that will assure our children, our communities and our businesses have a bright and profitable future. Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: On my left.

MR. PETE BERTHELSEN: Mr. Secretary and Governor, thank you for the opportunity to be here today. My name is Pete Berthelsen, I'm a land owner near Elba, Nebraska. I also serve as the director of conservation programs with Pheasants Forever which has over 15,000 members in Nebraska, many of which are land owners.

I would like to pass along just a couple of thoughts regarding question number four which is, how can farm policy best achieve conservation and environmental goals. And I guess one of the first comments that I would have is it's not going to be a shock to anybody in this room, but the ranchers, the farmers, the producers in Nebraska are great conservationists and doing a great job. The other thing that I would pass along is that the USDA is doing a great job by achieving these goals that are listed in this question right here.

You know, the conservation programs that have come about in the last 10, 15, 20 years are doing a great job. One of the things that I would like to comment about is CRP which is certainly one of the flagships of the conservation suite that the U.S. Department of Agriculture has. It's doing a great job. We've proven that we get more in return for that investment where we pay the land owners. But what I'm worried about is in Nebraska the 1.2 million acres that we have, the lion's share of which expire in '07 and '08 about being able to keep those. About being able to give producers that want to take fragile land and protect it for our children and our children's children we need to have that opportunity. And I am really concerned about those acres not only going away, but maybe not leaving the program, but leaving Nebraska. So selfishly, but I would like to protect Nebraska here.

I guess the last comment is, I also think that conservation programs like that should be fully enrolled so that we can bump that up to what the law allows, 39 plus million acres so that we can get it up to that. I thank you for listening.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: Now to the middle.

MR. PAUL SWANSON: Mr. Secretary, Governor Heineman, my name is Paul Swanson. I am from Hastings. I farm in Kearney County. I would reiterate the concern about limiting payments to mega farms. And I would suggest that since the chairman of the Budget Committee is from Iowa and not the south, there may be some leverage in order to do that.

Secondly, in terms of world trade, if we participate in world trade, which we are, for any given commodity, we have to be low-cost producer in the world. We are not low-cost producer in the world and have no chance of being low-cost producer in the world. And it should be obvious because of education, because of the education we feel we support in counties, we keep our schools, because of irrigation in Nebraska we have a deficit compared to Iowa and Illinois even. So it seems to me that we need to be thinking in terms of developing some of the things that have been mentioned here today with regard to further development of our foods, and the best market in the world is the United States. That's the reason everybody wants in here. So we need to sell our product. One way we can do that is with country of origin labeling. Many consumers want to buy our product.

Finally, in terms of the conservation security payments, if you've ever traveled through Iowa, eastbound on Interstate 80 and stopped at the --

[Tape break.]

MR. SWANSON: [in progress] -- soil erosion in Iowa has gone from 1,850 when it was 14 and a half inches thick to 2,000 when it's 5.5 inches thick. Iowa is not unique. That's true all over. We need to implement the conservation security program at the levels that Congress has given us.

Thank you.

MODERATOR: Thank you very much. We have about six minutes before we take another break. You have been a very courteous and quiet audience which has been very good. But in order to get as many people to speak as possible, if just we continue with that when the red card comes up, please close your comments and then we will continue on.

So we will now go to my right.

MR. LOU LAFF [sp]: Mr. Secretary and Governor Heineman, I appreciate you coming out and listening to our problems. This has been addressed on at least two occasions here this afternoon, so I don't want to be redundant, but I would like to address the CRP. If my statistics are right, we've got over 16 million acres in CRP in the United States. Twenty-two thousand of those acres are down in my country. My name is Lou Laff [sp] and I live down in Johnson County.

My concern is that as this land comes out of the CRP program, in order to re-enter it, the Department is requiring them to destroy the present cover which mostly is cool-season grasses and replace it with warm season grasses. To me, Mr. Secretary, that's ludicrous. It's just something that we don't simply have to spend \$70 an acre to do. I am an advocate of the program, it's a great program. It's a win/win deal for everybody, people in town and people in the country. We need to keep the program, but we need to be less restrictive on how we re-enter these farms when they come out of the program.

Thank you.

MODERATOR: Thank you very much.

To my left.

MR. DENNIS KINGENBAUGH [sp]: Secretary Johanns and Governor Heineman, I would like to thank you for this opportunity to address you. My name is Dennis Kingenbaugh [sp] from Smithfield, Nebraska. I raise irrigated and dry land corn and soybeans and have a cow/calf operation.

Today I would like to give you a couple thoughts on question three and talk about federal crop insurance. The federal crop insurance program is the cornerstone of my risk management and sales program. I ask that no cuts be made to this program, if at all possible, in the next Farm Bill. However, I feel that there are two concerns that need to be handled to improve this.

First of all, we must do something to keep a viable safety net in place in light of multiple years of disaster. Drought is seldom a one-year or a one-month situation. It goes over years. And so in my particular situation, I plant dry land soybeans. I can't plant those anymore because my federal crop insurance won't cover even my input costs. So some changes need to be made there. And I think this would be especially important for young farmers because if a young farmer comes in and two or three years has a bad year, you know, we are signing a death warrant to this one.

The other thing, my county that I am associated with is Gosper County and they have had a pilot project where the FSA and federal crop are using the same computers and have access to the same knowledge. I am wondering if we could improve this. It looks like in the future you are looking at a duplication of services. I feel that the FSA is excellent in looking at settlement sheets and scale tickets and they are the ones that should be handling the federal crop program. The money that's saved could be used to hire people so that they're not so overworked and then it could be passed on to the people that need them who had the disasters.

Thank you very much.

MODERATOR: Thank you.

To the middle.

[Applause.]

MR. JEFF ANDERSON: Mr. Secretary, Jeff Anderson representing Renew Apparel there in the back. We are manufacturing shirts and caps and mugs and different things out of Nebraska corn. It all comes from the Cargill plant in Blair, Nebraska. But my question actually directs back the other way. We've been trying to do business with various government agencies and trying to find out who the buyers are. I know there are initiatives for renewable resources.

Our shirts and mugs and everything that we produce are 100 percent renewable made from 100 percent Nebraska corn.

What we are trying to do is, I guess, implore or plead that the government simplify the procurement process for small manufacturers and also for, I guess, I would assume a lot of the farming products that could be sold back to the government. I know the programs exist, but walking through the morass of paperwork and finding the right person is oftentimes difficult.

That being said, I want to compliment the government on the USDA web page. That has been of immeasurable help and I think has made great strides. But I would like to see the whole process simplified for those of us that don't have a full-time person for dealing with contracts, that would sure help.

That being said, I have for you, unfortunately not in red, but a white corn shirt and a white cap made out Nebraska corn. It's 100 percent renewable and uses 50 percent less greenhouse gas than a polyester shirt when produced. So thank you.

MODERATOR: Thank you very much.

Quickly, and I know some of you have been waiting, you may have to wait until the next hour. So once the Secretary comes and sits back down again, at least he didn't run off. So, young lady.

MS. MARY RITTER: My name is Mary Ritter. My husband and I are purebred Hereford breeders from Callaway, Nebraska's Sand Hills region.

From 1997 to 2004 Nebraska lost more than 6,200 farm and ranch operations. During a similar time period, 1995 through 2003, American taxpayers provided \$131 billion in commodity and disaster subsidies. In 2003 alone, commodity certificates were distributed to the two top recipients totaling \$128 million. I believe USDA and Congress are well aware of these excesses. But this forum is about our future including \$1.60 corn and \$2.75 fuel.

My aim today is to encourage you to plan the entire whole picture. Lobbyists and aides are powerful sources of information and experience. But how we want to shape agriculture cannot be left to the highest war chest nor the closest ally.

I was part of a very educational project funded by the Nebraska Cooperative Development Center which is resulting in a book called, "Writs of Change" to be published by University of Nebraska Press. And that experience put me in touch with producers and small businesses across the state. We could put a realistic cap on farm subsidies. We could make once-a-year equal payments to all Ag producers. We could increase technicians to assist in the development and marketing of non-commodity businesses. There's much we could do if we are willing to consider it.

I encourage the USDA to fund substantial rural economic development assistance, animal ID and COOL, conservation plans, local and farmers' markets, food development and for abuses by the largest farm program payment recipients to absolutely end.

MODERATOR: Thank you very much.

[Applause.]

SECRETARY JOHANNNS: Mary, before you go away, do I recognize your name? Did you write a book?

MS. RITTER: Yes.

SECRETARY JOHANNNS: It was a beautiful book and I read it. And I think I wrote you a letter telling you how much I enjoyed it. Tell me the title of that book again.

MS. RITTER: Good ad, thanks. In Benton.

SECRETARY JOHANNNS: If you want to read just a really captivating book, Mary wrote a book, In Benton and I'm not here to promote things, Mary, but I will tell you I enjoyed that book immensely. So thanks for being here.

MODERATOR: Mr. Secretary, as we said, this is the second hour. Now, we have one more. We will take a five-minute break. Those of us in the media business know we are already kind of running behind. It was indeed an honor for us to be a part, Mr. Secretary, Governor Heineman. And Emory Kleven will be with you in about five minutes. Thank you.

[Brief recess taken.]

[Music playing.]

[Tape break.]

MODERATOR: We invite you to take your seat and move up towards the front. There has been a few people leave, come on up towards the front and we will begin the last hour.

[Pause.]

MODERATOR: Okay. We are going to begin as we get the Secretary and Governor back up for the final hour.

Again, for those of you who have been here, we've got three microphones and we invite you to step up to them. Limit your comments to two minutes. We do have the stop and go system there. When you see that red, wrap it up.

I just want to briefly introduce myself and then we'll get back to the forum. I am Emory Kleven, I am the Farm Director with the Waitt Farm Network based out of Omaha, Nebraska. I am also the Farm Director for AM 1020 KOYL, we call it KOYL Country 1020. I am also this year's president of the National Association of Farm Broadcasters. And I was sitting right next to the Secretary back in early May when he announced that he was going to be doing forums like this across the country. And indeed they have turned out spectacular.

So we want to get to the questions again. Three microphones. Limit your comments to two minutes and you've got those little pamphlets. If you just came in recently, there's some staff here that have those, if you do not have one.

Also, if you do not get to comment on the microphone, we do have four suggestion of comment boxes or suggestions, maybe, two out front and there's two out back. Write your comments down and stick them in the box and they will be weighted just as heavily as any verbal comments.



So with that we are ready to go. We will start right here on this microphone.

MR. ELAVERNAL SIKA [sp]: Thank you for being here Governor and Secretary. My name Elavernal Sika [sp], Loup City, Nebraska, cow/calf operator. I am going to read this off.

Parity, that's the answer, not quicksand. And we have to have a farm program that's affordable. I don't like deficit spending at the federal level. Here's what I propose as a solution.

Three hundred and 20 acres of irrigated land or 800 acres of dry land. The government should be an insurance policy only a safety net. Here's how we do it. Uniform bookkeeping. I use PCA Records. Actual cost backed up by a receipt. We subtract 20 percent out of high-cost members of that group made up of 100 members. The price is set at the average of the remaining 80 percent. Production to be delivered to the local sale barn or elevator. And they in turn may sell it to a charity or resell it. We sell our production to the federal government at that level.

Okay, my definition of a family farmer or cow/calf operator. Any stock cows or 50 dairy cows or 30 sows, or 60,000 bushel of grain or any of the above combinations.

I want to cap on the farm programs at \$25,000, off-the-farm income counts against it. In my township of 17, I'm the only family farmer left. The government, in my county of Sherman, Nebraska, 90 percent work for the government, 65 nationally. We can't afford that. We went down the wrong path for the last 30 years.

Fifty percent of the budget of the federal budget of taxes was funded by the world corporation. Today's it's less than seven. All these world corporations have to do is move their mailbox to (unclear). One example was 40,000 versus -- or 40 million tax liability versus 17,000. Who is going to pay our taxes?

We are depending on too many chemicals, fertilizers and sprays and vaccines. We are headed for a dead end. Less than 1 percent of our water now is safe to drink. What forced me in the CRP program, property tax. It's outrageous. The state of Nebraska is one of the worst. I have to pay \$10.48 on class five and six land.

MODERATOR: Sir, we thank you for your comments. Time is up.

MR. SIKA: Okay. Thank you.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: Let's go to the middle microphone.

MR. LOUIS DAY: Thank you, gentlemen, for coming. Governor Heineman, I'm the gentleman that (unclear) at Valentine. I do have clean clothes and a razor. Who I am. I'm Louis Day. I'm from Valentine, Nebraska and I would like them three empty chairs right there to represent some of my family members. One is my dad that died at 62. He lost everything he had in the '80s. He walked away with an old pickup and an old horse. He never complained.

Second is my sister who is a consumer. She lives in Minnesota and runs a restaurant.

Third is my oldest son. What do you tell your 14-year-old son when he walks up to you and says, "Dad, am I going to have a future in agriculture?" My honest answer is, "If we don't get some control, some control of the competition, we will not have a future for my son."

Two minutes isn't very long to wrap up and fight for your son's future. So I'm going to try to go pretty quick here. I guess the first thing is, and probably the biggest thing is, when I was coming down here, what did I see? We're all in the same boat, folks. I didn't see one hog outfit run out of here. There might have been some there? What has happened to our chickens? What has happened to our corn or to our hogs? You've got to have a contract for chickens and hogs or you're not in the ballgame. I don't want that to happen to my beef, sir.

Secretary Johanns, I took instead of fixing up a pickup and a tractor, I took and put money into hire lawyers to do what I felt was the USDA, the United States of America's of Agriculture's job. It doesn't please me.

COOL is very important. How many people here can say where their underwear is made, but they can't say where their beef comes from.

[Applause.]

MR. DAY: And I'll take and I'll prove it to you. My sister -- can I come back?

[Laughter.]

MODERATOR: I guess you can at the end of the line, if you would like.

Let's go over to this microphone.

MR. BOB PHILLY [sp]: Secretary, Governor, thanks for coming. I am Bob Philly, general manager of Crossroads Co-op, also a member of the Nebraska Green Feed Association and a board member. Also one of the few agribusinessmen or women that have spoken today.

I agree that production price and revenue is very important not only as far as the payments, but anything that would do with LDP. But I think we need to look some way at net revenue. We also need to not forget that the best thing that we can do is educate our businessmen and women as well as our producers in marketing and that should definitely be part of this upcoming Farm Bill.

One thing that we have to remember, there was very many victims of this hurricane down in the Gulf states and many of those victims are here today. They are producers. We are facing a harvest, Governor and Secretary that there is no transportation, very little storage. Transportation costs have went from \$350 just for the privilege of getting a car up to \$1500 yesterday. We need to increase the limits as far as transportation of trucks. Maybe allow doubles for a short period of time. We need to work together, the agribusiness community and the producers as well as the federal and state governments to get through these crises. If we don't do this, we are in trouble.

My time is up, thank you for yours.

[Applause.]

MODERATOR: Thank you, sir.

Let's go over here to my left.

MR. DAN KUEBER [sp]: Secretary Johanns, Governor Heineman, thank you for this opportunity. I just wanted to state, I grew up on a farm much like you did, but as a youngster I was discouraged from agriculture for much of the same reasons we're hearing. So it goes on and on and that's sad. My name is Dan Kueber [sp]. I am from Roca, Nebraska. I am a home builder who is providing primarily housing to rural areas.

We need to recognize that the existing housing is aging and becoming obsolete for use by young rural families. Also, most rural housing is depreciating with age unlike our urban neighbors whose homes are appreciating and creating wealth, especially in this current economy.

Adequate housing opportunities for working families and retired elderly is imperative for the economic health of our rural areas. By these folks' very presence in their communities they support local businesses, provide local labor, and keep local schools open. The housing programs within the Farm Bill are an important economic tool and I urge that they be maintained.

Thank you.

MODERATOR: Thank you. To the middle microphone.

MR. JIM MILLER: Welcome Mr. Secretary and Governor Heineman. I am Jim Miller a producer from Belden, Nebraska and represent the Nebraska Soybean Association.

The CSP is a great program but does not have the staff to implement the program properly. It sounds like the conservation will be a bigger part of the next Farm Bill. I would ask you, please, do not discriminate the producer who has already implemented conservation practices, but rather reward him. Conservation not only conserves our soil, but it conserves fuel. As said earlier, do not tear up the buffer strips and the CRP that we already have implemented and established. Let's leave it there and conserve rather than foolishly spend.

Direct payments seem to go to the value of the land prices or the rental rates. LDP seems to help the producer who raises a big crop, but does not help the person with a short crop. So I don't know what the answer is, but the NSA does support the payment limits as written.

With the current prices of fuel, the initiative 25 by 25 looks like a great way to add value to agriculture through biodiesel and ethanol. But I think instead of doing that in a 20-year period, let's try and implement that in a ten-year period. We need to find more value-added plants that are producer owned.

Thank you for being here today.

MODERATOR: Thank you. To this microphone.

MR. \_\_\_\_\_: Mr. Secretary, Governor Heineman, I am a retired farmer. I still live on the farm that I started 55 years ago. Recently I rented my farm to a young farmer. I am very concerned about the future of young farmers. It has already been talked about a number of times. Just recently right across the road from me there's a half section of land, this farmer is quitting and he also farms about 15,000 acres. I am told that this farmer has rented his land to a bigger farmer and he will be farming 100 quarters this coming year. Do you realize that's 25 sections of land controlled by one man. That is not good for the country.

If we could somehow maybe subsidize or in some way encourage land owners to rent to younger farmers, I'm sure it would be well for the country. I wish we could do something about that. Thank you.

[Applause.]

MODERATOR: Thank you for those comments. Over to my left.

MR. WAYNE STOLTENBERG [sp]: Mr. Secretary and Governor. My name is Wayne Stoltzenberg [sp]. I farm northwest of Grand Island here. I'm a sixth generation farmer, and the last. And here is why. Low prices, low prices, do you hear me? Low prices.

I'm going to tell you something, I don't know if you know this or not, but in 1985, and I'm shooting from the hip here from memory, farm payments to the farmers in '85 were \$2 billion basically. The rest went to Food Stamps and other things. Last year what was it, Mr. Secretary; \$24-5-6 billion? We are talking about costs here. You want to lower the costs, get rid of the LDPs. Get rid of a lot of this other stuff. You can solve it by payments to the farmer in a fair and equitable way. Let the market take place, let the market take care of it.

In '85 before Reagan got all this popularity and got everybody to go behind him and get rid of the farm program as we knew it, all I heard was, we got to sell overseas. We've got to get all this stuff. You know, we're only selling two billion bushels of corn. We only raised six to seven billion bushels of corn at that time anyway. What did we sell this year, last year, year before? It wasn't many more than two billion bushels of corn. We had a loan rate, \$2.49. Target price of \$3.03 and it was geared to inflation. The corn price went up above \$3.03 five consecutive days you had to bring it out of the loan. None of the corn taken out on loan at \$2.49 ever, in my knowledge of any producer in my area, ever got forfeited to the government. It got taken out and got sold. The loan got repaid and there was no cost to the government.

You know, you can solve a lot of things by getting this loan rate. When it got dropped down in 1985 and '86, it was everything I could do to hang on to the one farm or the two farms that I had purchased already and I struggled and struggled and struggled, but I was able to hang onto it.

But you've got to do something in the current situation. We need radical changes. And I don't know what was wrong with the old program that we had back then. You eliminated a lot of paperwork for the ASCS office, everything was a lot simpler.

That's all I have to say, thank you.

[Applause.]

MODERATOR: Thank you for those comments.

To the middle microphone.

MR. DOUG NAGLE: Hi, my name is Doug Nagle and I farm just north of Lincoln, Nebraska at Davey. I'm a member of the National Grain Producers Association, Grain Sorghum Producers Association. We thank you for the opportunity to come and listen here.

Our organization considers the 2002 Farm Bill a most significant piece of farm legislation written for sorghum producers. I don't know if that goes for everybody here, but for sorghum producers, it's a big deal because it equalized the sorghum rate with the corn loan rate. We are

in a mode right now where we are just constantly trying to fight for more acres for a crop that is a more conservative crop. We know for a fact that it takes less water to raise grain sorghum. And we know that the inputs are fewer and if anybody here is worried about planting corn next year, you've got an alternative crop to plant next year, grain sorghum, as far as economic are concerned. Because four out of the last five years grain sorghum has been better on my farm. So we've got to keep that part in the farm program.

Secondly, the appropriations that are concerning grain sorghum, those are a must. The largest corn company in the United States spends \$200 million a year in order to look for research, new uses, whatever on corn, and that's not a bad thing. But all the sorghum industry spends about \$20 million, about 10 percent of that. So we need the appropriations part of the Farm Bill to keep looking at dietary, keep looking at feed, keep looking at all these other things that we can do with milo and not corn.

Now, on a personal note since I'm limited on time here, there is one other issue that to me we talk about getting young farmers started in agriculture. We talk about all these barriers they've got to go through. I'm involved in an area right now where we have the Endangered Species Act that's probably going to be pulled on us and it concerns a little tiny beetle and there's only about 500 of them that live about two and a half miles south of me. Now, that's one.

We know the Platte River is in jeopardy over the whooping crane. We know out west you've got a flower. I know of a case in Colorado where we've had a jumping mouse that has caused great economic loss to the Colorado/Wyoming area. And to me we have got to get control of the Endangered Species Act and get that revised and revisited one more time because it can be one more layer of bureaucracy that will put a young farmer away. Or a young farmer doesn't have the means to fight something like that. When you are fighting government, it's almost impossible to overturn something like that. So I would appreciate if you would revisit that. Thanks for your time.

MODERATOR: Thank you for those comments.

We are going to go over to this microphone right here.

MR. STAN ROSENDAHL [sp]: Okay. Thank you. My name is Stan Rosendahl [sp] from Creston and it's good to see you again, Secretary Johanns. And glad you came back to Nebraska to listen to us.

My comments are to question four with possibly a little different slant to it. As we look at the new Farm Bill we need to address the issues of the WTO's problems with AG subsidies. My feeling is we need to move more to a market-oriented approach that would reward producers for conservation practices and environmental management approaches. As the prices producers receive continue to be affected by our ability to export our products, we must realize that the rest of the world is looking more at environmental aspects. Being able to reassure our customers that we are good environmental stewards needs to be continually reinforced. Much like the Presidential Order for all government agencies to implement an environmental management system one possible path would be to take a proactive approach to use this recognized EMS system in the new Farm Bill. USDA could partner with producers to implement AG EMSes much like a CSP program to overcome both subsidy issues and help reassure our customers that we are indeed showing and documenting continued environmental improvements at the farm level. AG EMSes could be the U.S. recognized standard much like ISO 14,000s are in the international arena.

While we as producers feel we are good environmental stewards, we are very poor in telling this and even less ability to document improvement. Through the use of AG EMSes, we, USDA and U.S. producers could maximize U.S. competitiveness and help our ability to compete in the global marketplace along with looking to the future by setting both conservation and environmental improvements in this new Farm Bill and future Farm Bills.

Thank you.

MODERATOR: Thank you. Let's go to the middle microphone.

MS. ANN REEF: Mr. Secretary, Governor, thank you for taking the time to be here and listen to us. My name is Ann Reef and I'm president of the Growers Council for the Nebraska Wine and Grape Growers Association. We are a small association that has been started in value added and that is through grape production.

I'd like to thank you for the programs that currently exist that enhance and promote value-added agriculture. And without the ability to be out there on our land producing a crop through value added, we wouldn't be able to be on the land at all. So I'd like to see the continuation of support for value added and niche products and represent the Nebraska Wine Growers and Grape Growers Association.

Thank you.

MODERATOR: Thank you. Let's go over here.

MR. DAY: Thank you again. I guess to reiterate or start where I left off, I hope, we're all in the same boat. I've seen grass, cattle, and corn and soybeans coming down here. And on the radio I heard how the president of the Corn Growers Association hoping that the ethanol deal will take off. What is the number one use of corn and soybeans? It's still livestock. If we've lost control of the chicken and the hogs, what's left? The cattle industry. Sir, what have we been fighting about. You know, we're losing control of that too. We are getting funneled through four major producers.

How many of you people sold \$5 corn when it was \$5? I don't think very many of you because somebody else had control of your product. If we lose control of our cattle industry, where are you guys going to be at? Are you going to have \$1.60 corn or are you going to have .60 cent corn? Them gentlemen work for us. It's up to us to make sure we get represented. And I'm kind of upset at you and your boss.

What do I tell my 14-year-old boy? Does he need to learn Portuguese? Because you just give away -- we got free trades with the countries that them people are even poorer than us. How many people here could qualify for Food Stamps, but are too proud to take it in bad years?

In 2000 took and we've had six independent gentlemen take on Tyson to do -- there's already laws passed. We got COOL, it's been passed. It's being stalled through.

MODERATOR: Your time is up, thank you, sir.

MR. DAY: Can I come back?

MODERATOR: You been back twice, we'll let some others comment here.

[Applause.]

MODERATOR: Thank you for your comments.

MR. ERLIN SCHMIDT [sp]: Hi, I'm Erlin Schmidt from Osceola, Nebraska. You know, I've got to commend the farmers here today, they've come up with some really good ideas and had some good things that we can work with. But the problem as a small farmer, as I see, when I go to work tomorrow I don't have side pockets on my coat and I don't walk down the halls of Washington, D.C. All the good ideas in the world don't help when there's bigger corporations that can pay people to sit down in Washington and stuff our senators' and congressmen's pockets full of money to get passed what they want.

[Applause.]

MR. SCHMIDT: That's the problem out here. This forum isn't going to do any good in the end if it doesn't come back to Washington and we can't sit there and stuff their pockets. It shouldn't come down to that. The end is just about near for some of these farmers, a \$1.50 corn, that was back in 1950. I got a truck with 190,000 miles, would you like to come ride around with that full of dirt, full of rust holes? A combine down there a quarter of a million dollars on a \$1.50 corn? I raise 700 acres. What are we going to do?

You know, good ideas are great, but we've got to get in the final and we've got to see the paper and the writing and follow through and quit listening to big corporations. I don't have a need for a great big combine that can go five miles an hour with a 36-foot head. And that's the way the industry is gearing towards. It's not just the government's problem. We've got an industry that's being very greedy and all they can see is the big farmers. Industry is going towards the big farmer. They ain't trying to help the young farmer. So I think that the government needs to help both, the young farmers and you need to lasso some of these big industries on top of it.

Thank you.

[Applause.]

MODERATOR: Thank you, sir. As we wrap up here, now we've been pertaining our comments to the six questions on this folder that you picked up. We will open it up if you have something that goes away from those six questions. And we've got just a few minutes left, so if you do have other comments, now is the time to step up to the microphone.

Let's go over here.

MR. DONALD HEIDEMAN [sp]: Thank you. Yes, my comment does step away from those six questions. As we know, in farming, our government can either slap you on the back or kick you in the butt. And it goes back to the tax laws. The like-exchange tax law that we have across the country, it seems to me that it does to a lot of penalties to the small, beginning farmer. And I guess I have to excuse myself. I did not introduce myself. I am Donald Heideman [sp]. My son and I farm down by Jansen, Nebraska. And so with that in common, I know here in Nebraska a lot of taxes are based on real estate values. When we have outside investors come in from metro areas that sold one acre or 40 acres for several million dollars, you know, the tax assessor of our county just does cartwheels in the halls of the courthouse. So it does affect the small beginning farmer.

Thank you.

MODERATOR: Thank you.

[Applause.]

MODERATOR: And also mentioning going away from those six question, also, if you've been up and spoken once and you had a final comment or two you want to add to what you said earlier, now is the time to do that as we wrap up.

Over in the middle microphone.

MR. CHRIS EGELKEY [sp]: I'm Chris Egelkey from northeast Colorado. I also run cow (unclear) in southwest Nebraska sometimes. But my biggest concern was over the payment limitations. It seems to me the farmers that get hundreds of thousands of dollars in payments they almost have to go out and buy machinery, you know, in order to not have to pay so much tax on the payments they receive from the government. And then they have to rent more land, you know, which they're able to get more for land rent than some of the smaller farmers could afford or beginning farmers. You know, one of the most frustrating things in farming is to try to rent land, you know, good land at affordable rates.

Also, on the packer feeding, I think it's a big problem. You know, we used to feed cattle, but got to a point where you couldn't hardly get a buyer out there to bid on the cattle. When the price goes up a little bit, they wouldn't bid on them. When the price is low, then they would bid the low price, you know. So we got out of cattle feeding. If there was incentives to have more cattle on small farms, small feed lots, you know, it would spread the cattle feeding out and make it so the manure could be used on smaller farms where it's needed rather than concentrated on 100,000 head feed lots. Then you can't afford to haul manure where you need it, you know. I know my farm is a lot more productive than farms I used to rent that didn't have a history of manure on them, you know. So I think it's really important to try to get the control of packer feeding and control of cattle.

I guess that's all. Thanks a lot of the opportunity to talk.

MODERATOR: Thank you. Over here.

MR. ALBERT REEVES: Hi. I'm Albert Reeves from Meadow Grove, Nebraska. This is my son Taylor and my other son Matthew. One thing I'm focusing on is trying to find a way to get younger kids involved. Taylor is already working with an FSA loan. He's got a combination hog and cow project going. And things are working out, it's a little tough and stuff. But the ambition is if he wants to yet, as he gets older, to farm more and expand more. But it's really tough in Madison County. If a piece of land comes up for rent, the rent actually is higher than you could possibly make a return on. If a farm comes up for sale, it's higher than you could possibly make an investment into.

One of the things I've heard, I don't know if it's a fact or fiction, if there's a program established that a young or beginning farmer could approach a retiring farmer who wants to sell his land who would have a high capital gains to be captured in there, he could get a reduction or something by working with a young farmer on a contract or a reduced basis to basically get him a foothold. I mean, get him a chance to try to get into something that would be productive and bring younger people into production. Because, you know, with the payment limitations, you know, being like they are, it's just impossible. And those are some things, I mean, some youth programs or something.



In his class there in Battle Creek, there's 32 kids, half are boys. There's three kids that can drive a tractor and probably ten, 12 come from farms. And some of these kids are from farms that are terrific, well-managed farms, but the interest isn't there. I mean, we've got a small group of kids coming up that really want to take agriculture and have a future and I would just like to throw some light into their future if I could.

Thank you.

MODERATOR: Thank you. Over here.

MR. \_\_\_\_\_: I'll direct this to the governor. There's three approaches in realizing valuations and I would like for the rest of the people to understand this. Agriculture is being discriminated. We are on the market approach. Commercial businesses are on the income approach and costs. Eighty-four to 89 percent of the valuation of a school district is agriculture. Is that fair?

Thank you.

[Applause.]

MODERATOR: Thank you.

MR. LES JOHANSON [sp]: I'm Les Johanson [sp] from Marquette. I guess I'm kind of a small producer in these times. I guess I would kind of like you to maybe consider a problem that is kind of unique with Nebraska and that's the irrigation when it comes to payments on yields.

In my situation I have two different farms. One wasn't in the program and when I took over we enrolled it in the program. Well, they say you've got to go back to a dry land yield. They don't allow anymore irrigation yields in the program. So I'm stuck with a 75-bushel yield versus maybe 115, 120.

Another example of this, we purchased a farm here three years ago and the same situation. It was a dry land farm. Now we put a well on it and we're stuck with a dry land yield. So I approached our county FSA office and they said, well, you've got to wait until the program opens up. So I think maybe this is a point that you can maybe consider to readjust help for the irrigated acres that have come in. I know you say we're kind of in budget cuts. Well, when you kind of overlook payment limitations that people get hundreds of thousands of dollars, but then we're kind of stuck with a low payment yield because we want to try to improve. So that's all.

Thank you.

MODERATOR: Thank you. Right there.

MR. DON RUSSELL: I'm Don Russell from Nemaha County and I would like to address the change that was made in the CCC loan program this year where they now take a mortgage on 100 percent of your grain that you own rather than just the bin that you might have under loan. This change has personally cost me like \$200 in gas and two days in lost hours just having to go to the FSA office or the Farm Agency Office to have them sign off on the check so that I can take the check to the bank. I would just like to see that changed because I don't see that it's preventing anything along fraud or anything like that. Because a dishonest person is going to lie when he goes to the farm agency and when you have to sign the paper that says it's

not mortgaged grain. And it's just penalizing honest farmers like me. So I would like to see that change made. Thank you.

[Applause.]

MODERATOR: Thank you. Over here.

MR. DAY: I want to apologize for getting so loud before, but I've got one last comment to make. I think I speak for all small farmers out there, young farmers in general. I don't think there's any small farmer out there that wants to have to take a second job to start farming the ground. And that's what either a small farmer that starts out farming thinking he can do it, ends up going to town and getting a job or vice versa. And that's what it's really appearing it's going to be. I mean, I had to pick up a seed dealership just to try and make ends meet it's so tight. I don't know how it's going to turn out this year, I really don't. So all I ask is you just do the best you can in trying to help that small farmer out the most you can. Thank you.

[Applause.]

MODERATOR: Thank you. Over here.

MR. BURTON BEARD: Burton Beard, I farm in southwest Nebraska. I would like to thank the Governor and the Secretary for coming out here. My comment is we always hear about we're supposed to sell our products and that's our main deal is selling overseas. I was wondering why a company that wants to test for BSE is not allowed to go ahead and test and sell their product, why the USDA says, no, you can't do that. Thank you.

MODERATOR: Okay. Thank you.

One more over here.

MR. DON REEVES: Yes, I'm Don Reeves from Central City. I spoke earlier on behalf of the Center for Rural Affairs. I'm wearing a little bit different cap. I would raise a couple of perspectives that seem relevant to the whole discussion, not terribly responsive to any of the six questions.

I've spent a lot of time looking at the question of world hunger. One of the other speakers endorsed maintaining our Food Stamp program to reach all the hungry people in the United States. But worldwide, there are probably a billion to a billion and a half people who are chronically hungry. It turns out the majority of these people are actually farmers or in rural areas. So the perspective I want to add here is that we need to be careful in designing our own farm program that we don't disadvantage the farmers, the peasant farmers in the poor countries. And I think we can say that some of the ways we have run our commodity program payments, our commodity programs, have put our commodities in the port cities of poor countries at a price much lower than producers there can compete with.

So the caution is that we be careful in designing our own commodity programs that we don't inadvertently undercut peasant farmers in poor countries. Because in the long frame it is the poor people of the world who are our long-time future customers.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Over here to you, sir.

MR. LEO (Unclear): I'm Leo (unclear) from St. Paul. I've lived on the farm for 82 years, that's since the time Uncle Sam told me to come work for him. People don't know where their dollar comes from. The dollar has got to come from the ground and we got to educate the people where that dollar is coming from. And they get jealous whenever a farmer makes money. They don't realize when the farmer spends that dollar it grows and grows, and grows. They don't realize that some money has got to come from the ground. That's the only way you'll keep it going. And we've got to educate the people that it's got to come from the ground.

MODERATOR: Thank you, sir.

[Applause.]

MODERATOR: I believe we are out of comments. We want to get closing comments from our two guests here. Again, you can go to the web site, [USDA.gov](http://USDA.gov), put slash Farm Bill and you can get a lot of information there. We do have the comment boxes, four of them, around the tent here. And you can also -- the address is on this folder if you want to write down your comments and send them to the Secretary.

SECRETARY JOHANNIS: Well, I will offer a few closing comments. I want you to know you have a very, very unique politician here. I offered him the microphone, he said, no, that's okay, you say a few words. That's pretty unusual. Yeah, that deserves a round of applause.

[Applause.]

SECRETARY JOHANNIS: Maybe I should do that.

[Laughter.]

SECRETARY JOHANNIS: You raised some issues and I just wanted to maybe visit with you a little bit about those issues before we wrap up here. First, in terms of the overall forum, really, really an excellent forum. The comments, some very thoughtful comments, but it's not just some. I mean, literally everybody. A lot of passion in some comments and I appreciate that. You never have to apologize about coming up to the microphone and letting me know what's on your mind. I appreciate it, I do.

In terms of the overall thought, today I think you heard pretty good support for the conservation programs. You even heard some folks say we need to move more toward a market-oriented conservation type approach. It's not the first time we've heard that. We have heard that in other parts of the country. Payment limitations, I knew it would come up. Generally supported throughout the Midwest.

If you did Farm Bill forums across the Midwest, I think it would be fairly characteristic that farmers themselves would get up and talk about payment limitations and be very supportive of payment limitations. Not unanimous, nothing is usually unanimous, but we do get a lot of support for it here. Very much different, as I said, as you move to other parts of the country where it's a different approach to farming. So I classify that kind of in the question we ask about the distribution of benefits. We thought a lot about that question and we just decided to put it out there. Do you think the distribution of benefits in farm programs is fair? We were seeing a lot of editorials criticizing the distribution of benefits and so we decided, let's ask the question of producers.

I can tell you ladies and gentlemen that without any hesitation I believe that that has been the most debated item of all of the six questions amongst producers themselves. Some argued when we went out to do these Farm Bill forums we would hear from people just saying, well, you know, do more of the same. In that area we have not heard that. Whether it's the frustration of this young farmer that gets up and says, \$1.52 corn is devastating. Well, think about this, and I offer no opinion today because we are a ways from even finishing these Farm Bill forums, much less sitting down and trying to think through this and offer some thoughts about it. But think about it, you have for decades a production oriented Farm Bill approach; right? A production oriented. What do I mean by that? The more you produce the more benefit you get from the farm program. And I see the heads nodding out there, yes, that's basically the way the program works.

And so when somebody suggests, is it worthwhile to consider just simply a more direct approach, an approach based upon conservation? That's not idle thinking, that is coming up in Farm Bill forums across the country. And like I said today, I don't know, you know, we've got a lot of forums ahead of us, we've got a lot of opinions to hear yet, and we've got to think our way through some of these things. But it is kind of all mixed up together in terms of that benefits question. But, like I said, I don't think I'm out on a limb too much in saying, that is the most debated part of what we are doing.

We did not hear a huge amount, although we heard quite a bit, but it didn't dominate the forum, but we heard a lot today about the rural development programs. And I can tell you that your thoughts here in Nebraska are very consistent with what we are hearing. There's a lot of evidence out there now that these programs have done a lot of good in rural communities. I've had hospital administrators come up and say it was the rural development loan that allowed us to build a wing onto the hospital. It was this program that allowed us to build some center in our community. And so the support for those programs has been virtually unanimous across the country.

Now, just a couple of issues that you brought up. I figured I would give you an update just so you know what's going on with the issues.

COOL, you saw the debate today. Somebody gets up raises questions about mandatory COOL. Somebody gets up and says, we absolutely have to have mandatory COOL. Keep in mind the current state of the law is mandatory. You won't have a choice. If you find out that maybe it was something that quite honestly happened and there were consequences that were unintended or unforeseen, today the law is that it is mandatory. It has been delayed until September of next year. I think September 1 of 2006 is the operative date. There will be a point there where the USDA, if it is a mandatory law, will say to all of you who are in these industries, you have no choice. Now, some of you will cheer that. Some of you won't cheer that. But that is the current state of the law.

My observation is that we truly are an international market; 27 percent of our receipts do come from the export market. It's a pretty big deal. There is never action without consequence. There is never action without reaction. It's just the way the world works. It isn't as simple as saying, well, it will allow our American consumers to know what country, you know, you know where your underwear came from, or your toys came from, so you need to know where your beef came from or your pork or whatever. I will just tell you, that probably will be something we'll be running into in the world.

Like I said, there is no action without reaction in this world. And some pieces of the industry may benefit, some may lose. Some industries may benefit, some may lose. It is a very, very complicated phenomena. Now, in this state you've labeled --

[Tape break.]

SECRETARY JOHANNIS: -- [in progress] -- the current state of the law is it is mandatory. And somewhere out there, as your Secretary of Agriculture, if that's the way it's headed, we will enforce the law. I told the Senate AG Committee, and that's just the way it is. I don't have the option when you call me and say, oh, my gosh, Mike, what happened here? I'm not liking what I'm seeing here. It is mandatory. I think I know a little bit about the independence of farmers and ranchers and I would guess our phone will ring. But it is mandatory today.

The other thing in terms of very early on a lady got up and talked about Japan. Let me give you an update on Japan. If you are in the beef industry, this is an important update. As you know we've been working with Japan for some period of time now to get the borders reopened. Japan and South Korea are the major pieces of our market that are not yet opened to beef. We've had good success in other parts of the world in convincing people to really pay attention to the science-based approach with BSE and reopening their markets. But Japan and South Korea are two major parts.

I recently met with the new minister of agriculture from Japan and we literally went through their chart of process that they go through with their Food Safety Commission and literally they're running out of process. I mean, we are getting to a point here where I can tell you, and in fact at their last Food Safety Commission meeting in Japan, one of the members said, we should have a written report to discuss at the next meeting. So I really do believe that we are nearing the end of this process.

Now, I tell you that because I really believe that science is on our side and that border needs to be reopened. I said that from the very first day I came in. We in the United States shipped into the United States historically a small amount of Kobe beef. I don't know if you've ever been to Japan you've probably had Kobe beef. But we closed our borders to their beef products. And as you know, they have found BSE, I think they've found their 20th case in Japan. And the issue there for us is, have they done the proper risk assessment? And without going down into the weeds on that, we go through the same risk analysis that we would do with any other country. But here is the very important point.

It would be disastrous if, you know a month from now Japan said, we're ready to reopen our borders, and called me and said, you know, we're ready to go. We're ready to receive U.S. beef. How are you doing on that small amount of Kobe beef that is out there? We're starting to think maybe over here, well, wait until you get that done. You don't want your Secretary to come out and say, gosh, I've just gotten the signal, they're ready to reopen their beef after two years at work, and it nearly is two years. But I need another six, eight, ten, 12 months to get through a rulemaking process on this small amount of Kobe beef that they ship into the United States.

So I am very mindful of the trade issues. I think I know where you're coming from. I know where you're coming from. We are not letting their beef in today. And what you've been reading about is the process that we are trying to put in place because, again, I do believe we are nearing the end of their process and we are going to see a day where we ship that product in.

I'll share a quick story with you about beef in Japan and beef in Taiwan. You will find this interesting. In Japan, a few months back, they literally got down to a point where the coolers

were about empty of U.S. beef. And so this grocery store announced that they would be doing rice bowls with U.S. beef. And they even charged more for these rice bowls with U.S. beef. And they said, this is the end of the stock. You know what happened in Japan? People stood in line to get our beef. The consumers are ready for our beef to return to their marketplace. And I am more than willing to accommodate them.

In Taiwan, they opened their border for a short period of time. Then there was this last animal out of Texas. When consumers got a hint in Taiwan that there was the potential that the border would close to U.S. beef, people rushed to the butcher shops to buy all the American beef they could get their hands on. The consumers are on our side on this issue. And I believe once we get those markets restored, we are going to be able to aggressively return to that marketplace.

Final thought, final thought, this was an excellent Farm Bill forum. We invite and encourage difference of opinion just like we saw today. This is a great industry we are a part of. I very sincerely tell you how much we appreciate your participation. But, you see, I want an ag secretary 20 years from now or 30 years from now to say that about your children and grandchildren who are in the ag industry. That's why we're here, to listen to all the pros and cons of what you think about what we're doing in ag policy and the Farm Bill so we can have some notion of what you're thinking as we sit down to write the 2007 Farm Bill.

Thank you and God bless you, it's great to be home.

[Applause.]