



PO Box 2136 • 1415 12th Ave SE
Jamestown, ND 58401
800-366-8331 • 701-252-2341
ndfu.org

Testimony of North Dakota Farmers Union Senate Budget Committee • Field Hearing October 11, 2010

Thank you, Chairman Conrad and members of the Senate Budget Committee, for this opportunity to testify on behalf of family farmers and ranchers in North Dakota.

North Dakota Farmers Union appreciates the opportunity to provide comments on the development of future farm bill policy. As the largest farm organization in North Dakota, we represent over 40,000 farm and ranch families. We are dedicated to protecting and enhancing the economic well-being and quality of life of families on the land and in their rural communities.

When considering farm policy, it is important to identify the reason for its formation. Our country has prided itself on providing a plentiful and safe food supply for its citizens. Think of Farm Bills as a sort of contract between producers and consumers: U.S. consumers provide federal programs that support and protect producers, who then provide those consumers with a good, dependable food chain. When we look at the abundance of top quality, inexpensive food currently in our nation, we can only assume that the current farm bill is realizing its purpose.

This sort of relationship between U.S. citizens and its government has been in existence for centuries. Think back to when this country was started. If it were not for the Louisiana Purchase and the Homestead Act, farming and ranching in this country would not have been feasible. Public schools were started by federal legislation. Federally-mandated legislation created the land grant schools, giving North Dakota State University the opportunity of agricultural research

and education. Federal support helped make railroads possible in this state. Food inspection, which is important to producers and consumers alike, was enacted by the federal government.

The nascent, anti-government movement that has infected the political landscape seems to threaten agricultural policy. Our organization is concerned about what this attitude may do to future farm policy if it reaches the United States Congress. The nation would be negatively impacted if we had a food system that was based on just-in-time inventory, which would hold no surplus to meet needs in case of natural disasters. Commodity price fluctuations without a safety net for producers would disrupt the food security that American consumers enjoy. Few places in the world can offer consumers the diversity and amount of food at such incredibly affordable prices that the farm bill helps provide. If our nation had to rely on food imports like we rely on petroleum imports, we would face a bleak future of uncertain supplies and wildly fluctuating prices at the supermarket. In an economy without farm programs, farmers would not be able to plan for the future and make the capital investments in technology and land that makes us so efficient and productive. Our agricultural infrastructure would gradually crumble. As a result, the small portion we spend on the U.S. agriculture budget is one of the best investments we make for the benefit of our nation.

The current Food, Conservation, and Energy Act of 2008 and the previous farm bill have been successful and generally accepted by farmers and ranchers. The main concern from farmers regarding previous bills is that there has not been an adjustment to counter-cyclical payments and loan rates to reflect the higher costs of production that we, as farmers and ranchers, are currently facing.

To continue this success, farm policy must be based on the following:

- A Counter-Cyclical Program is critical. Any proposal must contain a safety net that is counter-cyclical, is not decoupled and is indexed to current production costs.

- Continue permanent disaster program. The SURE (Supplemental Revenue Assistance Payments program), LIP (Livestock Indemnity program), LFP (Livestock Forage Disaster program) and ELAP (Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish program) programs in the farm bill should be continued and fully implemented in a timely manner. In recent years, we have had an incredible amount of extreme weather from ice storms to rain storms that would be considered an abnormal pattern. Farmers are paying taxes and other maintenance costs on land that has been out of production for years. It is essential to have these permanent disaster programs that allow for some recovery from these uncontrollable disasters to help defray costs without having to visit D.C. for emergency spending on a regular basis.
- Crop insurance needs to be strengthened and continued. In order to adequately cover a farmer's expenses, we need the continuation and improvement of crop insurance and coverage on all North Dakota crops. Coverage should include lower premiums for greater coverage or other revenue and production concepts to more directly represent the cost of production and inflation.
- Must target family farmers. Our members believe that the farm bill should be tied to production and must be targeted to support the production levels of family farmers in order to avoid further agricultural consolidation. Targeting would reduce government costs, further the sustainability of family farms and rural communities and limit further consolidation.
- A shift of direct payments to a new or better program that reflects cost of production plus inflationary safety nets is also favored by our members. The Average Crop Revenue (ACRE) program was an attempt to begin this process, but was complicated from a farmer's perspective. The program has two levels of payment triggers to meet before it would make payments. It also involves a commitment from all landlords and a commitment for the life of the program that may not match the land rent agreement. A program like ACRE may work

if the state payment trigger could be moved to a much smaller region or an individual farm payment trigger.

- Establish a revolving, two-year, farmer-owned reserve of commodities. This reserve is needed to provide an adequate supply of raw materials for use as emergency food or renewable energy. Also, the establishment of international food reserves, which means both importing and exporting nations share the costs of maintaining these reserves and making necessary production adjustments in times of surplus, needs to be seriously explored.
- Realistic and meaningful payment limits need to be implemented. It's clear that payment limits, as they are currently formulated, are ineffective. This situation undermines public support for farm programs, so realistic and meaningful payment limits need to be implemented.
- Maintain planting flexibility. Farmers should be given the right to update acreage bases and proven yields on all crops for each farm. Beginning farmers and farmers raising new crops on which they have no production history should have special consideration if disaster assistance is based on crop insurance losses because they have to use T-yields until they establish proven yields.

To conclude, it's important to remember that agriculture has and will always be a vital industry in this country. Agriculture helped create this great nation, was an occupation of our country's founding fathers, and continues to keep our economy going. United States farmers and ranchers feed the nation, and the world. Agriculture has never let this nation down. Farm policy should not let us down.

Thank you for you allowing me to testify.