

**Statement of Rickey Bearden
Plains, Texas
before the
House Agriculture Committee
San Angelo, Texas
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Mr. Chairman and members of the Committee thank you for allowing me the opportunity to present my thoughts on current and future farm policy. My name is Rickey Bearden. I live and farm in Plains, Texas. I have farmed since 1975 and I am the third generation of my family to farm in Yoakum County. My operation consists of a total of 6,000 acres – 2,000 acres irrigated and 4,000 acres dryland. I grow cotton, peanuts, milo, wheat and black-eyed peas. I operate a family farm and am a full time, commercial sized farmer. My income is completely dependant on the success of my farm operation.

I support the current farm bill. As you know the structure of the current farm program is composed of direct and counter cyclical payments decoupled from production and the marketing loan program that is coupled to what happens on the farm during the growing season. The combination of decoupled and coupled payments works, and should be continued in the next farm bill.

The current program has proven to be a dependable safety net and is not, contrary to popular belief, a guarantee of profit. The cotton target price of \$0.72 per pound and loan rate of \$0.52 per pound are essentially the same as what were in place in 1981. To put this in perspective imagine if you had not received an increase in your salary since 1981, yet virtually all of the costs associated with doing your job had increased.

One of the biggest threats to commercial sized operators is the effort to further limit program benefits. We continually hear that 20 percent of producers receive 80 percent of the payments. Let's examine this a little further, keeping in mind that USDA's only requirement to be considered a farm is that the farm generates at least \$1,000 in gross sales. According to USDA there are 2.1 million farms in the US. USDA classifies 66 percent of these farms as limited resource, retirement and lifestyle farms that do not rely on the sale of agricultural products to exist. The remaining 34 percent, 700,000 farms, are

commercial sized operations like mine that do rely on the income generated by agriculture operations to survive. These 34 percent of farms do receive 80 percent of payments. What is also true, and usually left unreported, is that this group of farms produces an estimated 90 percent of the commodities that receive government support. US farm programs are commodity support programs, not lifestyle support programs. I encourage you to maintain this principle and keep US farm programs supporting the crops we produce. Commercial sized family farm operations drive our local rural economies. Limiting program benefits is ultimately a limitation on the producers' ability to support themselves and their rural community.

A recent theme for those who want to limit the support provided to larger operations is to limit marketing loan benefits. Limiting marketing loan benefits is virtually impossible to do fairly. My county is an excellent example of why a hard and fast limit will not work. Since 1977 Yoakum County cotton yields ranged from: 5 to 610 pounds on non-irrigated and from 198 to 976 pounds on irrigated. It's a pretty wide range and illustrates why a limit on how much production can be put in the loan or an overly restrictive payment limit on LDPs is so detrimental. During this time LDP payments for my operation could have ranged from over \$600,000 down to \$25,000 depending on market conditions and production levels. As with any farming operation the good years are what help me through the bad years. A highly restrictive limit on loan eligibility or LDPs puts a cap on my ability to do that.

Recently Senator Charles Grassley was quoted saying that producers have no control over the prices they receive or the national loan rate and therefore have no control over the LDP rate that they are paid on the crops they produce. My lack of control, as a producer, over the rate of payment and the yield of a crop in any single year makes strict limits on loan eligibility and LDPs impractical.

Another serious side effect of limiting loan benefits to a portion of a grower's historical production is that it significantly reduces the cropping flexibility that the current program provides. A grower with little or no history of producing a crop would have significantly

less ability to gain loan protection for an alternative crop and would simply plant crops he knows will be loan protected regardless of what the market tells him.

Secretary of Agriculture Johanns recently hinted the Bush Administration may call for an end to marketing loans for crops because so many in the WTO are opposed to them. I am deeply concerned over this suggestion as well as the recent US proposal to cut 60 percent of our domestic support in return for market access. From my standpoint, doing away with the marketing loan is out of the question, and the promise of market access gains provides very little benefit to US cotton producers.

In 2005 a record 23.5 million bales of cotton were produced in the US and exports of 17 million bales are predicted. Despite its size, this record US crop doesn't even meet the total cotton demand of US consumers who use over 24 million bales equivalents of cotton products. US cotton producers and importers have invested millions of their own dollars to develop the US market through comprehensive research and promotion program. This year we will spend \$73 million of producers' money on those efforts. US cotton producers worked to build this market and my question is what's wrong with those same producers growing 23.5 million bales when the US consumer uses over 24 million bales of cotton products.

In following the development of the current WTO negotiations it is clear to me that the WTO has accepted the argument that the US cotton program is responsible for the poverty of African cotton farmers. Allowing US cotton to be singled out for early harvest of our domestic safety net through deeper cuts and an accelerated timetable for implementation is a precedent we cannot allow. Mr. Chairman, you and the other members of the House Ag Committee cannot allow this to happen. It is imperative that WTO agriculture trade policies be considered as a single undertaking and equally important that a compliance assurance provision be reinstated in any new WTO agreement. Without such a provision we run the risk of allowing a repeat of the Brazil cotton situation where established US farm policy was ruled illegal even though it was acceptable to negotiators when the last WTO agriculture agreement was developed.

I trust as you write the next farm bill that you will work with producers like me to keep US agriculture an important part of the US economy. In the end it is up to you to make sure the next US farm bill is written in Washington by Congress and not modified or dictated by those not involved in U.S. agriculture.

In summary, key parts of a new farm bill should include:

1. Marketing Loans – all production eligible, a coupled payment
2. Direct and Counter-cyclical payments – a decoupled payment
3. Improved crop insurance
4. Permanent disaster program
5. Conservation programs on a voluntary cost share basis
6. Public-private marketing development programs
7. Ag research at all levels of the agriculture industry

Again, thank you for the opportunity to testify today. I would be pleased to respond to your questions at the appropriate time.