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2007 - The year to get the red ink out of agriculture.

## Are Corn Prices Really Too High?

With the approaching 2007 farm bill debate and increased focus on the higher corn demand and prices brought on by expanding ethanol production, it would be helpful to review some facts on farm policy and prices as we move forward.

A quarter century ago, in 1981, U.S. farmers and rural communities were suffering from a hangover after the celebration of Russian grain deals of the early 1970s. That brief period of Soviet grain trade brought about several changes in the way most farmers and policy makers viewed U.S. farm policy. One way or another, the winners of the policy debate convinced almost everyone that 1973 and 1974 were the norm and that every year since then — all 33 of them — were the exception.

Their solution to the farm crisis of the late 1970s was to lower prices paid to farmers in order to reclaim the export volume of 1973-74 and prosperity would follow. This has never worked, but the proponents of the lower-prices-to-achieve-prosperity doctrine are to this day winning the debate. Their solution seems to be the farm policy Kool-Aid which we are all supposed to drink without question.

In 2007, those same arguments will once again be answered with the same failed Kool-Aid solution if we fail to put into perspective why so many in the farm policy debate claim \$3.50 per bushel prices for corn are too high. Not only will the Kool-Aid peddlers pass out the Dixie Cups again, they have added a new wrinkle to their solution: the elimination of the Conservation Reserve Program (CRP) as a measure to increase corn acres to keep prices low in order to expand exports and thereby provide, once again, prosperity for all.

So the question that must be asked and answered early in the 2007 farm bill debate is "are corn prices really too high?" What price is considered too much to pay farmers for corn? How high is too high? When will the price be so high that our exports will suffer, and if exports decrease, will farmers be worse off financially?

The Agriculture and Food Act of 1981 was written, to a great degree, to address the crisis in the post Soviet grain trading era. The 1977 farm bill probably would have gone further to address the problems had it not been written prior to the awakening in rural America that a pending and unavoidable crisis was coming. Following the massive farm protests of 1978 and 1979, there was intense grassroots pressure in Washington to provide a much better safety net for farmers. Although the grassroots movement did achieve somewhat higher support and subsidies, the 1981 bill attempted to do so while still advancing the lower-prices-to-achieve-prosperity doctrine of the Kool-Aid peddlers. Ever since, U.S. farm policy has focused on the failed "low prices ^ expanded trade%" solution while reducing the safety net for farm families lower and lower with each farm bill.

If we review the 1981 farm bill, we find that it set in place a \$2.65 price support (loan) rate for corn. Adding the inflation rate to that loan rate, it could be argued that the prices we see today are by no means high in comparison to historic prices.

According to MeasuringWorth.com [1] there are five ways to compute the relative value of a U.S. dollar over time.

In 2005, that 1981 \$2.65 corn loan rate was worth:

- \$5.69 using the Consumer Price Index (CPI);
- \$5.05 using the Gross Domestic Product (GDP) deflator
- \$5.78 using the unskilled wage index;
- \$8.18 using the nominal GDP per capita index; or
- \$10.55 using the relative share of GDP.

<sup>1</sup>The corn target price [2] in the 1981 farm bill was set at \$3.03 with a 7-percent per year escalator. Had that target price and escalator been retained since 1981, the 2005 target price would have been \$15.37 per bushel. But to argue that such

an escalator, established when the prime rate was approaching 20 percent and the inflation rate was in double digits, is acceptable in today's economy would be foolhardy. But what can be argued is what should the 2005 corn target price be using the five ways to compute the relative value of a U.S. dollar over time.

In 2005, that 1981 \$3.03 corn target price was worth:

- \$6.51 using the Consumer Price Index (CPI);
- \$5.78 using the Gross Domestic Product (GDP) deflator
- \$6.61 using the unskilled wage index;
- \$9.35 using the nominal GDP per capita index; or
- \$12.06 using the relative share of GDP.

Looking at the \$12.06 value using the relative share of GDP, it appears that the 7-percent escalator was not that foolhardy after all. Neither is the official USDA calculated Parity [3] price for corn which currently sets at \$7.72.

The average price of corn paid to farmers in 1980 was \$3.11 per bushel. In 2005 the average price was only \$1.90. Corn exports in 1980 were 2.4 billion bushels. Corn exports in 2005 were 2.1 billion bushels. The U.S. accounts for close to 70 percent of the international corn trade.

It is also interesting that while the prices paid to farmers for corn and most other crops have been driven down dramatically during the past 25 years, the prices paid by consumers have followed or exceeded almost all price indexes. According to USDA, the farmer's share of America's food dollar was 31 cents in 1981. In 2005 it had fallen to less than 20 cents ^ an amazing decline of 35 percent.

In review, we know that lower corn prices have not expanded exports, have not achieved the promises advocated by the lower-prices-to-achieve-prosperity Kool-Aid peddlers, and have not been passed onto the consumers. We also know that U.S. farm policy establishing low corn prices have devastated the economic viability of the nation's farm families and their communities, rapidly advanced the expansion of integrated corporate livestock confined animal feeding operations (CAFOs), costs taxpayers billions of dollars in farm subsidies, and have driven down world corn prices and devastated farm families around the globe.

We need farm policy that provides a price support to farm families rather than subsidies, an adequate strategic reserve of storable food and feed commodities and a way to curb overproduction of crops now in surplus so that we can plant new energy producing crops to help the nation move toward energy independence. The new farm bill should also include a standing disaster program, extension and expansion of the CRP, a biomass reserve similar and apart from the CRP to provide incentives for the production and processing of biomass energy use, expansion and full funding of the Conservation Security Program (CSP), and a competition title for livestock producers.

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Larry Mitchell

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## PORK

By Frances Rohla, NE

In the past, hogs and poultry could not use a lot of distiller's grain as a protein in feed as used by cattle. The hog producers were concerned there would not be enough corn for their use since most or all corn would go for ethanol production. Now a process known as "fractionation" will produce new products including a nutrient-rich meal for poultry and swine as part of the ethanol production process. Renessen LLC, a joint venture between Cargill and Monsanto, has completed a \$12 million pilot plant in Eddyville, Iowa.

Dr. Doug Rushing of Renessen said the nutrient-rich product has high value for finishers. It will reduce the need for soybean meal by about 40 percent and they think they will be able to replace 100 percent of corn. The meal is being produced now but will be having more pilot trials.

Kelly Brunkhorst, Agricultural Promotion Coordinator for the Nebraska Corn Board, feels these new technologies are very exciting. They will focus on separating the corn kernel into different parts and will change the feed product coming from an ethanol plant so hogs and poultry can be fed distillers grain.

Don Hutchens, Executive Director of the Nebraska Corn Board said the corn and ethanol industries must continue to explore the research needed to help pork and poultry industries in using distiller's grain. The Nebraska Corn Board collects and disburses the funds generated by one-fourth of a cent per bushel corn checkoff in-

vesting in programs of market development, research and education.

We have read or seen in news about the raids by U.S. Government because it was believed that illegal workers stole Social Security numbers to work in Swift Pork plants. Over one thousand people were arrested or detained. Production in some plants was halted or partially closed down. Swift claims they did not know about the theft of Social Security numbers. The raids were in Cactus, Texas; Grand Island, Nebraska; Greeley, Colorado; Hyrum, Utah; Marshalltown, Iowa and Worthington, Minnesota. No charges have been filed against Swift. When Swift opened in Cactus, Texas, wages were \$20 an hour and as new employees were hired the wages varied from \$12 to \$13 an hour. Claimants feel illegal immigration has fueled depression in wages. It will take years to solve these kinds of issues.

Some people in Iowa believe a moratorium on construction of livestock confinements and limits on how many animals can be housed in a given area should be implemented.

Hog numbers have been released as of December 1, 2006 in these eight states: Missouri—2.75 million head, 50,000 up from a year earlier; South Dakota—1.33 million, down 11 percent; Iowa—record high, 17.2 million head, up 600,000 from a year ago; Texas—930,000 head, unchanged from a year ago; Minnesota—6.8 million head, up 3 percent; Oklahoma—2.33 million head, down 2 percent; Wyoming—100,000 head compared to 105,000 in 2005; Kansas—1.84 million head, up 3 percent from December 2005 but 4 percent below September 2006.

## Continued from Page 1

by Larry Mitchell

To answer our question, "are corn prices too high?" we conclude: in the historical reference of the past 25 years, they are not too high at \$3.50 per bushel. They are not too high at \$4.00 per bushel. In fact, using the lowest of the five inflationary indexes listed above, \$5.00 per bushel corn is not too high. Let us all abstain from the Kool-Aid this time around.

[1] Samuel H. Williamson, MeasuringWorth.com <http://www.measuringworth.com/calculators/compare/result.php> Copyright © 2006

[2] Target Prices are used to calculate subsidies paid to farmers in addition to the price support established by the loan rate

[3] Parity Prices are computed under the provisions of Title III, Subtitle a, Section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948, 1949, and 1956.

## DEATH:

Ed Slusarczyk, New York member

New York Women Involved in Farm Economics (WIFE) has been deeply saddened by the loss of an extremely valuable long time member. Ed Slusarczyk, 84, a life long agricultural advocate, journalist and political force was a tremendous source of information. He was the founder of Ag Radio Network and was affiliated with 144 stations

covering the Northeast from Maryland to Maine.

He was injured while serving in the U.S. Army and earned a Purple Heart. After his service he earned his bachelor's degree from Cornell University in three years, married Bernice Boardman and had four children. They founded Ag Radio Network and worked tirelessly for farmers for the rest of his life.

Slusarczyk wrote agricultural speeches for John F. Kennedy during his presidential campaign, made more than 26 trips to Poland to help farmers move from collective farms to free markets, visited Russia and many other countries, convinced Congress to fund school lunches in developing Pacific Rim nations, promoted broadcasting in East Africa. He earned many awards for his work.

## Corrections:

We are learning and the first issue was a lesson-in-progress.

Big apologies go to Anita Maxwell and Alice Fairfax for mixing their names on the Feed Grains Report, to Donna Bolz whose name was omitted on her Oilseeds Report and to Sheep Chairman Gwen Cassel for an incorrect address. It should be 514 Partridge Hill Road.

# PRESIDENT'S COMMENTS

The theme at the ACGA Convention was Unity in Agriculture. The groups there were unanimous in their resolve that all of us in agriculture need to work together. Therefore, I was



dismayed to see one beef organization asking for less corn use in ethanol. As I recall, prices for cattle were fairly good the last few years—taking a slide backwards this year as corn prices rose. I can understand their distress at the increase in price of one of their inputs. However, corn prices have been hanging around \$2 for many of the years allowing feeders to put cheap corn into their livestock and pocket the difference.

I did not hear any beef organization saying corn prices were too low then. The answer is to get rid of the obstacles in the meat market that are holding cattle and meat prices down so we all can enjoy a price that covers our cost of production. All segments of agriculture have the right to cover input costs plus make a fair return on their investments. Let's work together to keep all of agriculture healthy and productive.

I would like to commend Marlene Kouba on her premier editions of the eWIFeline and our in-house WIFeline. Yes, we did jump some hurdles to get to publication. Yes, we did have some failures but we are fast learners. Your comments would be appreciated as we continue to improve our communications with our members, our supporters and our elected officials.

Also needing kudos are Mary Ann Murray and Barbara Broberg for their work on the Policy Book, Dianna Reed for her work on the WIFE Directory and Cindy Cruea and her committee for finalizing changes in the By-Laws and Procedure Manual. All these will be distributed shortly.

If you have not checked out the new improved website, you should do so right away. WIFeline.com has been the project of our talented Treasurer, Melinda Sorem. She plays magic with the articles sent to her by WIFeline Editor Marlene Kouba and makes them appear at the press of a key. She is open for suggestions on how to make the site more informative or more user friendly.

The Agricultural Women's Leadership Network (AWLN) has not been active for quite some time. WIFE was a charter member and WIFE members have served as President of that group. WIFE BOD voted to ask AWLN to disband and return our share of the remaining treasury. WIFE Treasurer Melinda Sorem reports WIFE has received \$4,752.69. Dur-

ing our meeting in DC we will discuss what to do with the money. If you have an opinion, please let your delegates or President Pam know.

The USDA announced an opt-out for the National Animal Identification Program (NAIS). If you or anyone you know has signed up for a premise identification number, with or without your knowledge, it sounds like you may now opt out. In order to defeat any underhanded attempts to keep NAIS moving, it is important for you to show your opposition by removing your premise ID information.

As you look at the USDA proposals for the 2007 Farm Bill, please remember that WIFE has policy against using means testing as a measure for farm programs. Look in 2006 Policy Book p. 11 #10—The proposal concerning payment limits would fall into this category.

Another aspect of the Farm Bill where our policy may come into play is the formation of an emergency corn reserve for ethanol production: 2006 Policy Book p. 9 # 12. This policy states "WIFE opposes the establishment of an emergency food reserve until other countries indicate their willingness to contribute and a reliable distribution system is established." If the INTENT of this policy was to prevent stockpiling commodities, then WIFE would be opposed to an emergency stockpile for ethanol use. This will be discussed in DC so tell your delegates what you think.

Congress is facing bills on limiting expansion of the Pinon Canyon Maneuver Site in Colorado, funding for mandatory country of origin labeling (mCOOL), and disaster aid for 2005/2006. All of these items have basic WIFE support.

Outlawing meatpacker ownership, feeding or controlling of livestock, either through a subsidiary or an arrangement that gives the packer operational, managerial, or supervisory control prior to seven days before slaughter is another bill of supported by WIFE. It would restrict the sort of contracts that the large companies may strike with those who raise cattle just before the cattle are shipped to packing plants for slaughter.

I hope many of you will be able to attend the Legislative Conference in Washington, DC. This is a busy time for National WIFE but we want to include your concerns and thoughts in our programs. Please let us know what is going on in your area and how WIFE can be a part of the solution.

President  
Pam Potthoff

## CALENDAR OF EVENTS

- |          |       |   |
|----------|-------|---|
| February | 23    | Deadline for WIFeline reports this month only (or bring them along to DC) |
|          | 25-28 | WIFE Legislative Conference in DC   |
|          | 28    | WIFE Officers will do corporate visits                                    |
| March    | 1-2   | Officers will attend Ag Outlook Forum in DC (pending)                     |
|          | 20    | National Agriculture Day  |

The deadline for WIFeline articles is the 25th of each month (except this month of February).

# STATE ACTIVITIES

Montana WIFE held their Winter Board of Directors meeting in conjunction with a Legislative Reception in Helena on January 15, 2007. Montana holds a Legislative session every other year and meets for about four months. This year WIFE again invited Ethanol Producers and Consumers (EPAC) to partner with them for the reception. The reception was a success with many legislators, Ag Coalition members and EPAC members in attendance.

Shirley Ball, EPAC Executive Director and long time WIFE member, spoke to the group as did Nancy Skinner, Montana WIFE President. The reception was an overwhelming success with good discussion on the many bills in the Montana Legislature affecting both agriculture and ethanol.

Prior to the reception, the MT WIFE Board of Directors held a meeting to discuss legislative issues. Pat Torgerson, past president of MT WIFE, is the lobbyist this year and she updated us on agricultural-related bills. Pat is busy with meetings and attending hearings. Time constraints and great distances between members inhibit our ability to meet often. Therefore, the WIFE members unanimously decided to participate in conference calls to keep our members updated on issues between meetings.

Eastern, especially RBL, has been busy. They have delivered placemats and Ag Day posters to many businesses in their area. Pat Torgerson has been creating a National WIFE Activity book. Central, Linda Newman designed the Montana placemats and the members distributed them. Glacier-Toole Chapter has been holding their noodle workshops.

We just hosted our bi-annual legislative reception. Our legislature meets very other year. We have always hosted a wine and cheese legislative reception with excellent results. Many legislators and agriculture people attended. We also held our spring BOD meeting while in Helena. We discussed legislative concerns. Pat Torgerson is our lobbyist this year. We decided unanimously to do conference calls on a regular basis so that we can stay updated on recent issues. Our Priority this year will be Private Property Rights, an issue that affects everyone one way or another.

Many of the chapters are planning to have a booth at the agricultural shows around the state. MT Wife will have a booth for 3 days at the MT Agri Trade Exposition (MATE) in Billings in mid February. RBL will also have a booth at the Ag Show in Glendive (GATE). Both are very important functions.

Nancy Skinner,  
Montana President

**Alabama** WIFE will meet February 12th to make plans for the year. They have ordered and receive material from the Agriculture Council of America to be used for Ag Day in March. They will discuss several projects to have in the schools in town and have radio spots. The weather has been so cold and several have been sick with flu so they did not meet earlier. Three from Alabama are planning to go to Washington, DC. On February 18th, Alabama WIFE will meet with Alabama Commissioner of Agriculture to discuss biofuel and ethanol plants that are to be built in Alabama. They will work with

the Commissioner on projects to promote Alabama produce.  
Mary Ann Sheppard,  
Alabama President

**Alaska** WIFE is getting a bit of notoriety during the sled dog season now in full gear and culminating with the 1049 mile Iditarod Trail sled dog race from Anchorage to Nome. Alaska WIFE is supporting young mushers and will be prominent during the Junior Iditarod Race for ages 13-17, a 150 mile round trip race.

They are also working on their Willow Project, an experimental farm and dairy 'school' for youngsters to get hands-on experience in farming and ranching, as well as tourism. The summer project will also involve getting elementary school kids involved in agriculture and farming, herding and livestock as well as poultry and rabbit production. Their main goal is to pick up new members and get some new projects funded and underway.

Jlona Richey,  
Alaska President

**Nebraska** WIFE met January 20 and made plans to have a BOD meeting on March 12 in Lincoln and then go to the State Capitol on March 13 and present each of our Senators with an Ag poster and a small bag of farm products. They will be setting up a WIFE display for exhibit at the Health Fair in March at the Adams County Fair Grounds and at the Governors Ag Conference February 28 & March 1. Every two weeks while the Nebraska Senate is in session Doris Ourecky and Norma Hall meet with the Nebraska Senators and other farm organization representatives for a 7:15 A.M. breakfast where upcoming bills are discussed. NE WIFE helps financially with this breakfast. There will be seven NE WIFE members in D.C. in February.

Doris Ourecky,  
Nebraska President

**New Mexico** WIFE. This is the year for a 60-day session of the New Mexico Legislature. The session is just shy of the half-way mark. WIFE has been tracking bills of interest to agriculture and rural communities. Those include legislation covering the following issues: Private Property Rights Protection Act, Farm and Ranch Worker's Compensation, NMSU Biomass energy Research, and various bills related to Border and Homeland Security. There are numerous bills dealing with increased funding for research and development at NMSU, our Land Grant University which are being supported. The ease of expressing support or lack thereof on bills is facilitated by having the email addresses of all our state legislators. Their members have let their views be heard on the issues listed. New Mexico WIFE will begin work in February to prepare for Agriculture Week activities to be held in March. News articles relating to agriculture and projects involving the school children in Hidalgo County will be the focus of these activities.

Tammy Pompeo,  
New Mexico President

**North Dakota WIFE** held a BOD meeting on Feb 1. They discussed printing a ND folded priority statement and membership form. They will have a booth and help sponsor a luncheon for the state legislators at Ag Day celebration on March 16 in Bismarck. Some members will visit local schools with Ag in the Hallway during March and have a school essay contest.

Deb Dressler,  
North Dakota President

**Texas WIFE** holds an Ag Week program. The Texas Chapter will be volunteering a morning to prepare boxes of food at the South Plains Food Bank. Twenty-six counties are served from this agency. Last year, members saw how much this benefited so many people so it was decided to make this a yearly project. Texas WIFE also gave a monetary gift to help purchase more food items for the boxes. Texas WIFE will also complete the handout of the ag placemats for restaurants in their respective home towns.

Pat Jones,  
Texas President

## TRANSPORTATION

By Nancy Skinner, MT

The Mexican government customs inspection facility in Kansas City, Missouri, is still a project of concern. The facility is the first one of its kind on U.S. soil. The U.S. Customs has approved the project and is currently being reviewed by the U.S. State Department for approval.

Kansas City's Smart Port, Inc., which will be built on city property, was created by a \$3.1 million loan. Smart Port, Inc. has also applied for a \$1.5 million federal grant from the U.S. Commerce Department's Economic Development Administration (EDA).

The land that the city leased to Smart Port for 50 years is already leased to another company, the American Royal Foundation, until 2045. It is likely to cost the city another \$6 million (taxpayer money) to buy out the lease.

According to the paperwork, the land for the customs facility would need to be designated as Mexican sovereign territory. Interestingly, it will be a Mexican inspection facility on U.S. soil far away from the border. Documents indicate that the only way that the Mexican government agreed to this project is that it would cost them nothing.

Rail will be an important provider of freight from Mexico's Port of Lazaro Cardenas to Kansas City. It is another route to ship increasing amounts of Asian products to the U.S.

If the Super Highway continues, and all that goes with it, American law will be null and void, replaced by an incomprehensible mess of "trade" law.

## FOOD FOR THOUGHT

### SWEETHEART CANDY

About 8 billion Sweetheart candies are made each year. Heart to heart they would cover 5,924 miles or New York City to Los Angeles and back. There are 10 new sayings introduced each year. Each heart has only 3 calories.

## TRADE

By Ruth Larabee, NY

The chairman of the Doha Round negotiations for agriculture, Crawford Falconer, held an unofficial meeting in January of 2007. The interest of the few members attending was to keep abreast of any developments happening concerning agricultural subsidies. They were in harmony believing that the velocity of the talks needs to be stepped up. The wanted outcome was a \$15 billion yearly cut in subsidies by the United States and an agreed upon average of 60 percent cut in farm tariffs by the European Union and others.

According to Daniel Pruzin of the Daily Report for Executives, more informal debates and planning will be held which are called "fireside chats" by Chairman Falconer. In the United States many official meetings have been and continue to be held pursuing interest in agricultural trade.

According to senior Department of Justice (DOJ) sources, the agency is intensifying its antitrust probe of domestic dairy cooperatives and their ties to foreign entities. Specifically, DOJ is focusing on increased import market shares controlled by foreign suppliers, including subsidiaries of foreign export monopolies or cartels. Based on complaints from domestic dairy producers, DOJ is targeting foreign entities engaged in anti-competitive practices as deceptive use of phony corporations, manipulation of process, supplies, terms of delivery, allocation of customers and illegal transfer pricing schemes. In-house Counsel cites a DOJ antitrust news release that highlights the division's continued crackdown of international price-fixing cartels (which netted nearly \$500 million in criminal fines in 2006) as evidence of the department's vigorous enforcement of United States antitrust laws. DOJ has talked to agricultural reporters in key dairy states as part of its broad co-op antitrust probe in an effort to "educate" the farm media about DOJ'S new interest in agriculture.

Sources say DOJ will increase its presence at the U.S. mission in Geneva with the express purpose of heightened oversight of the World Trade organization (WTO) and WTO-related matters with potential impact on US interests. DOJ is taking a keen interest in a range of United States Department of Agriculture (USDA) regulations affecting agricultural imports. Senior White House officials have released information that DOJ has been given "carte blanche" to pursue their trade interests. In a news release from DOJ other investigations include Samsung Electronics Company and its U.S. subsidiary for price fixing for high-tech dynamic random access memory; the Japanese manufacturer Elpida Memory Inc.; price fixing on ready mixed concrete, gas pipeline construction and freight forwarding services offered to the US military, just to name a few. Many have received fines and also jail time.

As of January 17, the U.S. House Ways and Means Committee on Trade was planning many official meetings on several trade issues. Watch for more on that next month.

Women Involved In Farm Economics (WIFE) supports fair trade that protects our United States agriculture sector and consumers.

# BEEF

By Linda Newman, MT

In early January, the USDA's Animal and Plant Health Inspection Service (APHIS) proposed a rule that would—for the first time—recognize the disease status of a sub region of a country and allow fresh and frozen meat from the region to be exported to the U.S.



This pending change was published in the January 5, 2007, Federal Register. It would declare a portion of Argentina known as the

Patagonia South region, free of rinderpest and foot-and-mouth disease (FMD). However, the remaining portion of Argentina has not achieved this “disease-free” status.

Agricultural groups are worried that while this portion of Argentina is considered disease free, who will be monitoring the movement within the country as a whole. They are saying that the proposed rule would set an important precedent in the regulation of U.S. meat imports, and may open the door to the certification of additional regions within countries before those countries have achieved disease-free status at a national level.

Foot-and-mouth disease (FMD), but sometimes called hoof-and-mouth disease, was last diagnosed in the U.S. in 1929. It is an acute, contagious, feverish disease of cattle, hogs, sheep, and other cloven-hoofed animals. However, it is usually not fatal.

Rinderpest, or cattle plague, is an acute, contagious viral disease, chiefly of cattle. It is characterized by ulceration of the digestive tract, resulting in diarrhea and is often fatal. It may also affect sheep and is characterized by high fever, diarrhea, and lesions of the skin and mucous membranes.

The majority of Central and South American countries are blocked from exporting fresh and frozen beef to the U.S. because of disease concerns at the present time. The World Animal Health Organization (OIE) has recognized the Patagonia South region as FMD-free, but current U.S. transshipment safeguards regarding FMD have never been tested in controlling cross-regional movement within national boundaries.

We certainly want to scrutinize these new rules and to keep our strict import regulations in place as it is our last line of defense to prevent the transshipment of cattle from other regions within Argentina that continue to have disease problems.

As we are trying to open other markets for U.S. beef, we certainly do not want to weaken the health and safety protections for our domestic cattle herd.

# CEREAL GRAINS

By Ila Nelson, KS

In two reports recently released by the United States Department of Agriculture (USDA) wheat export projections were cut 25 million bushels and the ending stocks were raised by 20 million bushels. The 5 million bushel difference is estimated to go into increased domestic food use. Year-end exports are much lower than normal, but USDA still forecasts wheat exports of 900 million bushels in 2006-2007.

Even with lower exports U.S. stocks are down 27 percent from last year and are at the lowest level since 1995/96. The higher global production estimates are coming from improved prospects in Russia, Romania and the Ukraine, as well as 1 million bushel increases in both Canada and Argentina. These gains more than offset further drought-related declines in the EU-25, Brazil and Australia.

U.S. wheat prices remain relatively strong. Domestic demand for corn and soybeans will soar to supply biofuel production, which in turn implies loss of wheat acres. These market dynamics make the futures markets more attractive. Global wheat prices are at a ten-year high which provides strong incentives for exporters to lock in strong prices.

The supply and demand picture for 2006-2007 is one of the more interesting scenarios in recent years. Acreage competition between major field crops in the United States is supporting prices with pressure from ethanol demand and a wheat industry that is facing the prospect of needing more acres planted to wheat.

On the supply side, planted acres are on the rise in some parts of the country. The USDA expects soft red wheat to increase 81 million bushels from last year and hard winter wheat is projected to go down by 150 million bushels from last year. Durum wheat is down by half from last year. The wheat crop can go from bumper to disaster several times and back again between Christmas and harvest time. Much of the nation's Wheat Belt is trying to recover from years of successive drought and does not have full soil moisture profiles. A lot of snow fell in the wheat belt in the December 31st storm and in mid-January but more moisture is needed to replenish the subsoil moisture. As wheat farmers know, only time will tell the final outcome.

## UPDATE:

Jlona Richey, Alaska President

Jlona Richey sent the following update on 1-18-07: “Well, I am recuperating, every day a different owie as the 17 hair-line fractures in the spine are healing. The broken rib is worse than the busted shoulder blade and right shoulder joint. I had an MRI yesterday to ascertain if the rotator cuff is torn, if so, more surgery. O, well, getting to be an old hand at that, no doubt!! That hip replacement will have to wait, though! Thanks so much for all the prayers and well wishes. I am thankful to be alive from this fatal crash. It is interesting to learn I flat lined when I truly saw Heaven and my dead parents. Mom told me that my job on earth was not done, so I woke up in the hospital...quite fascinating. I am still sorting it all out. Happy trails and will see you down the trail!!”

# LEGISLATION

By Norma Hall, NE

The 110th Congress is now in session. Many new bills are being introduced regarding energy, disaster payments, ethic reform, health insurance etc. Some bills that did not pass in the last Congress have been reintroduced in the House and Senate. With the change in the House and Senate leadership we may see different pieces of legislation receiving more emphasis than in past sessions.

The Congressmen have received their assignments to various committees and subcommittees. We will need to become acquainted with some of the newly assigned chairmen.

Lobbying & Ethics Reform Legislation, S. 1 (Sen. Reid, D-NV) has been introduced and has received much attention. I received many e-mails regarding Sec. 220 which concerned grassroots lobbying. There was a lot of misinformation being given out concerning who would be affected by this section. This section stated that those who would receive over \$25,000 per quarter to do grassroots lobbying would need to file a report. This was referred to as "transparency" so it would be public knowledge who was receiving money for grassroots lobbying. The section was amended out of the bill by Sen. Salazar of Colorado. Many new rules are now in place for the House, Senate and their Staff. An earmark is an explicit direction from the Congress about how the Federal Government should spend the money. Earmarks will now be open to public scrutiny. Earmarks can be attached to appropriations or in any authorized legislation. Both the House and the Senate in open session must agree on an earmark, and the President has an opportunity to veto the measure that carries it.

Senator Grassley (R-IA) introduced S. 221, Fair Contracts for Growers Act of 2007. This legislation would allow the use

of arbitration to resolve a controversy as provided for under a livestock or poultry contract only if, after the controversy arises, both parties consent in writing. The Arbitrator is directed to provide to the parties of the contract a written explanation of the factual and legal basis for an award. S. 221 would amend title 9 of the United States Code. The bill has been referred to the Judiciary Committee.

Reliable Farm Safety Net Act, S. 195, introduced by Senator Dorgan (D-ND) would amend the Federal Crop Insurance Act to establish permanent authority (beginning with crop year 2007) for the Secretary of Agriculture to provide disaster relief to qualifying agricultural producers who incur crop or livestock losses as a result of damaging weather or related condition in federally declared disaster areas. Currently the bill has six co-sponsors and has been referred to the Committee on Agriculture, Nutrition, and Forestry. Sen. Hagel, (R-NE) and Sen. Nelson (D-NE) have also introduced legislation that would provide disaster assistance for the 2005-2006 crop years.

Senator Hagel (R-NE) introduced S.286, Rural Economic Investment Act of 2007 which amends the Internal Revenue Code of 1986 to exclude from gross income interest received on loans secured by agricultural real property (real property used for agricultural production or certain single family rural residences).

The Livestock Commodity Chairs may also address S. 285, the Concentrated Animal Feeding Operations (CAFO) Tax Credit Act. This bill amends the Internal Revenue Code to allow owners or operators of a concentrated animal feeding operation a business-related tax credit, up to \$500,000 in a taxable year, for the cost of compliance with a national pollutant discharge elimination system permit issued under the Federal Water Pollution Control Act. Such credit would terminate after 2010. S. 285 has been referred to the Committee on Finance.

If you know of any bills that would strongly affect producers, please call them to my attention.

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# HEALTH

By Anita Maxwell, MO

Before adjourning last fall, the 109th Congress unanimously passed a bill that will provide a measure of relief for the millions of Americans currently providing unpaid care in their homes to the elderly of those with special needs. President Bush signed the bill.

The Lifespan Respite Care Act (H.R. 3248) authorizes nearly \$300 million in grants to states over the next five years to help families hire temporary help to relieve primary caregivers. Building on programs in states like North Carolina, the new federal law will provide respite services regardless of age, income level or condition of severity.

Beginning in 2007, this new law will give money to states to provide needed care for family caregivers who are caring for children or adults, to train and recruit respite care workers and volunteers and to provide information to caregivers about available respite and support services.

This law is part of a growing effort to encourage home

care as a way of saving money in other programs, especially Medicaid, for the growing cost of nursing homes. If respite care delayed every senior's institutionalization by one month, it could save the government as much as \$1.12 billion a year.

This law will temporarily ease the burden on Medicaid and Medicare but it won't avoid nursing home replacement in the long run.



**“2007  
The year to  
get the  
red ink out of  
agriculture!”**

# SUGAR

By Klodette Stroh, WY

Agriculture has always been the cornerstone of our nation's way of life. Our dedicated farmers and ranchers improve this



country's well-being and promise to feed American soldiers wherever they are to ensure our nation's freedom and security.

Free trade agreements between the United States and foreign countries such as North America Free Trade Agreement (NAFTA) and Central American Free Trade Agreement (CAFTA) are a threat to our nation's economic security. NAFTA has already caused many problems with cattle and sugar industry. Future foreign

free trade agreements could eventually destroy America's Heartland. U.S free trade agreement with Costa Rico, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic passed the Congress in July 2005. It took well over a year and plenty of shady and backroom threats to finish the job. There were many grassroots campaigns to defeat CAFTA, which resulted in the closest vote ever in the House of Representatives, a narrow 217-215.

In the CAFTA debate, American Sugar Alliances fought to protect America's sugar industry. They pointed out the important role that sugar industry plays in 42 states. The sweetener industry has an annual impact of \$2.1 billion on the United State economy, and provides over 370,000 jobs in this country. It operates at no cost to taxpayers. The corn wet milling process uses over 680,000,000 bushels of corn nationwide each year for making sweetener. This alone adds 25 cents per bushel and saves the government \$500-\$700 million per year (as estimated by USDA) in reduced deficiency payments to corn growers. It enhances the price of corn everywhere. In Wyoming it adds \$1,316,000 to the value of the corn crop due to purchases made by the corn refining industry. About \$2,004,300,000 is generated in the state of Florida each year by the production of sugar and corn sweetener products, \$188,500,000 in Montana, and \$1,137,900,000 in Nebraska. These four states are part of the national sweetener industry of the 42 states that help create \$21.1 billion in economic activity.

The Stop CAFTA Coalition was not successful in making the United States Congress listen to their constituents. Mexico joined the anti-CAFTA forum. The president of the Mexican Sugar Chamber told members of the U.S. Congress, "We are making good in our effort to resolve the sweetener dispute between the United States and Mexico because of North America Free Trade Agreement. The CAFTA sugar provision takes market access that rightfully belongs to Mexico through NAFTA." He stated that the CAFTA sugar provision presents a "major problem" in solving the sweetener dispute.

Many religious organizations had taken positions against

CAFTA. The Presbyterian Church, American Jewish World Service, Lutheran World Relief, and the Catholic Relief Services called on Congress to look at the moral implications of CAFTA before moving forward.

Central America and the Dominican Republic have high levels of poverty and a growing gap between the rich and poor – a gap that is also widening in the U.S. The livelihoods of millions of small farmers in Central America and the Dominican Republic will vanish because of CAFTA and families will be migrating to urban centers and the U.S. to have a better life.

Despite many anti-CAFTA coalitions in America and the El Salvadoran people protesting and challenging the Salvadoran Supreme Court about the constitutionality of the agreement, the U.S. Congress passed CAFTA. This agreement will trigger future free trade agreement that will involve Brazil. Brazil is the world's largest exporter of sugar, soybeans, beef, poultry, tobacco, orange juice, coffee, and ethanol. Brazil's goal is complete domination of the world agricultural market. They are armed with subsidizing their farmers, no labor or environmental standards, millions of acres which are used for sugar cane which is heavily subsidized by government to be used in the Brazilian ethanol empire. Thirty years ago, Brazil's government began building the world most sophisticated ethanol empire. Today they are the world's biggest and cheapest ethanol producer and exporter. Brazil produces 4.5 billion gallons of ethanol annually. Brazil's intention is to find a way to the U.S. ethanol and sugar markets, which will be exporting their highly subsidized sugar cane and corn to U.S. market for less than what American farmers can produce.

Farming was America's first industry. Today, this industry provides us with food, clothing, fuel for our energy and employees. More than 24 million workers including farmers, shipping, marketers, grocers, truck drivers, inspectors, and others annually contribute more than \$1.3 trillion to our gross domestic product. We spend more than \$50 billion in products that help feed people in countries around the world. Farmers are the backbone of this country and they should be treated fairly in the free trade agreements and world trade organization.

It is time for American people to take a stand and address our Congress before they sign a new free trade agreement. Our agriculture is worth fighting for. Our American farmers can compete in a fair arena against any farmer in the world to produce a safe and quality crop, but U.S. farmers cannot compete against the foreign governments that subsidized their production.

## BIRTH:

Stephanie Grace Beyer

New York Women involved in Farm Economics has a future prospective member. Dan and Sherry Beyer of 8055 State Route 26, Lowville, NY 13367, are parents of a new daughter born September 22, 2006, named Stephanie Grace. Stephanie has attended several WIFE meetings. She has been welcomed by her two older brothers, Andrew Edward and Samuel John.

# ENERGY

By Marlene Kouba, ND

In his State of the Union address on January 23, President Bush stated, "It is in our vital interest to diversify America's energy supply and the way forward is through technology. We must continue changing the way America generates electric power by even greater use of clean coal technology, solar and wind energy and clean, safe nuclear power. We need to press on with battery research for plug-in and hybrid vehicles and expand the use of clean diesel vehicles and biodiesel fuel. We must continue investing in new methods of producing ethanol – using everything from wood chips, to grasses, to agricultural waste. Let us build on the work we have done and reduce gasoline usage in the U.S. by 20 percent in the next ten years, thereby cutting our total imports by the equivalent of three-quarters of all the oil we now import from the Middle East. To reach this goal, we must increase the supply of alternative fuels, by setting a mandatory Fuels Standard to require 35 billion gallons of renewable and alternative fuels in 2017. This is nearly five times the current target. We need to reform and modernize fuel economy standards for cars the way we did for light trucks and to conserve up to eight and a half billion more gallons of gasoline by 2017. We must also step up domestic oil production in environmentally sensitive ways. To further protect America against severe disruptions to our oil supply, I ask Congress to double the current capacity of the Strategic Petroleum Reserve. America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on oil."

Evaluating the speech, writers for the New York Times said increasing fuel efficiency cars and trucks by 4 percent would be about one mile per gallon. An increase in ethanol and biofuel would also promote the production of liquefied coal. Increasing the production of alternative fuels would almost quintuple the current mandate of producing 7.5 billion gallons of ethanol by 2012. The Union of Concerned Scientists estimated that the mileage requirement in Bush's proposal could save 550,000 barrels of oil per day in 2017 and reduce emissions equivalent to taking 14 million of today's cars and trucks off the road. Doubling the amount in the Strategic Reserve would amount to 1.5 billion barrels of oil over 20 years

Alberta is aiming to become Canada's bioenergy leader by expanding cash incentives for producers of ethanol, methane gas and electricity generated from wastes. The \$239 million program would offer a 14 cent a liter credit to the producers. Those generating electricity from biofuels would get 6 cents a kilowatt hour. About \$30 million would help expand Alberta's production system and improve the distribution system. This program would replace their current ethanol tax exemption.

On January 9, 2007, President Bush lifted a ban on oil and gas drilling in a 5.6 million acre area of water northwest



of the Alaskan Peninsula as part of its next five-year leasing plan in Alaska's Bristol Bay. There will be opportunities for study and public comment before any development can take place.

Bikram Gill, a professor at Kansas State University, has received a \$700,000 grant to study the possibility of using the leaves and stems of wheat plants to produce ethanol.

The Department of Energy says 30 seconds is sufficient time to get the oil flowing when you start up your vehicle in cold weather. However, they didn't say how cold.

[www.WIFeline.com](http://www.WIFeline.com)  
<<http://www.WIFeline.com>>

## APPOINTMENT:

Mario Castillo, New York member

New York WIFE is proud to announce that our member, Mario Castillo, president and owner of the Aegis Group, a governmental relations and public affairs firm in Washington, DC, has been appointed by Governor Rick Perry of Texas to serve as Chairman of their Small Business Industrial Development Corporation. The corporation provides low cost, long term financing to public entities primarily for infrastructure financing.

Castillo previously served as chief of staff on the agriculture committee in the U.S. House of Representatives, where he was chief operation officer of the committee, and a liaison for the chairman on legislative, political and business matters. He was appointed by the mayor of the District of Columbia to serve as a commissioner of the district's Commission on the Arts and Humanities. Castillo also previously served on the board of directors of the Washington Project for the Arts. Castillo received his bachelor's degree from Angelo State University, and also studied at the Washington College of Law at American University and the University of the Americas in Mexico City.

## COMPETITION

In 2006, the export of Chinese farm products grew rapidly by overcoming the pressure from both foreign technical barriers and higher production costs. The annual farm products export hit 31.03 billion US dollars, a 14.1% increase over the previous year, setting a new record for Chinese farm products exported.

With inclusion of gardening, aquatic and marine products, the China gross export to the U.S. totaled 3.38 billion U.S. dollars, an increase of 34.1%. In comparison, exports to EU came to 39.2 billion dollars, a 25.4% increase over the previous year.



# Women Involved in Farm Economics

1976 - 2007

2007 The Year to Get the Red Ink out of Agriculture



## 2007 WIFE Legislative Conference

Radisson , Reagan National Airport  
2000 Jefferson Davis Highway  
Arlington, VA 22202]

1:00 pm Continuation of reports:

Legislation ..... Norma Hall  
Officer reports  
Old business:  
AWLN funds  
Women impacting public policy  
Spring meeting ..... Ginger DeCock  
Convention

### Saturday, February 24, 2007

6:00 pm Executive Committee meeting  
TBA FAED meeting

### Sunday, February 25, 2007

Breakfast on your own

7:30am Religious service ..... Mary Ann Sheppard  
8:00 am Board of Directors convenes  
Call to Order ..... Pam Potthoff  
Invocation ..... Norma Hall  
Pledge of Allegiance ..... Donna Bolz  
Meeting Chairman Comments..... Tammy Basel  
Additions to the agenda  
Minutes of Convention BOD ..... Norma Hall  
Treasurer's reports ..... Melinda Sorem  
Announcement of appointments.... Pam Potthoff  
Executive recommendations ..... Norma Hall  
Committee reports:  
Education ..... Pat Torgerson  
Media ..... Kay Zeosky  
Bylaws ..... Cynthia Thomsen  
Finance/Resources ..... Sheila Massey—written  
Membership ..... Alice Fairfax—written  
Directory ..... Dianna Reed  
Policy Book ..... Barbara Broberg  
WIFEline ..... Marlene Kouba  
Farm Bill

10:00 am Break

10:15 am C/T reports:

Beef ..... Linda Newman—written  
Cereal Grains ..... Ila Nelson—written  
Dairy ..... Dianna Reed  
Feed Grains ..... Alice Fairfax—written  
Oil Seeds ..... Donna Bolz  
Pork ..... Frances Rohla—written  
Sheep ..... Gwen Cassel  
Sugar ..... Klodette Stroh  
Energy ..... Marlene Kouba  
Natural Resources/Private ..... Property/  
Endangered Species ..... Cynthia Thomsen  
Rural Health ..... Anita Maxwell—written  
Trade ..... Ruth Larabee  
Transportation ..... Nancy Skinner

12:00 Lunch

Invocation: ..... Klodette Stroh

2:15 Speaker ..... Jim Wiesmeyer

3:00 Break

3:15 Continuation of old business

Pizza party plans ..... Mary Ann Murray  
Reception plans ..... Mary Ann Sheppard  
New business:  
Band-aid project  
Bookmark project

5:00 Recess

7:00 Assemble band-aid information ..... Pat Torgerson

Prepare for pizza party ..... Mary Ann Murray

Prepare for reception ..... Mary Ann Sheppard

### Monday, February 26, 2007

Breakfast on your own.

8:00 am BOD reconvenes

Invocation ..... Ardyth Anderson  
Pledge of Allegiance ..... Melinda Sorem  
Continuation of old Business

9:00 Speaker: ..... USDA Rural Development

10:00 Break

12:00 Lunch

Invocation ..... Ella Carraway

1:00 Legislative Panel ..... Norma Hall, Moderator

2:00 Determine priorities for Farm Bill

2:30 Ethics Bill implications ..... Billy Senter

Information on Pizza Party ..... Mary Ann Murray

Information on Reception ..... Mary Ann Sheppard

3:45 Recess

4:00 Leave hotel for pizza party

5:00-7:00 Pizza Party

### Tuesday, February 27, 2007

Visits on the Hill—make your own appointments

5:30-7:30 Reception ..... 209 C Street, NE

### Wednesday, February 28, 2007

8:00 am Working brunch

Invocation ..... Cynthia Thomsen

Pledge of Allegiance ..... Gwen Cassel

Reports on Hill visits ..... State presidents

WIFE plans for 2007

Discussion on procedures

Meeting evaluation

11:00 Adjournment

# SHEEP

BY Gwen Cassel, NY

The 2002 Farm Bill, officially entitled the "Farm Security and Rural Investment Act of 2002," authorizes many of the programs operated by the United States Department of Agriculture (USDA). Farm price and income support programs will expire with the 2007 crop year while other programs covered under this bill expire at the end of the 2007 fiscal year. When discussion is held concerning the current Farm Bill and the upcoming bill due to be enacted in the U.S. Congress in 2007, sheep and wool producers throughout the United States are sometimes unaware of how this bill affects our commodity. Some are familiar with the connection between the Farm Bill and Food Stamps or programs of benefit to the dairy industry and possibly the field crop provisions. But how family farmers raising sheep and wool can benefit from programs provided through the Farm Bill are often unknown, overlooked or underutilized. How does the U.S. Farm Bill affect sheep and lamb producers?

The American Sheep Industry (ASI) reports in their May 2006 Farm Bill testimony to the U.S. House Agriculture Committee: "The sheep industry of the United States is comprised of 68,000 farm and ranch families producing lamb and wool in every state of the country. The industry provides half a billion dollars to the American economy and is a mainstay of many rural communities in which sheep grazing is a key use of grazing and pasture land." See <http://www.sheepusa.org> <<http://www.sheepusa.org>>. Also noted is the fact that, as of that time, ASI had, "already begun contacting the U.S. Congress and Administration about sheep industry needs in the next Farm Bill." ASI reports the following as a few of the issues that will require added or retained funding in order to be added or retained in the next Farm Bill: Reauthorization of the Wool Loan Deficiency Payment (LDP) with an increased loan-rate to enhance payments; the renewal of the National Sheep Industry Improvement Center; the inclusion of a retained ewe-lamb program; and incentives for pharmaceutical companies to label products for use by U.S. sheep producers.

A 2005 Wyoming Wool Growers Association (WWGA) position paper from farm listening sessions held by the USDA reiterates the above needs and also points out that through the previous Farm Bill, "The USDA Conservation programs enjoy solid participation by sheep producers. This area of the Farm Bill remains an important consideration for the sheep industry and the Department." In addition, WWGA points out, "The Non-Insured Acres Program (NAP), as authorized by Congress, has truly been an effective program for farm and ranch families who have struggled with drought." See <http://www.usda.gov/FBFComments/Files/5115434-1.pdf>

In addition to the above programs, many farms and ranches raising sheep and producing lamb and wool are eligible to participate in the other programs provided under the Farm Bill and available through the USDA. The 2007 Farm Bill is important to our commodity and to the people of our family farms throughout the farming community and beyond. Educating one's self to what is covered in the Farm Bill for all farm commodities, providing input to state and federal representatives concerning the 2007 Farm Bill and accessing available programs can assist farm families in their efforts to farm successfully for many generations.

# NATURAL RESOURCES PROPERTY RIGHTS/ ENDANGERED SPECIES

By Cynthia Thomsen, NE

The U.S. Fish and Wildlife (USFW) report released at the end of March 2006 showed a net gain in wetlands for the first time since acres were recorded in 1954. Secretary of the Interior Gale Norton and Secretary of Agriculture Mike Johanns were partners in achieving that goal.

The two secretaries announced that approximately 191,800 acres of wetlands were gained between 1998-2004 bringing the total acreage to 107.7 million acres or 5 percent of the total land area in the lower 48 states. The report showed a loss of 523,500 acres of swamp and marsh wetlands and a gain of 715,300 areas of shallow-water wetlands. This report is part of an initiative to stem the loss of wetlands.

Farmers and ranchers are leaders in the wetland restoration and protection efforts throughout the United States. President Bush's support of voluntary conservation programs has led the nation to this milestone and the USFW is committed to bolstering their conservation partnerships with producers.

Data from the mid 1950's to the mid-1970's shows the United States was losing almost 500,000 acres of wetlands a year. Slowly this rate was reduced until 1997 to about 59,000. The gains include man-made ponds, such as water traps on golf courses, recreational or decorative ponds in residential areas and storm water retention ponds.

Freshwater wetland losses were a result of urban and rural development and offset some of the gains. Those losses were estimated at 61 percent between 1998-2004.

Since 2001 under the Coastal Program some 364 partnerships have helped to restore and conserve nearly 65,000 acres of coastal wetlands, 12,300 acres of native grasslands and 659 miles of streams. The programs have also helped assist communities and nongovernmental organizations to protect more than 735,000 acres of wetlands and native grasslands and nearly 118 miles of stream and streamside habitat.

Secretary Johanns announced maximum enrollment of 39.2 million acres for Conservation Reserve Program in America more than doubles the acreage of the National Wildlife Refuge System in the lower 48 states.

In order to achieve the President's wetland goals, the 2007 budget includes \$403 million to enroll 250,000 acres into USDA Wetlands Reserve Program (WRP).

The Administration supports provisions of the Farm Bill that promotes wetlands protection and restoration, such as the Conservation Reserve Program and Swampbusters. The Farm Bill provides more than \$3 billion annually for conservation programs that are mostly related to wetlands. There are more details on <http://wetlandsfws.er.usgs.gov/status>.

Water in Skagit County in northwestern Washington contains high amounts of iron. A new system to solve the problem was discovered while working with some Ukrainians in Washington on an irrigation project. Today the Skagit Farmers Supply of Burlington has a patented system for treating the water to handle the levels of iron and the volumes of water needed. The system works 24 hours a day and about 40 purification units are located in homes, farms and businesses. The high-iron water caused orange-tinted laundry, stains on fixtures and affected the taste. Some farmers got municipal water which drove up the costs. One farmer had spent over \$25,000 over 40 years to get good water.

# DAIRY

By Dianna Reed, KS

According to the Beef Checkoff Program's 2005 National Beef Quality Audit, the Dairy industry is a more important part of the beef industry than you might realize. On average, one out of every 12 head of cattle slaughtered is a Holstein. Put with that all dairy breeds and that number could increase to as high as one out of every eight head. About 56.2 percent of the cattle slaughtered in the U.S. have black hides, some of which might include Holstein genetics.

Gary Smith from Colorado State University states that not all of the meat goes for ground beef. Although this may be surprising news to the industry, nearly 50 percent of today's dairy beef is actually sold as whole muscle cuts. Mr. Smith also points out the consistency in leanness, taste, and the tenderness of dairy beef. The 2005 audit showed that two percent of beef from native breeds graded prime, and 17 percent graded choice. This compares to 15 percent of dairy beef grading prime and 25 percent grading choice. Holstein and Brown Swiss steers produce carcasses with high quality grades with the desirable yield grades. Jersey and Guernsey steers meanwhile produce carcasses with exceptionally high quality grades and with average yield grades at light weights.

On the legislative side a new bill that will protect organizations from animal rights zealots has passed the House of Representatives and has been sent to President Bush for his signature. The bill will strengthen a current federal law which makes it illegal for activists to damage animal research organizations, farms, zoos and so forth. The protection will be extended to include companies such as law firms and insurance companies that do business with animal enterprises. Violators could be sentenced to up to a year in jail for economic damages of less than \$10,000 and up to five years if their threats produce a "reasonable fear" of bodily harm. Sentences of 10 years could be handed out if someone is actually injured. (Hoards Dairyman)

# FEED GRAINS

By Alice Fairfax, MO

Grain sorghum is also called milo. Kansas is the nation's leading producer of grain sorghum. In 2005 the state produced 49.5 percent of the nation's crop and grows over 40 percent of the nation's grain sorghum every year. Kansas growers value grain sorghum because it is well suited to perform in many types of soils and weather. The state has diverse soils ranging from sandy to clay to loam and summer-time weather patterns ranging from hot and humid in the east to hot and dry in the west. With these varying weather and soil conditions throughout the state, grain sorghum is a crop that Kansas farmers can depend on.

Most of the grain sorghum is used as livestock feed. However the market is expanding with new uses including the production of ethanol and starch-based biodegradable products, such as packaging materials. A byproduct of ethanol production is distiller's grain which is valued as a high-nutrient livestock feed.

Farmers are continually exploring ideas for alternative crops in hopes of bolstering their income. With the weather variability, rainfall sometimes doesn't fall at the right times or in sufficient amounts to produce maximum corn yields. To help determine if grain sorghum is a potential alternative crop for corn, a study was initiated to look at yields and comparable planting dates. The University of Missouri Agricultural Experiment Station had three plots, (1) early planted corn (2) corn and milo planted at the same time and (3) the milo plot. This study is slated for five years. The first year milo out-yielded the corn, the income was better and net income per acre was higher than the corn. However, the next two years the rainfall was timely, leading to excellent corn yields and reduced milo yields. It will be interesting to see the result of this study.

Information for this report was gleaned from Kansas Grain Sorghum Producers Association and a report of the University of Missouri Agricultural Experiment Station.

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## WIFeline

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# USDA 2007 FARM BILL PROPOSAL

WIFE will be discussing these proposals and determining our position on them during our Legislative Conference in DC at the end of this month. Before WIFE takes a position, I want to be sure we have all geographic and commodity interests included in the discussions. This is YOUR ORGANIZATION. Please help us represent your best interests. Your input is important, whether or not you are attending the conference. Please study the summary, discuss it with other WIFE members, determine how your operation would be affected then get back to President Pam, 308-276-2548, coyotepp@gpcom.net; Pat Jones or the Farm Bill Committee member from your area: Chairman Pat Jones, 806-745-2719 CST, jonespat2@aol.com; Mary Shuler, 406-476-3255 MST, megs@tetonwireless.net; Ella Caraway, 334-266-5134 CST, charles.caraway@gte.net; Ruth Larabee, 315-376-2644 EST, GRLarabee@hotmail.com; Vernice Balsdon, 701-256-5711 CST, vbalsdon@utma.com. Thanks for your input.

Pam Potthoff,  
President

## OVERVIEW

The 65 proposals in the proposal for the 2007 Farm Bill correspond to the 2002 farm bill titles with additional focus areas, including specialty crops, beginning farmers and ranchers, and socially disadvantaged producers. Secretary of Agriculture Mike Johannas said these proposals reflect the views heard during USDA's 52 Farm Bill Forums held across the country. More than 4,000 comments were recorded or collected during those forums and via electronic and standard mail. These comments are summarized in 41 theme papers. The complete USDA proposals are available at [www.usda.gov/farmbill](http://www.usda.gov/farmbill) <<http://www.usda.gov/farmbill>>. Also posted on the website are the Farm Bill Forum transcripts, farm bill comments submitted by the public, theme papers summarizing the comments and USDA analysis papers.

The proposed 2007 Farm Bill would allocate the bulk of the funding to food assistance programs (54%), commodity programs (26%) and conservation and forestry programs (11%). Since commodity prices are currently strong, this Farm Bill is based on a presumption of continued strong prices. Therefore, talk in this bill is for a "market-oriented" approach. The proposals increase conservation programs and focus support on renewable energy intended to help meet President Bush's goal of reducing annual gasoline use by 20 percent in ten years. The following sections provide highlights of the USDA proposals. Funding shown reflects ten-year totals.

### Commodity Programs

The Administration's proposals seek to reform farm policy to make it more market-oriented, more predictable, less market distorting and better able to withstand challenge, in part by:

- **Converting The Current Price-Based Countercyclical Program To A Revenue-Based Program That Is Responsive To Actual Conditions And Provides A Strong Safety Net.** This new revenue program will factor in U.S. crop yield when determining crop payments to better target support.
- **Reforming And Modernizing The Marketing Assis-**

### **tance Loan Program For Program Commodities.**

The current law provides loan rates or price floors for corn, wheat, cotton, rice, soybeans, and other major crops. The proposals set loan rates for each commodity at 85 percent of the 5-year Olympic average (average of last five years excluding the high and low year). USDA believes this change minimizes market distortions and encourages farmers to plant crops based on market prices instead of the level of subsidy payment.

- **Tightening Payment Limits And Working To Close Payment Loopholes.** This plan sets the subsidy payment limit for individuals at a total of \$360,000. Payment limits will be tightened. A different type of payment limit will be proposed, based on adjusted gross income (AGI). To receive commodity payments, producers must also meet a limit on AGI, which includes wages and other income minus farm expenses and depreciation. This plan reduces the AGI limit of \$2.5 million to a new limit of \$200,000. If a producer has an annual adjusted gross income of \$200,000 or more, that individual would no longer be eligible for commodity payments. According to Connor, only 2-3 percent of all American tax filers have an AGI over \$200,000.
- **Offering program crop producers a "conservation enhanced payment option"** that enables them to elect to receive an enhanced, guaranteed direct payment if they agree to meet certain conservation requirements and forgo marketing assistance loan program benefits and counter-cyclical program payments. This new program is expected to pay farmers an additional \$50 million over the next ten years.
- **Eliminating commodity program payments for all newly purchased land benefiting from an IRS Section 1031 tax exchange.** This policy change will help mitigate an unintended consequence of the tax code by allowing the market, not the tax code, to drive land purchases and prices.

### Conservation Programs

A strong conservation title is a cornerstone of the 2007 Administration Farm Bill proposal. Key features of the Administration's proposal, which will include an additional \$7.8 billion to protect natural resources through conservation programs, include:

- **Increasing The Acreage Limit On The Wetlands Reserve Program From 2.3 to 3.5 million acres.** With this increase to the acreage cap, a total of 250,000 acres will be made available for enrollment annually.
- **Consolidating Cost-Share Programs Into The Environmental Quality Incentives Program (EQIP) And Creating A Regional Water Enhancement Program With An Additional \$4.2 Billion In Funding.** This newly designed EQIP program will increase the simplicity and accessibility of conservation programs and provide program flexibility that increases environmental benefits. The new water program will focus on cooperative approaches to enhancing water quality on a regional scale.

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- **Continuing The Conservation Reserve Program At The Current Acreage Limit And Focusing Program Benefits On Lands That Provide The Greatest Environmental Benefit.** This plan also gives priority to whole-field enrollment for lands utilized for biomass production for energy.
- **Consolidating existing programs under a newly-designed Environmental Quality Incentives Program (EQIP).** Existing programs, including the Environmental Quality Incentives Program, Wildlife Habitat Incentives Program, Agricultural Management Assistance Program, Forest Land Enhancement Program, Ground and Surface Water Conservation Program, and the Klamath Basin Program, provide financial assistance to customers through cost-share and incentives for working lands. The new Farm Bill proposal would simplify and streamline these activities, reduce redundancies, and produce more cost-effective environmental benefits.

#### **Important New Water and Conservation Grant Programs**

There are growing concerns about competition over Western water between agriculture, urban areas, and environmental interests. The USDA Farm Bill proposal would create a new Regional Water Enhancement Program (RWEP) that focuses on cooperative approaches to enhancing water quantity and/or quality on a regional scale. The RWEP would invest mandatory funding of \$175 million to producers annually to address an important missing component in the federal government's conservation delivery system—large-scale, coordinated water conservation projects. This new program in tandem with multiple conservation tools (including farmland management practices, easement purchases, and ecosystem restoration assistance) would provide flexibility to cooperative conservation partners to achieve improved water quantity and quality goals.

Additionally, a more robust Conservation Innovation Grants (CIG) program, funded at \$100 million annually (currently funded at \$20 million), would provide opportunities to stimulate the development of innovative practices, accelerate development of market-based models, result in emphasis and creativity in addressing regional resource concerns (i.e., Klamath Basin and San Joaquin Valley), and find tools to assist small-scale producers. Grants would be used for technology transfer, farmer-to-farmer workshops and demonstrations of conservation success. These activities should encourage producers to further adopt innovative conservation practices.

#### **Renewable Energy Programs**

The Administration's Farm Bill proposals include more than \$1.6 billion in new renewable energy funding and targets programs to cellulosic ethanol projects. These proposals advance renewable energy and build upon Farm Bill energy programs by:

- **Providing \$500 Million For A Bioenergy and Biobased Product Research Initiative.** Advances in technology play an important role in the future of renewable energy.
- **Providing \$500 Million For Renewable Energy Systems And Efficiency Improvements Grants Program.** This program supports small alternative energy and

energy efficiency projects that directly help farmers, ranchers and rural small businesses.

- **Providing \$210 Million To Support An Estimated \$2.1 Billion In Loan Guarantees For Cellulosic Ethanol Projects In Rural Areas.** This program will advance the development of cellulosic ethanol production.
- **Enhancing the Conservation Reserve Program (CRP) by adding a biomass reserve program** to give priority for whole-field enrollment of lands producing biomass for energy production.

#### **Trade**

The proposals would increase trade programs by nearly \$400 million to continue the creation, expansion and maintenance of agricultural exports by increasing the Market Access Program by \$250 million. This initiative allows partnerships between USDA and non-profit domestic agricultural trade associations to share the costs of overseas marketing and promotional activities such as consumer promotions and market research. Other funding would support trade efforts to expand exports, fight trade barriers, and increase involvement in world trade standard-setting bodies.

#### **Nutrition Program**

The USDA proposals target nearly \$5 billion in funding to support specialty crop producers by increasing nutrition in food assistance programs, including school meals, through the purchase of fruits and vegetables, funding specialty crop research, fighting trade barriers and expanding export markets. Targeted programs would:

- **Provide \$1 Billion For Research Programs Targeted To Specialty Crops.**
- **Provide \$3.2 Billion to Improve Nutrition Assistance Programs By Purchasing More Fruits And Vegetables.** This funding will support efforts to offer meals based on the most recent Dietary Guidelines for Americans by increasing the availability of fruits and vegetables to participants in nutrition assistance programs. Also, \$100 million in grants will be provided to address obesity in low income regions.
- **Simplify, modernize, and rename the Food Stamp Program** to improve access for the working poor and elderly, better meet the needs of recipients and States, and strengthen program integrity.

#### **Rural Programs**

The proposals build upon existing rural development programs. The plan includes \$1.6 billion in guaranteed loans to complete the rehabilitation of more than 1,200 current Rural Critical Access Hospitals. It also includes \$500 million to reduce the backlog of rural infrastructure projects such as water and waste disposal loans and grants. The agricultural credit program would be modified to emphasize providing more loans to young starting farmers and ranchers. The proposal would support socially disadvantaged farmers and ranchers by reserving a percentage of conservation assistance funds and providing more access to loans for down payments, land purchasing and farm operating loans.

#### **Other Programs**

- **Ag Research** - The USDA proposal would provide \$1 billion for specialty crop research and \$500 million for new fuels.

- **Forestry** – the focus in the Administration proposal is on using wood for energy and providing incentives for private forest owners.
- **Crop insurance program** - Disaster relief would be strengthened by establishing a revenue-based counter-cyclical program, providing gap coverage in crop insurance, linking crop insurance participation to farm program participation, and creating a new emergency landscape restoration program.
- **Organic Agriculture** is addressed in a strong section of the bill, with emphasis on more research and certification matters.

### Summary

The 2007 farm bill proposals would cost \$87.3 billion over the next five years, not counting food stamps and other nutrition programs, compared with \$105 billion spent on farm programs over the past five years (excluding ad-hoc disaster assistance). These proposals would provide approximately \$5 billion more than the projected spending if the 2002 farm bill were extended. Most subsidy payments go to growers of five major crops—corn, soybeans, wheat, rice and cotton. They

would reduce support from loan programs (which are viewed as more vulnerable to trade challenges) and boost direct payments, particularly for cotton growers, and money for conservation practices. They would keep a target-price program that pays farmers when prices are low, but link it to revenues instead of crop prices. They would keep dairy and sugar programs that limit supplies to support prices. They would eliminate a prohibition that keeps fruits and vegetables from being grown on land where subsidized crops are grown and double purchases of fruits and vegetables for school lunch and other nutrition programs. They would provide \$2.1 billion in loan guarantees for plants that make ethanol fuel from wood chips, grasses and feedstocks other than corn and provide \$1.6 billion to research non-corn sources of ethanol.

Details have to wait until the president's budget plan is revealed. However, much can happen with the new committee chairmen, plus inputs from the various agricultural and commodity organizations, environmental groups, etc., before Congress can vote on it. The current farm bill expires at the end of 2007.

(Some of the preceding information was edited from the Family Farm Alliance and other sources.)

## OILSEEDS

By Donna Bolz, NE

Do you believe bioterrorism is still a threat or is that all behind us now? Some groups are working to keep track of any problems and help us prevent attacks.

David Kaplan, PhD, assistant deputy administrator for Animal and Plant Health Inspection Service (APHIS), tells us, "If plant disease introduction is intentional or unintentional, we have systems in place to detect, respond to and manage an outbreak." They use various agricultural pest databases and have a Cooperative Agricultural Pest Survey program in place. With this they are vigilant and committed to protecting US agriculture. Kaplan states, "If an event were to occur that appeared suspicious, proper measures would be taken. Any time we do have a plant health emergency problem, we do use investigative practices, and if there was a criminal link, that would be followed up through the appropriate channel."

Through the U.S. Department of Agriculture's Office of Homeland Security, APHIS is taking part in a number of tests to assess the vulnerability of agriculture at large. To better control threats from pest, some safeguards are built in through the Off-Shore Pest Information System (OPIS). This is a database where they are collecting information around the world on various happenings and pests. These assessments are completed to determine plant health risks and how it affects agriculture. Pests and diseases are assigned a priority based on the potential severity of damage.

Of course, there are some things that they have minimal control over. One example is soybean rust, which comes in with wind currents. Rocco Casagrande, PhD., managing director for Gryphon Scientific, a business with an interest in applying life science to health and homeland problems, agrees that bioterrorism issues are hard to predict. He said, "The fact that there haven't been any intentional acts of bioterrorism, that we know of, states that maybe it's not as big of a threat

as we thought or maybe we are lucky." Mr. Casagrande believes individual farmers are ultimately going to be responsible for her/his farming operation and identifying diseases. He believes the farmer needs to be more educated on disease identification. Natural disease outbreaks happen all the time. One example of something many farmers have learned is to better secure their anhydrous ammonia tanks because some people were stealing from them for meth manufacturing.

Unintentional, naturally occurring outbreaks are inevitable. The economic aftermath could be huge. One example is the Chilean grape scare that occurred in Chile several years ago. This had an enormous effect on South American fruit exporters.

Gary Blumenthal, the president of World Perspective Inc., an agricultural, market and policy analysis firm, believes these types of events are eventually going to happen, in part, because of human error. He believes it is important to prepare for disaster events. Several years ago something that happened in Michigan is an example of this. Sacks of PBB's, which is a fire retardant, were mislabeled and shipped to a feed mill in place of a nutritional supplement. The error wasn't discovered until nearly one year later. By that time all the feed that was contaminated with PBB's had been fed to livestock and the local residents had eaten the meat. It is thought that about 4,000 people ate the contaminated meat. These people are now part of an ongoing, long-term study of their health. About 500 farms were quarantined and 35,000 animals destroyed. Various oilseeds could become terror targets because of their many uses.

A Farm Security Checklist can be found by going to <http://www.agnr.umd.edu/AgroSecurity/Farm>. More information on pests can be found by going to <http://www.aphis.usda.gov/ppq/ep/pestdetection/>.

*The information for this article was taken from the Fall 2006 issue of the Nebraska Soybean Review.*

# HAPPENINGS IN WIFE

President Pam was a guest of the American Corn Growers Association (ACGA) National Convention in Moline, Illinois. She spoke on the topic of unity in agriculture. It was a good opportunity to network with other agricultural organizations as National Farmers Organization (NFO), the Organization for Competitive Markets (OCM), National Farmers Union (NFU) and various state Farm Bureau organizations were represented there.

The sugar article by Klodette Stroh from the January WIFEline was published in the Clewiston News, Clewiston, Florida on January 11th.

President Pam was interviewed by JoAnn Wilcox for a Monsanto Newsletter article on knowledge is power for farm women and by Don McCabe of the Nebraska Farmer. Watch for both articles.

The 2007 policy book has been sent to New Holland for printing—thanks to WIFE members Barbara Broberg, Policy Book Chairman, and Mary Ann Murray, Resolutions Chairman. New Holland prints the book free for us. Thank you notes should be sent to New Holland North America, Inc, Gene Hemphill, Manager, North American Public Affairs, P O Box 1895, New Holland, PA 17557.

A press release on 2007 WIFE Officers was sent out by Media Relations Chairman Kay Zeosky and carried in many publications.

# SUCCESS & FAILURES

“I recently was in charge of gathering information about the history of the Kansas Farmers Union. The project was to put together as much as we could learn about our past in celebration of our centennial. My research gave me a new perspective on both the triumphs and failures, cycles of growth and decline, of an organization over a century. I will not relate the details, for that would take too much time. But here is my take for what that might be worth: 1. Education is the foundation of a group’s accomplishments. 2. Legislative activity and involvement is imperative, but its goal should be to create a “workable” local market and economy. 3. Community/local involvement and activity ultimately determines the level of success and growth of the organization. 4. Leaders come and leaders go. And that is a good thing. The ones we choose to remember are those who speak from the heart. The rein lays our commonality. 5. Our problems never change or completely go away. But our lack of resolve fluctuates (often with economic conditions). 6. At some point we all pass away. What we leave behind for the next generation goes a long way in determining the fate of our communities. 7. Failures are more common than success. But success rarely comes before failures.” —Tom Giessel, Larned, Kansas

(Think about the successes and failures of WIFE. We have become stronger each time we face obstacles in our path. Let’s strengthen our resolve and increase our grassroots participation.)

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