Rural agenda

We've done ...

Thomas L. Freedman
07/17/98 02:33:18 PM

Record Type: Record

To: Patrick Steele

cc:
Subject: Rural Thoughts

1. Farm ~~Safety Net~~ Initiatives

* Emergency spending

* Managing risk

2. Free Trade

3. Concentration/Competition
* antitrust
*empowerment zones
*cooperatives
4. Transportation

5. Education (school construction/e-rate) distance learning

6. Health care telemedicine

7 housing

8. SBA - access to capital mkts.

John Gray

EZ's

foreclose

Rural Agenda

Overall, voters are generally favorable towards the idea of helping improve rural and farming areas. So in light of the number of Swing districts in the Congressional elections, a rural agenda with some of these components would be effective in bringing Democrat support for these voters to the forefront.

When Americans know the goal of trade is to sell more American product, they strongly support encouraging free trade and other proposals to help with marketing. Improving transportation is also popular.

Following are some things the President could announce to help people living in rural areas. For each one, please tell me if this would make you much more favorable...	Much More Fav	More/ Less Fav	Among Rural Voters (33%)
Encouraging free trade so that Americas agricultural products can be sold in many markets.	43%	84/11%	87/6
Improving roads and highways in rural areas.	47%	80/13%	79/9
Strengthening laws that promote cooperatives which would allow farmers to gather together to market their products	31%	78/14%	75/14
Bringing new technologies to rural America such as making medical expertise and educational programs available via computer or over the Internet.	40%	73/18%	68/19
Expanding programs that help farmers manage risk, such as giving them more crop insurance	35%	68/22%	68/21
Promoting small farms by taking a tough stance on concentration in agricultural industries like railroads and meatpacking.	28%	63/20%	65/16
Supporting specific programs like ethanol: subsidizing the use of crops that can be used for fuel even if the price is higher.	17%	46/38%	39/39

If President Clinton announced a package of reforms to aimed at improving rural and farming areas, including many or all of these proposals mentioned above, **83/14%** would be more/less favorable towards President Clinton.

83% more favorable (34% much + 49% somewhat)
14% less favorable (3% much + 11% somewhat)
Among rural voters: 83/13%

Education

{ EDUCATION ACCOMPLISHMENTS TO BE PROVIDED BY BOB SHIREMAN }

Rural Education Initiatives

- Rural School Construction. Almost one-half of the nation's 80,000 public elementary and secondary schools are located in rural or small town areas. According to the U.S. General Accounting Office, 30 percent of those rural and small town schools (educating 4.5 million children) have at least one building in need of extensive repair or replacement. In addition to issues of safety, GAO points out that "schools with inadequate buildings and building features may be among the least prepared for 21st century technology needs." [School Facilities: America's Schools Report Differing Conditions (Letter Report, 06/14/96, GAO/HEHS-96-103)].

Because the economic base in rural areas tends to be relatively low, the ability to raise funds for school construction is limited. The Administration's School Modernization proposal is designed to address those needs by using Federal tax credits to cover the interest on nearly $22 billion in bonds. About half of these bonds would be provided to States to provide to the school districts with the greatest need. Because many rural communities are so small that they cannot issue bonds or other financial instruments on their own, the proposal would require States to assist these communities that lack the fiscal capacity to issue bonds on their own. States, with Federal support, would be able to able to issue bonds, in amounts large enough to be viable, that meet the needs of a number of rural districts within their borders.

- A Digital Library for Rural America. The goal of this initiative is to dramatically increase the quantity, quality and accessibility of networked information related to agriculture and rural development by leveraging USDA's existing investment in research and education at our nation's land-grant colleges.

Recently, R&D agencies (National Science Foundation, DARPA, NASA) and a variety of private sector firms have made substantial investments in digital library technology. This technology will revolutionize the way information (text, multimedia, geo-spatial information, databases) is published, organized, and retrieved. A USDA initiative in this area could leverage this technology by creating digital libraries in areas of agriculture and rural development that are important to the department and to rural America (e.g., water, housing, business development, integrated pest management, animal husbandry, food safety) An explicit goal of the program should be to present the information in ways that are accessible to different classes of end-users, including farmers, K-12 teachers, and state and local officials.

Housing

Rural Housing Activities

Housing Loans - USDA's Expanded Guaranteed Rural Housing loan program has helped increase the number of guaranteed rural housing loans increase by 335 percent in the first three years of the Administration. In 1997, USDA provided more than $2.6 billion in loans, loan guarantees, or grants in rural housing and issued rental assistance to 40,000 rural, low-income households. Overall, USDA's rural housing programs create 50,000 to 60,000 new rural homeowners each year.

The Affordable Housing Finance Alliance. The Alliance is a partnership between public interest groups, private banks and mortgage companies interested in delivering residential mortgage credit to those rural residents traditionally unable to obtain it in New York, Pennsylvania, New Jersey, Ohio, Indiana and Michigan. The Alliance will provide access to credit and home buyer education by establishing a long-term business relationship between the private mortgage industry, the non-profit community, the secondary mortgage market, private mortgage insurance industry and the public sector. The Alliance provides for the Rural Housing Service an enhanced delivery system and partnership opportunity in the guarantee program with previously uninterested non-profits.

Partnership with Community Development Financial Institutions. A partnership was created in FY 98 between the Rural Housing Service (RHS) and various Community Development Financial Institutions (CDFIs) in order to provide homeownership opportunities by leveraging the resources of the RHS's Section 502 direct single family homeownership program, the resources of the local CDFIs, and to build relationships between USDA Rural Development staff and the local CDFIs. The RHS has committed $6.2 million in Section 502 funds. Partnerships were formed to help 185 families by providing funds and homeownership counseling.

The Rural Home Loan Partnership. A partnership between the Federal Home Loan Bank System (FHLB), the Rural Initiatives Support Corporation (LISC) and the Rural Housing Service (RHS) was created June, 1997 to increase homeownership in rural America. This initiative uses community development corporations (CDCs) to identify and counsel potential borrowers (most with a median income 80 percent or less of their area's median), and provides access to private credit for them through a combination of RHS fixed rate, subsidized mortgages and loans from local banks who have access to the FHL Bank System's Community Investment Program's (CIP) advances.

In FY 96, the RHS committed $4.86 million in nine states which went to help 36 families by the end of September. In FY 97, the RHS committed $7.034 million for 17 states and 20 partnerships, partner lenders contributed $4.295 million, and 171 families were helped. In FY 98, the RHS has committed $17.5 million to fund 400 loans in 29 states and 42 partnerships.

{ HOUSING INITIATIVES NEED TO INCORPORATE }

Health Care

{ HEALTH CARE ACCOMPLISHMENTS TO BE PROVIDED BY JEANNE LAMBREW ???}

- President Clinton has set a goal of connecting all rural clinics and hospitals to the "information superhighway." In 1996, he signed the Telecommunications Act, which expanded the definition of universal service to include rural health care providers (hospitals, clinics, community health care centers, local health departments, and medical schools). These institutions are now applying for universal service support, which will be available starting January 1, 1998. The program (administered by an independent corporation established by the FCC) is designed to ensure that rural health care providers pay no more than their urban counterparts for telecommunication services. This will help improve the quality of care in rural America by allowing patients to receive advice from the best specialists in the country.

{ HEALTH CARE ACCOMPLISHMENTS TO BE PROVIDED BY JEANNE LAMBREW ???}

EZ/EC

{ ADDITIONAL EZ/EC ACCOMPLISHEMENTS NEEDED - EMIL PARKER??? }

- Empowerment Zones and Enterprise Communities - Invested more than $175 million in the Nation's three rural Empowerment Zones and 33 rural Enterprise Communities (EZ/EC) since 1995, creating or saving over 7,000 jobs. More than 700,000 rural citizens now receive additional services in the EZ/EC's as a result of USDA loans, grants, and programs.

- Business Loans and Grants - Financed the start-up or expansion of 1,183 rural businesses or cooperatives, creating or preserving more than 53,000 jobs, in 1997. About $936 million was extended as loans, guaranteed loans or grants to rural business and cooperatives.

- Telecommunications and Technology - USDA is committed to making advanced telecommunications services such as the Internet available to more rural families. From 1992 to 1996, USDA more than doubled the amount of loans for advanced telecommunication facilities. Last year, it loaned $380 million for 79 rural telecommunications projects providing service to 211,000 rural households and businesses. Provided almost $17 million in loans and grants for distance learning and telemedicine projects in 1997 to expand educational and medical opportunities to America's rural communities. Since 1993, the DLT program has funded 192 projects in 41 states.

{ EZ/EC INITIATIVES NEED TO BE INCORPORATED }

MEMORANDUM

Pass along -se

TO: Tom Freedman, Mary Smith
FROM: David Hochschild
DATE: July 8, 1998
RE: Farm Aid & Crop Insurance Bills

Bill	Date	Sponsors	Description/Status
1) S181 Family Farm Alternative Minimum Tax Relief Act of 1997	*1/22/97*	*Grassley (R-IA) 62 co-sponsors 23 Dem 39 Rep*	*Amends the Internal Revenue Code of 1986 to provide that installment sales of certain farmers not be treated as a preference item for purposes of the alternative minimum tax. 1/22/97 Referred to Finance Committee*
2) S429	*3/12/97*	*Grassley (R-IA) 0 co-sponsors*	*Amends the Internal Revenue Code of 1986 to allow certain cash rent farm landlords to deduct soil and water conservation expenditures. 5/12/97 Referred to the Finance Committee*
3) S529 Farm Independence Act of 1997	*4/9/97*	*Grassley (R-IA) 8 co-sponsors 8 Rep*	*Amends the Internal Revenue Code of 1986 to exclude certain farm rental income from net earnings from self-employment if the taxpayer enters into a lease agreement relating to such income. 4/9/97 Referred to the Finance Committee*
4) S1024 Family Farmer Protection Act of 1997	*7/19/97*	*Grassley (R-IA) 6 co-sponsors 4 Dem 2 Rep*	*Amends the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 to repeal a sunset provision, thus making chapter 12 (adjustment of debts of a family farmer with regular annual income) of the Bankruptcy Code permanent. Authorizes the Secretary of Agriculture to make a direct or guaranteed farm operating loan for paying annual farm or ranch operating expenses of a borrower who has successfully completed a reorganization plan under chapter 12. 10/30/97 Passed by the Senate 10/31/97 Referred to House Judiciary Committee*
5) S2078 Farm and Ranch Risk Management Act	*5/13/98*	*Grassley (R-IA) 18 co-sponsors 12 Rep 4 Dem*	*Amends the Internal Revenue Code of 1986 to provide for Farm and Ranch Risk Management Accounts. Farmers shall be allowed as a deduction for any taxable year the amount paid in cash by the taxpayer during the taxable year to a Farm and Ranch Risk Management Account, not to exceed 20 percent of the taxable income of the taxpayer. 5/13/98 Referred to Finance Committee*

6) S80 Family Farm Retirement Equity Act of 1997	*5/21/97*	*Kohl (D-WI)* *0 co-sponsors*	*Amends the Internal Revenue Code of 1986 to provide for the rollover of gain from the sale of farm assets into an individual retirement account. Allows assets of retiring farmers to be place in tax-free accounts and allow retiring farmers to shield profits from sales of their farms by placing them in tax-deferred accounts.* *It would create Asset Rollover Accounts (the equivalent of individual retirement accounts (IRA's) in whic retiring farmers could place $500,000 from the sale of their farms. The tax status of the ARA's would allow farmers to avoid paying lump-sum capital gains taxes on sale of farms. Instead, they would pay taxes only as they withdraw money from their ARA's.* *1/21/97 Referred to the Finance Committee.*
7) HR1518 Farmer Retirement Security Act	*5/1/97*	*Costello (D-IL)* *4 co-sponsors* *3 Rep* *1 Dem*	*same as above* *5/1/97 Referred to Ways and Means Committee*
8) HR515 Corporate Welfare Elimination Act	*2/4/97*	*Andrews (D-NJ)* *0 co-sponsors*	*Amends the Food Security Act of 1995 and the Federal Crop Insurance Act to provide for the reduction of payment limitations for people who receive Federal irrigation water for agricultural purposes.* *4/2/97 Referred to Ways and Means, Commerce, Resources, Agriculture, Transportation, Infrastructure and Budget Committees.*
9) HR781	*2/13/97*	*Mink (D-HI)* *0 co-sponsors*	*Amends the Federal Crop Insurance Act, the Federal Agricultural Improvement Reform Act of 1996 and the Consolidated Farm and Rural Development Act to provide coverage for plant disease-caused losses under the crop insurance, non-insured crop assistance and emergency disaster loan programs.* *2/13/97 Referred to Committee on Agriculture* *2/25/97 Referred to Subcommittee on Risk Management and Specialty Crops, and the Subcommittee on Forestry Conservation and Resources.*
10) HR790 Crop Insurance Improvement Act of 1997	*2/13/97*	*Pomeroy (D-ND)* *4 co-sponsors* *2 Rep* *2 Dem*	*Amends the Federal Crop Insurance Act to define "designated disaster area" to include an area (1) declared a disaster area by the President or (2) determined to be a disaster area by the Secretary of Agriculture. Prohibits the Federal Crop Insurance Corporation from listing a producer with disaster-area crop losses on the nonstandard classification list or considering such losses in yield determinations.* *2/13/97 Referred to Agriculture Committee* *2/25/97 Referred to Subcommittee on Risk Management and Specialty Crops*

11) HR 1438 (S643) Subsidy Reduction Act of 1997	*4/24/97*	*Degette (D-IO)* *48 co-sponsors* *15 Rep* *33 Dem*	*Amends the Federal Crop Insurance Act to prohibit the Commodity Credit Corporation from providing insurance, reinsurance or noninsured crop disaster assistance for tobacco. Amends the Agricultural Market Transition Act to prohibit the Secretary of Agriculture from providing noninsured crop disaster assistance for tobacco.* *4/24/97 Referred to Agriculture Committee* *4/30/97 Referred to Subcommittee on Risk Management and Specialty Crops*
12) HR 3264 Tobacco Community Economic Stabilization and Support Act	*2/25/98*	*Baesler (D-KY)* *2 co-sponsors* *1 Dem* *1 Rep*	*Stabilizes tobacco quota fluctuations despite any comprehensive legal settlement between cigarette manufacturers and State governments, to require cigarette manufacturers to pay all Department of Agriculture costs associated with tobacco regulation, to establish a voluntary quota retirement system for tobacco quota holders, to provide market transition assistance for tobacco producers, tobacco industry workers, and their communities, particularly in the event of tobacco quota reductions, and for other purposes.* *2/25/98 Referred to the Committee on Agriculture, and in addition to the Committees on Ways and Means, Education and the Workforce, the Judiciary, and the Budget*
13) HR 3664 Tobacco Program Administrative Reform Act	*4/1/98*	*Lewis (R-KY)* *4 co-sponsors* *4 Rep*	*Provides crop insurance coverage for tobacco crops, extension services related to tobacco and provides for the administration of the Federal tobacco price.* *4/1/98 Referred to House Committee on Agriculture* *4/8/98 Referred to the Subcommittee on Risk Management and Specialty Crops*
14) S26 Agricultural Safety Net Act of 1997	*1/21/97*	*Daschle (D-SD)* *6 co-sponsors* *6 Dem*	*Amends the Agricultural Market Transition Act to revise marketing assistance loan rates for wheat, feed grains, upland and extra long staple cotton, and oilseeds. Authorizes six-month loan extensions.* *4/8/98 Referred to Agriculture Committee*
15) S1500 Hawaii Tropical Forest Products Certification Act	*11/9/97*	*Akaka (D-HI)* *0 co-sponsors*	*Amends the Hawaii Tropical Forest Recovery Act to direct the Secretary of Agriculture to implement a tropical forest products certification program for Hawaii. Authorizes Hawaii to carry out an alternative State program consistent with this Act. Sets forth voluntary certification standards which shall provide for forest conservation and sustainability, and local economic development. products.* *11/9/97 Referred to Agriculture Committee*

16) S1582 Tobacco Market Transition Act	*1/28/98*	*Robb (D-VA)* *1 co-sponsor* *1 Rep*	*Establishes in the Treasury the Tobacco Community Revitalization Trust Fund which provides compensation for transition, and related assistance to tobacco producers. Directs the Tobacco Production Control Corporation (established by this Act) to temporarily: (1) compensate eligible quota tobacco holders for loss of tobacco quota asset value; and (2) make transition payments to eligible active tobacco producers. Directs the Secretary of Agriculture to: (1) forgive specified loans to tobacco loan associations; and (2) transfer to such associations appropriate loan inventory titles and no net cost tobacco funds. Directs the Corporation to provide grants to eligible political subdivisions for tobacco community economic development activities.* *Establishes the Tobacco Production Control Corporation which shall: (1) establish a licensing system for tobacco production and marketing; and (2) enter into agreements with tobacco loan associations to administer licensing, price support, and marketing activities. Sets forth tobacco price support levels and penalty provisions.* *1/28/98 Referred to Agriculture Committee*
17) HR3678	*4/1/98*	*Peterson (D-MN)* *1 co-sponsor* *1 Dem*	*Provides crop insurance, marketing loan and emergency operating loan relief for agricultural producers in disaster-affected North Dakota and Minnesota counties.* *4/1/ 98 Referred to the House Committee on Agriculture.* *4/7/ 98 Referred to the Subcommittee on Risk Management and Specialty Crops, Subcommittee on General Farm Commodities and the Subcommittee on Forestry, Resource Conservation and Research.*

U.S. SENATOR MONTANA

CONRAD BURNS

Available on INN as: AGACTION.TXT

WEB SITE http://www.senate.gov/~burns/

For immediate release:
Monday, June 15, 1998

Contact: Matt Raymond (202) 224-8150 Jon Lindgren (202) 224-3979

Rural America -Gov

'Farm Crisis' Legislation Possible

Burns, Other Farm-State Senators, To Push Senate Leadership for Relief

WASHINGTON, D.C. — Montana Senator Conrad Burns today announced that he and a group of other farm-state senators will be meeting with several agriculture groups Thursday, June 18, at 9 a.m. in room SC-5 of the Capitol to address the "farm crisis" gripping many agriculture producers. Media are invited to participate in a stakeout following the meeting, which is expected to last about one hour.

Burns recently has been hosting weekly meetings with a core group of farm-state senators in his Washington, D.C., office to look for solutions. The invitation to the groups is in response to a letter they sent to leaders in the House and Senate outlining possible legislative and administrative action. The letter was signed by the American Farm Bureau Federation, American Soybean Association, National Association of Wheat Growers, National Barley Growers Association, National Cattlemen's Beef Association, National Corn Growers Council, National Cotton Council of America, National Grain Sorghum Producers Association, National Grange, National Oilseed Processors Association. National Pork Producers Council and National Sunflower Association.

"We want to sit down with these groups to find out what their priorities are and to build momentum behind solutions," Burns said. "Action and inaction by the administration have put a lot of farmers and ranchers at risk, and we need to change that, but there is also a lot of what we can do legislatively. We also hope to have some of our congressional leaders present so that they will get the message that we are serious about getting action this year. Any delay will only deepen the crisis."

Farmers and ranchers, particularly in the northern Great Plains, are experiencing historic low prices and high stocks of commodities, as well as drought conditions in some parts of the country that threaten to wipe out entire crops. Burns is a member of the Senate Agriculture Appropriations subcommittee.

The invitation to the ag groups was also signed by senators Dick Lugar (R-Ind.), chairman of the Senate Agriculture Committee; Thad Cochran (R-Miss.), chairman of the Senate Agriculture Appropriations Subcommittee; Pat Roberts (R-Kan.), Larry Craig (R-Idaho), Chuck Hagel (R-Neb.), Kit Bond (R-Mo.), Rod Grams (R-Minn.), Craig Thomas (R-Wyo.), Chuck Grassley (R-Iowa), Wayne Allard (R-Colo.) and Mitch McConnell (R-Ky.)

###

NATIONAL FARMERS UNION

May 11, 1998

The Honorable Trent Lott
United States Senate
Washington, D.C. 20510

Dear Senator Lott:

I am writing to urge your attention to the deteriorating economic conditions in rural America and to recommend specific actions needed to address these problems. Commodity prices have declined considerably over the past 2 years, and from all indications, the decrease will continue throughout 1998. Wheat prices are 34 percent lower than they were in 1996, corn prices are down 28 percent, cotton prices are down 19 percent, and soybean prices are 8 percent lower. In addition, livestock prices for beef and pork are at or below break-even levels for most producers. In short, rural America is in serious financial trouble.

The reasons for the decline are numerous--the Asian financial crisis, transportation problems, decreased marketing flexibility for producers, and burgeoning supplies, to name a few--and have all contributed to the rapid decline in farm prices. Just as there is no single reason for the decline, there is no single solution to the problems. We must confront the problems on several fronts.

We urge that immediate action be taken to:

- remove the caps on commodity marketing loan rates which are frozen at 1995 levels
- enact S.1150, a bill to reauthorize agriculture research and fund the crop insurance program
- extend marketing loan terms from nine months to 15 months
- extend the ethanol tax credit to 2007
- replenish the Food Security Commodity Reserve Program
- fund the International Monetary Fund (IMF)
- require mandatory, timely reporting of livestock imports and livestock sold on contract

Additional, longer-term solutions should be implemented to:

- make income-averaging permanent law
- enhance crop insurance programs with improved crop coverage and revenue options at affordable rates to encourage producer participation
- address trade law inequities to ensure fair trade rules
- fund research to find alternative and affordable products to replace pesticides and other chemicals proposed for elimination for safety and health reasons
- improve our rail transportation infrastructure

400 Virginia Avenue, S.W. • Suite 710 • Washington, D.C. 20024 • Phone (202) 554-1600

*foster cooperative development to enable producers to participate in a changing domestic and global marketplace and to provide needed housing and other services in rural America

It is absolutely critical for Congress to act immediately to prevent a recurrence of the farm financial crisis, including land devaluation, that occurred in the mid-1980s. We sincerely appreciate your consideration of our concerns and suggestions. I look forward to working with you on these issues.

Sincerely,

Leland Swenson

Leland Swenson,
President

NATIONAL FARMERS UNION

May 11, 1998

The Honorable Conrad Burns
United States Senate
Washington, D.C. 20510

Dear Senator Burns:

I am writing to urge your attention to the deteriorating economic conditions in rural America and to recommend specific actions needed to address these problems. Commodity prices have declined considerably over the past 2 years, and from all indications, the decrease will continue throughout 1998. Wheat prices are 34 percent lower than they were in 1996, corn prices are down 28 percent, cotton prices are down 19 percent, and soybean prices are 8 percent lower. In addition, livestock prices for beef and pork are at or below break-even levels for most producers. In short, rural America is in serious financial trouble.

The reasons for the decline are numerous--the Asian financial crisis, transportation problems, decreased marketing flexibility for producers, and burgeoning supplies, to name a few--and have all contributed to the rapid decline in farm prices. Just as there is no single reason for the decline, there is no single solution to the problems. We must confront the problems on several fronts.

We urge that immediate action be taken to:

- remove the caps on commodity marketing loan rates which are frozen at 1995 levels
- enact S.1150, a bill to reauthorize agriculture research and fund the crop insurance program
- extend marketing loan terms from nine months to 15 months
- extend the ethanol tax credit to 2007
- replenish the Food Security Commodity Reserve Program
- fund the International Monetary Fund (IMF)
- require mandatory, timely reporting of livestock imports and livestock sold on contract

Additional, longer-term solutions should be implemented to:

- make income-averaging permanent law
- enhance crop insurance programs with improved crop coverage and revenue options at affordable rates to encourage producer participation
- address trade law inequities to ensure fair trade rules
- fund research to find alternative and affordable products to replace pesticides and other chemicals proposed for elimination for safety and health reasons
- improve our rail transportation infrastructure

400 Virginia Avenue, S.W. • Suite 710 • Washington, D.C. 20024 • Phone (202) 554-1600

*foster cooperative development to enable producers to participate in a changing domestic and global marketplace and to provide needed housing and other services in rural America

It is absolutely critical for Congress to act immediately to prevent a recurrence of the farm financial crisis, including land devaluation, that occurred in the mid-1980s. We sincerely appreciate your consideration of our concerns and suggestions. I look forward to working with you on these issues.

Sincerely,

Leland Swenson

Leland Swenson,
President

North Dakota

Rural agenda

DEPARTMENT OF AGRICULTURE
OFFICE OF CONGRESSIONAL RELATIONS
WASHINGTON, D.C. 20250-0100

COVER SHEET

Date: 6-18

Cover sheet plus 16 **pages**

TO: Mary Smith

FAX # 456-7451

PHONE # ____________

FROM: Hannah Richert, Confidential Assistant

USDA - Congressional Relations
Room 213A, Administration Bldg.
Jefferson Drive, SW
Washington, DC 20250
(202) 720-7095

REMARKS: ____________

June 8, 1998

Summary of U.S. Department of Agriculture's (USDA) Actions to Assist North Dakota's Farmers, Ranchers, and Rural Communities

I. Overview of North Dakota Farm Economy

Over the last several years, as many parts of the country experienced favorable weather and harvested excellent crops, North Dakota farmers have been plagued with drought, blizzards, floods and disease. As a result, even with the high commodity prices of the last few years, many farmers face economic hardship and uncertainty as they prepare for a crop year that has brought lower prices as a result of lower market demand and higher surpluses.

Secretary Dan Glickman has utilized, to the fullest extent possible, his authority to help farmers' situation in the Northern Plains. In addition, he is calling on Congress to give him additional tools, as well as restore tools and flexibility taken away from him in the 1996 Farm Bill. The information below describes the actions the Secretary has initiated and the additional tools he needs from Congress.

II. New Actions to Help North Dakota

Compensate Livestock Producers with Land Under Water

- USDA will utilize the $12 million remaining from the sale of disaster reserve commodities to compensate livestock producers who have suffered losses due to long-term flooded crop or pasture lands. Secretary Glickman will consider legislation providing him authority to enroll land unable to be planted from flooding or persistent disease in a multi-year diversion program.

USDA Increases Export Credits

- USDA will increase by $100 million the amount of export credit guarantees available to make sales to Turkey. In addition, USDA will be guaranteeing the cost of freight for shipments made to Indonesia under USDA's export credit guarantee programs, thus speeding the completion of such deals. In a related matter, Jordan has purchased more than 5 million bushels of wheat under the P.L. 480 program, the largest such purchase of U.S. wheat this year. Secretary Glickman continues to monitor conditions in Asia and will consider increasing the amount of export credits as conditions warrant.

Canada Agrees to Wheat Board Audit

- In response to Secretary Glickman's request, the Canadian Wheat Board will conduct an audit of its operations with respect to durum wheat.

Use Unused Export Credits for Food Aid

- USDA will work to determine whether money allocated, but not used, under the export credit guarantee program can be transferred to buy wheat for additional food aid.

Improve and Expand Crop Insurance Coverage

- USDA will offer in 1999 a pilot crop insurance policy for crambe and mustard for North Dakota producers, providing insurance coverage for alternative crops.

- USDA will propose to implement a crop insurance pilot program to indemnify farmers whose crops are damaged by wheat and barley scab disease. Since April, USDA has been investigating how quality adjustment factors for wheat and barley scab in producers' crop insurance policies can be improved.

III. Actions Secretary Glickman is Already Taking to Help North Dakota

Increase Exports of Wheat and Barley

- **Secretary Glickman responded to unfair trade practices** by the European Union by subsidizing the export of 30,000 tons of U.S. barley using the Export Enhancement Program.

- **Secretary Glickman sold $450 million in U.S. wheat** under USDA's export credit guarantee programs; use of USDA's export credit program is up by one third this year over 1997.

- **Secretary Glickman is providing a total of $400 million** worth of U.S. commodities to developing countries under Title I of P.L. 480 and Food for Progress. In addition to the 88,000 tons of wheat flour for food aid, USDA plans to ship this year 1.15 million tons of wheat valued at $154 million to 18 countries.

Improve Crop Insurance and Risk Management Education

- **Secretary Glickman is awarding North Dakota State University $250,000** to develop an integrated risk management education curriculum which includes crop insurance, marketing, and financial advisory assistance. There will be 17 grants awarded nationwide for a total of $5 million.

- **Secretary Glickman is eliminating the controversial non-standard classification system (NCS)** that penalizes, by increasing their premiums, producers who have suffered abnormally high crop losses for their area. USDA will replace NCS, starting in 1999, with an alternative process which removes the harsh premium increases.

- **Secretary Glickman is providing crop insurance for alternative crops more quickly by** expanding coverage on a county basis and approving written agreements allowing individual farmers to insure a crop not available in the county. Establishing insurance policies for crambe, buckwheat, mustard, and rapeseed is a high priority. Canola insurance is now available in 18 counties in North Dakota.

- **Secretary Glickman is reviewing the prevented planting regulation** to improve coverage. The review will examine how Northern Plains farmers struggling with prairie potholes and repeated years of excess moisture can qualify for a prevented planting payment.

- **Secretary Glickman has asked the Risk Management Agency to review quality adjustment factors** to ensure that crop insurance is adequately compensating farmers for quality losses caused by wheat and barley scab.

- **Secretary Glickman is establishing a Northern Plains pilot program for improving actual production history (APH)** rules that determine producers' yield coverage to ensure that the rules do not unfairly penalize producers who have had successive years of crop losses.

- **USDA expanded the availability of Crop Revenue Coverage (CRC) for 1998** from 23 counties to all 53 North Dakota counties for wheat. CRC provides farmers protection against low yields, prices, or a combination of both.

Initiate Special Research Projects for North Dakota

- **Secretary Glickman increased research dollars for wheat scab by $200,000** over the base program funding level of $1.275 million for 1998. The Administration's budget has requested an additional $600,000 FY 1999.

- **Secretary Glickman provided $1,860,460 in matching funds** to complete the first of two phases of expansion of the Animal Care Facility at North Dakota State University.

- **Secretary Glickman provided $5 million for critical human nutrition research** conducted in North Dakota and provided $4.4 million to restore the Grand Forks human nutrition lab after the 1997 flood.

Create Livestock Disaster Programs for 1997 and 1998

- **Secretary Glickman implemented the Livestock Indemnity Program (LIP)** which provided $12,657,256 to producers who suffered livestock deaths as a result of disastrous weather conditions.

- **Secretary Glickman implemented the Emergency Feed Grain Donation Program (EFGDP)** to help save livestock from perishing as a result of snow and freezing conditions. The program was authorized on January 15, 1997, for all counties in North Dakota as a result of the 1997 blizzard; disbursements for EFGDP in North Dakota were $282,593.

- **Secretary Glickman created the Foundation Livestock Relief Program (FLRP)** to help meet the feed needs of livestock during severe weather conditions; disbursements in North Dakota were $5,712,530.80.

- **Secretary Glickman created the Native American Livestock Feed Program** to provide livestock feed assistance to Native Americans who suffer livestock feed production losses as a result of a natural disasters occurring on tribal-governed land during crop years 1997 and 1998; $4 million will be available annually for 1997 through 1999.

Support North Dakota Bison Producers

- **USDA will be purchasing up to $2.5 million of ground bison** to help improve prices to bison producers.

Address Grain Transportation Problems

- **Secretary Glickman advocated agricultural concerns** before the Surface Transportation Board (STB), including opposing the Union Pacific and Southern Pacific rail merger and making numerous recommendations to the STB to improve the market service environment for agricultural producers and small shippers who must rely on a few, large, Class I railroads. The STB has adopted a number of those recommendations and is pursuing actions that should help small shippers challenge unfair rates and access the STB and railroads to voice their concerns about service quality and availability.

- **Secretary Glickman is hosting a national transportation summit** in July to address agricultural transportation challenges for the future.

Confront Agricultural Concentration Issues

- **Secretary Glickman is taking several actions to address concerns about concentration forces** in the meat packing industry, including increasing the amount of information available on livestock prices and other market factors, and now more information is now being reported on boxed beef sales, the premiums and discounts being offered by packers, beef grading results on a regional basis, forward contracted cattle, and live animal trade.

Help Small Farms Stay Viable

- **Secretary Glickman established a Small Farms Commission** to focus USDA's programs and budget to help small farms remain competitive.

Bolster Farm Cooperatives and Other Rural Businesses

- **Secretary Glickman is targeting $1 million per year** to designated Rural Economic Area Partnership Zone counties to empower local residents by providing them with technical assistance and program support funds similar to what USDA has done in other areas with Enterprise Zones and Empowerment Communities.

- **Secretary Glickman is bolstering farm cooperatives by utilizing, in 1999, $200 million** of the $1 billion in rural business and industry loan guarantees to help farmer-owned cooperatives for value added processing and marketing.

Move USDA Closer to North Dakota Grasslands' Users

- **Secretary Glickman is establishing a grasslands supervisor's office** in North Dakota to administer the more than 1.1 million acres of national grasslands located in the state and the Grand River National Grassland in South Dakota.

IV. Secretary Glickman's Legislative Initiatives to Help North Dakota:

Improve Farm Programs

- **Secretary Glickman has asked Congress to give him the authority to extend the repayment period** for marketing assistance loans when prices are low or when transportation problems exist to provide farmers more time to market their grain in more favorable market conditions.

- **Secretary Glickman is working with Congress on legislative proposals that uncap marketing assistance loans** to provide a more equitable loan rate to farmers so that they are not forced into selling their crops at harvest when prices tend to be lower.

- **Secretary Glickman has asked Congress to increase planting flexibility for fruit and vegetable** producers to allow the planting of fruits and vegetables on prevented planted or failed acres.

- **Secretary Glickman has asked Congress to give him greater flexibility in making advance** farm program payments to producers. Currently, those payments are allowed only on Dec. 15 or Jan. 15; the proposal would allow those payments anytime after Nov. 15.

Improve Farm Credit Programs

- **Secretary Glickman has asked Congress to delete the "one strike, you're out" provision** of the 1996 farm bill to give farmers a second chance to acquire a USDA loan when they have had a previous farm debt forgiveness.

Make Conservation Programs Fair and Useful

- **Secretary Glickman has asked Congress to broaden his discretion** to make more equitable reductions in program payments for highly erodible land (HEL) conservation violations.

- **Secretary Glickman has asked Congress to allow for more sensible haying and grazing** authorities on land enrolled in the Conservation Reserve Program.

- **Secretary Glickman has asked Congress to increase funding for the Environmental Quality Incentives Program** from $200 million to $300 million.

Increase Enforcement Action Against Agricultural Concentration

- **Secretary Glickman has asked Congress to provide USDA with additional money to strengthen enforcement against anticompetitive practices of the agricultural industry** and improve enforcement of the Packers and Stockyards Act. USDA has also asked Congress for $3 million to complete the restructuring of Grain Inspection and Packers and Stockyards Agency.

- **Secretary Glickman has asked Congress to provide the Secretary with the authority to mandate that livestock price information be reported to USDA** to guard against unfair, anticompetitive marketing practices if voluntary reporting is not successful.

Increase Assistance to Small Family Farms

- **USDA's Fiscal Year 1999 budget requests funds to strengthen the competitive position of small family farms** by providing more money for:
  direct farm ownership and operating loans,
  priority outreach programs,
  enforcing proper marketing activities of agribusiness,
  national organic standards,
  sustainable agricultural research and education,
  appropriate technology transfer for rural areas,
  farmers' market nutrition program.

farm worker housing loans and grants,
forest and stewardship incentives, and
small farm research and extension initiative.

V. North Dakota Remains a High Priority for USDA and the Clinton Administration

USDA has provided North Dakota more than $5 billion over the last 5 years, including:

$1.2 billion to farmers and ranchers under all farm income support programs, including income support payments under the 1990 and 1996 farm bills;

$600 million to farmers and landowners under the Conservation Reserve Program, Environmental Quality Incentives Program, Agricultural Conservation Program, Emergency Conservation Program, Emergency Watershed Protection Program, and the Wetlands Reserve Program;

$765 million to farmers and ranchers under the Crop Insurance Program, the Noninsured Assistance Program, the Foundation Livestock Reserve Program, the Livestock Indemnity Program, and the Disaster Reserve Assistance Program;

$370 million to farmers and ranchers for farm loans;

$165 million to rural communities in grants and loans to establish new or improved water and sewer facilities and business opportunities;

$380 million for food and nutrition assistance; and

$165 million for research and farm extension in North Dakota.

VI. Clinton Administration Accomplishments for North Dakota

- **Unemployment is down to 1.9%** from a high of 4.7% since 1993 in North Dakota.
- **36,700 new jobs** have been created in North Dakota since 1993 -- an average of 7,220 per year.
- **33,100 new private sector jobs have been created since** 1993 -- an average of 6,511 jobs per year.

Access to Education is Expanding

- **$9.4 million in Head Start funding** is benefitting more than 2,100 children.

President Clinton's FY99 budget proposal will increase Head Start funding for North Dakota's children by an additional $547,000.

- **Students most in need in North Dakota will receive $17.8 million** in Title I grants (to Local Educational Agencies) providing extra help in the basics for students in communities and schools with high concentrations of low-income families. President Clinton's FY99 budget proposes to increase funding for Title I Grants by $800,000 to aid North Dakota's students.

- **$27.2 Million in Pell Grants for** will go to low-income, North Dakotan students going to college, which is an additional $5.3 million over last year. With this increase, a total of 14,600 North Dakota students will benefit, 800 more than the previous year.

- **Over 150 Have Served in North Dakota through AmeriCorps** since the National Service program began in 1993. They have worked in 38 different programs and have earned money for college while working in North Dakota's schools, hospitals, neighborhoods or parks.

- **16,000 students in North Dakota will receive a HOPE Scholarship tax credit of up to $1,500.** 19,000 students in North Dakota will receive the Lifetime Learning Tax Credit.

Fighting Crime and Violence

- **Crime has fallen 6% in North Dakota** since 1992.

- **$759,000 devoted to combating domestic violence** through the Violence Against Women Act to establish more women's shelters and bolster law enforcement, prosecution, and victims' services.

- **$400,000 in grants have been provided for battered women and children** through HHS's Family Violence Prevention Program grants to assist women and children fleeing domestic abuse. President Clinton's FY99 budget proposal increases HHS's Family Violence Prevention Program grants to $409,200.

- **$2.6 million is being devoted to keep drugs & violence out of North Dakota schools** through the Safe & Drug Free Schools Program, which invests in school security and drug prevention programs.

Moving North Dakota Residents From Welfare to Work

- **8,812 fewer people are on welfare:** There are 8,812 fewer people on welfare in North Dakota now than there were at the beginning of 1993 -- a 47% decrease.

- **Child support collections are up 81%:** Child support collections have increased by \$12.7 million -- or 81% -- in North Dakota since FY92.

- **North Dakota receives \$2.8 million in Welfare-to-Work Grants:** In FY98, North Dakota will receive \$2.8 million in welfare-to-work state formula grants, helping North Dakota prepare welfare recipients for work and to place them in jobs.

Investing In North Dakota's Health

- **To expand health coverage to more uninsured children in North Dakota the balanced budget provides \$5 million in 1998.**

- **More toddlers are being immunized:** In North Dakota in 1996, 96% of two-year olds received the vaccines for diphtheria, tetanus, pertussis; 92% received the vaccine for polio; 90% received the vaccine for measles, and 93% received the vaccine for *Haemophilus influenzae* B, the bacteria causing a form of meningitis.

Protecting the Environment

- **Superfund clean-up finished in Minot:** In September 1996, the EPA completed toxic waste site clean-up in Minot, North Dakota.

Expanding Funds For Transportation Improvement

- **\$64 million provided in Federal highway aid:** Since 1993, North Dakota has received \$64 million in federal highway aid. These funds have helped generate nearly 27,000 jobs.

- **Over \$61.6 million provided in aviation funds:** From FY93-FY97 North Dakota received \$61,630,000 to help build and renovate airports, and, when necessary, to provide funds for noise abatement to improve the quality of life for residents who live near airports.

- **North Dakota has received a total of \$12.3 million** in transit improvement funds since 1993.

Disaster Assistance for 1997 Blizzards

- **In 1997, North Dakota, Minnesota, and South Dakota received more than \$2 billion** in disaster assistance to clean up after the blizzards and floods. Investments were made to clean up debris, reduce flood hazards, relocate damaged houses, and reestablish communities.

BISMARCK TRIBUNE
BISMARCK, ND
6-9-98

Farmers listen to fixes

■ Glickman unveils short-term plans

JOHN MACDONALD
Associated Press Writer

GRAND FORKS — With a cattle ranch and wheat farm as backdrop, Agriculture Secretary Dan Glickman said Monday he is extending more credit to Turkey to buy American wheat, a move meant to help struggling farmers in the Upper Midwest.

Glickman said he has approved $100 million in export credit guarantees to Turkey, which will allow the nation to purchase another 33 million bushels of wheat from American farmers.

The announcement was one of only a number of proposals Glickman came armed with Monday as he met with farmers who have been struggling through years of poor wheat prices, bad yields and a seemingly endless string of natural disasters.

Glickman visited two farms in Minnesota and North Dakota and later met with several hundred farmers and ranchers at a packed public forum at the University of North Dakota. The meeting was essentially a repeat of a public forum held in Aberdeen, S.D., in April.

While pleased with Glickman's ideas, farmers said the USDA's attention should be focused on helping them get better prices and on changing federal crop insurance policies that are inadequate for producers who suffer losses from the weather year after year.

"We cannot compete against bad government policies," Arlene Olson, who farms with her husband near Bismarck, told Glickman. "We are surrounded (by) a serious crisis."

"I recognize that the pain is here, that it is real and it is something we need to address," Glickman said. "My goal is to make things

(More on FARM, Page 6A)

Pg 1c

Farm: Alternative crop insurance likely

FROM PAGE 1A

better. ... I don't want my legacy in this job to be one of (farm) bankruptcies."

John Spitzer, who farms with his brother on about 1,500 acres near Wilton, expressed the frustration of feeling unprotected financially when natural disasters steal farmers' crops every year.

The government no longer provides disaster payments to farmers hit by devastating weather events, requiring them instead to rely on federal crop insurance for protection.

But the crop insurance programs are inadequate in places like North Dakota and Minnesota, which seem to suffer constantly from floods, blizzards or crop disease, Spitzer argued.

By doing away with disaster payments, Spitzer said he feels the government has essentially decided farmers don't experience disasters.

"How can you arbitrarily say that farmers can't have disasters," he asked Glickman. "That's B.S., man."

Bob Carlson, president of the North Dakota Farmers Union, urged Glickman to push for a special indemnity fund, from which farmers could receive money if a natural disaster left them in the red.

North Dakota Sens. Byron Dorgan and Kent Conrad, both Democrats, are backing such a proposal.

They are working on an alternative to the proposed buy out of tobacco farmers that would benefit all producers in times of sharp income losses. Their plan would mirror the old disaster-assistance programs.

Glickman said he supports the idea, but added that Congress needs to also address other changes in the existing crop insurance programs.

"We can do better than what we have, we can improve it," he said. "But I can't run the program as a disaster program."

Other programs Glickman announced Monday include a pilot program to provide crop insurance to alternative crops, including crambe and mustard, in North Dakota next year. The program will be extended to other crops in 2000, Glickman said.

He said the USDA also is providing $200,000 in wheat scab research this year, and will ask Congress for an additional $500,000 next year. Wheat scab has caused severe losses in many areas of North Dakota and Minnesota.

The USDA also will use the last $12 million in the livestock disaster reserve fund to compensate producers who suffered losses from long-term flooded crop or pasture land, Glickman said.

Glickman said he also will push for Congress to restore the power he lost two years ago to accelerate government payments to farmers who need them and to sweeten federal marketing loans.

Farmers would normally receive their annual payments in two installments, one in November and the other the following January. Glickman wants to make this fall's payment earlier and to lift the cap Congress put on rates for crop-marketing loans in 1996. He also wants to extend the life of the loans from nine to 15 months.

Glickmar an advoca'e, not a 1 ant'c'ote

▪ Agriculture secretary outlines strategy, gets suggestions

"You can't plant alternative crops if you can't get insurance on those crops, and we have to get that taken care of, and we'll do so."
Dan Glickman, secretary of agriculture

By Erin Campbell
Herald Staff Writer

An estimated 1,100 people attended a public forum with Agriculture Secretary Dan Glickman Monday at the Chester Fritz Auditorium in Grand Forks.

They were greeted with signs.

Concerned producers brandished signs showing it takes 454 loaves of bread at the retail price of $1.34 per loaf to equal $608.36. But the farmer's take on that $608.36? Three dollars and twenty-two cents, at $3.22 per bushel.

"Where's the farmers' share?" posters read.

Monday's meeting didn't bring a silver-bullet solution to the farmers' share or other dominating questions presented here.

But that's because there isn't a silver bullet, said Rep Earl Pomeroy, D-N.D.

Still, there should be no question whose side the secretary is on, Pomeroy said, adding that the administration likely will take a more aggressive stance with the matters facing northern Plains farmers.

Glickman assured the region's farmers that he was their advocate. And he also announced steps that — although not immediate solutions to the agricultural crisis facing the region's farmers — are a beginning for an improved agricultural outlook.

Steps outlined

■ The United States needs to keep its exports progressing, he said. Because of that, the United States is increasing by $100 million the amount of export credit to Turkey. Turkey already has purchased $250 million in wheat and feed grains. The export credit program, called general sales manager, allows countries to take out loans to buy U.S. agricultural products. Almost $6 billion has been used for the GSM program this year, double last year's expenditures with the program.

■ With $12 million remaining in the Livestock Disaster Reserve Program, Glickman intends to use those remaining funds to compensate livestock producers who experienced losses to long-term submerged pasture land.

■ Regarding crop insurance, pilot programs for specialty crops, such as mustard and crambe, will be implemented no later than one year from now. Programs for other crops, such as buckwheat, will come along in 2000.

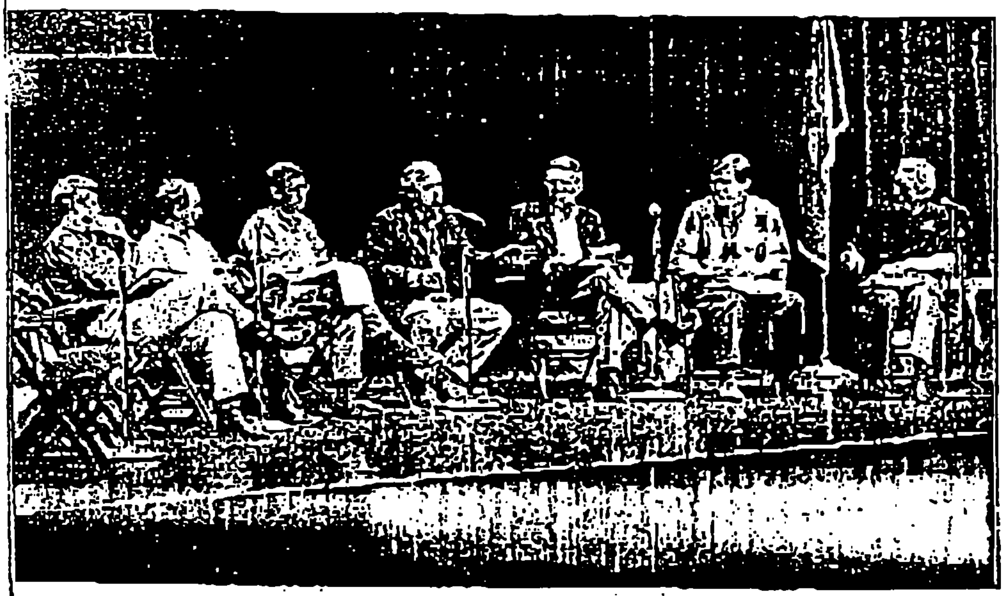
"You can't plant alternative crops if you can't get insurance on those crops, and we have to get that taken care of, and we'll do so," he said.

■ Scab: Risk Management Agency officials also are looking to create a pilot crop insurance program for scab. In addition, USDA officials put $200,000 in research for scab, and Glickman has asked for an additional $500,000 for next year.

USDA also is eliminating the non-standard classification system that sticks producers with big premiums when they experience back-to-back

GLICKMAN: See Page 4A

Grand Forks Herald, Tuesday, June 9, 1998



◀ On the stage at Chester Fritz Auditorium on Monday were, from left, Rep. Collin Peterson, Sen. Paul Wellstone, Sen. Kent Conrad, Agriculture Secretary Dan Glickman, Sen. Byron Dorgan, Rep. Earl Pomeroy and Gov. Ed Schafer.

Eric Hylden, staff photographer

GLICKMAN/

Continued from Page 1A

losses, Glickman said. However, it will not completely compensate producers.

■ Education: North Dakota State University was awarded a $250,000 grant for Risk Management Education curriculum. It was one of 17 grants announced today.

■ Sen. Kent Conrad, D-N.D., announced a $1.25 billion provision to a proposed $10 billion indemnity bill for tobacco farmers. The $1.25 billion provision would cover farm-

Clarity needed

After Glickman's announcement, the floor was opened for questions or comments to the secretary. Issues ranged from uncapping commodity loan rates, crop insurance and export programs.

One farmer asked if Washington was getting a clear message to the problems occurring in the region.

Glickman answered no.

Which led the farmer to ask if the farmers could "speak for themselves" in a referendum and voice [illegible]

swer session from the congressional delegation to the crowd.

When asked, forum participants favored lifting the cap on marketing loans and agreed that the North American Free Trade Agreement was not working for the region's farmers.

Many of the participants also felt that policy makers, including Sen. Richard Lugar, R-Ind., and Sen. Pat Roberts, R-Kan., should have been at the meeting.

The North Dakota and Minnesota congressional delegation at the meeting agreed.

"We invited those who wrote

Lake Elevation 1444.49

The Daily Journal
"The newspaper you come home to"
Volume 98 Number 134 (USPS 155-940) Devils Lake, North Dakota (701) 662-2127 Member Associated Press Tuesday, June 9, 1998 10 pages-inserts 50¢

Ag secretary hears about hard times on the farm

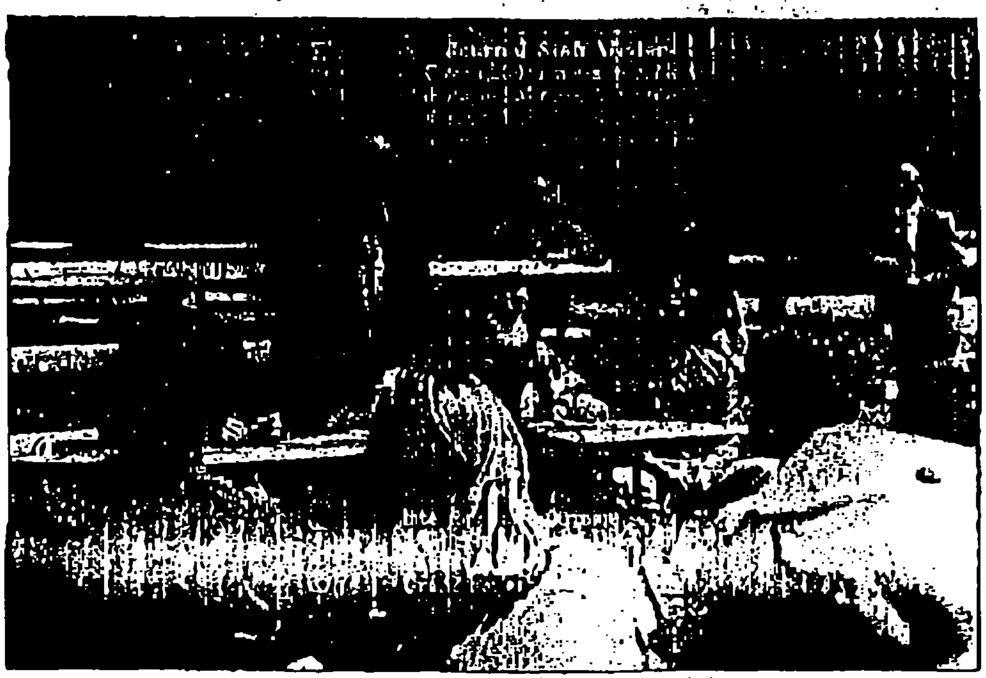
By JERRY KRAM
Journal Staff Writer

Over 1,200 farmers from North Dakota and Minnesota wanted to make sure U.S. Secretary of Agriculture Dan Glickman knew how much pain farmers and small towns are feeling in the Northern Plains. The Secretary visited two farms in the Red River Valley and held a public forum at the Chester Fritz Auditorium on the campus of the University of North Dakota on Monday.

Glickman toured the area with the region's congressional delegations. He announced a number of steps that he will take to help stabilize the regions economy, but added that more substantial aid will take Congressional approval. Unfortunately, aid will come too late for many farmers.

Glickman toured the farms of Paul and Barbara Driscoll of East Grand Forks and Frank and Lucille Malejcak of Grand Forks. He heard presentations from people losing their farms, implement dealers who can't compete with all of the farm auction sales, and bankers who are looking at as much as a quarter of their farm loan portfolio being delinquent.

While farmers in other parts of the nation are doing relatively well, farmers in this part of the nation have been hit with a decade's worth of disasters, Glickman was told. Just as many were recovering from the debt crisis of the mid-1980s, a severe drought gripped the region. When it finally started raining in 1993, it never stopped, bringing flooding, disease, and insect problems beyond what farmers have ever seen in this area. The price crash that started in June of 1996 was the last straw for many farmers, when crop prices fell well below the cost of production.



Agriculture Secretary Dan Glickman outlines some of his solutions to the area's current farm problems at the Frank Malejcak farm at Grand Forks. (Journal Staff Photo by Jerry Kram)

Farmer's demands were simple. First, do something, anything about prices. They requested more liberal use of the Export Enhancement Program; limits on ag imports, especially from Canada; and trade sanctions that keep farmers out of 11 percent of the world grain market; and changes in the commodity loan rate to give farmers more leverage in marketing their crops.

Second, farmers asked for help in overcoming the "stealth disaster" that has gripped the region. This included reforming crop insurance, which isn't set up to handle repeated disasters in a region or disease problems that affect crop quality more than yield; creating programs to help farmers who suffer from disasters not covered by Federal Crop Insurance; and put more money into research to fight scab, a fungal disease that has caused major crop losses for the last three years.

Finally, the producers impressed on Glickman that something had to be done now. Speaker after speaker emphasized that they, or their neighbors would not be around to benefit from any programs that would be implemented after this year's harvest.

Glickman emphasized that he would take every step allowed by law. He noted that his department was able to extend an additional $100 million in export credit to Turkey, one of the major buyers of wheat. He said using the credit program was more effective than using the EEP program because he can leverage billions of dollars of export credits while EEP is limited to $150 million. USDA has provided more that $460 million in export credits for wheat, up a third from last year.

He also assured the crowd that President Clinton will quickly sign the bill that just passed Congress that provides $1.2 mill[illegible] in scab research.

Standing in his wheat field, Minnesota farmer Paul Driscoll explains to Ag Secretary Glickman how he has lost several crops to scab besides being hit by low prices. Congressman Collin Peterson and Senator Kent Conrad listen in the background. (Journal Staff Photo by Jerry Kram)

Of special interest to producers in the Lake Region, USDA will make $12 [illegible]lion remaining in the livestock disaster reserve fund to compensate livestock

See Glickman, back page

Devils Lake ND

Glickman

(Continued from page 1)

owners for pasture and crop lands lost to long-term flooding. Unfortunately, Glickman added that no similar program can be extended to non-livestock producers unless it is authorized by Congress.

Glickman announced several changes to the Crop Insurance Program. One of the changes will make it easier to enroll alternative crops in the program. Mustard and crambe will be added in 1999. There will also be a pilot program to insure producers from income loss due to quality damage from scab.

The secretary is also eliminating the non-standard classification system, which raises premiums precipitously for producers who have several consecutive years of crop losses. Other changes include a review of prevented planting regulations, a pilot project to improve the actual production history rules, and expanding Crop Revenue Coverage (a policy that provides farmers protection from price drops as well as low yields) to all 53 counties in North Dakota.

Other moves announced by the department include the purchase of $2.5 million worth of ground bison to improve bison prices, addressing grain transportation problems before the Surface Transportation Board, boosting by $200 million loan guarantees for value-added processing cooperatives in 1999.

Glickman asked the congressional members present to give him the authority to take several other actions, including extending the repayment period for marketing assistance loans from nine to 15 months, remove the cap on marketing assistance loans, allowing fruits and vegetables (including dry beans) to be planted on prevented planting acres, give the secretary more flexibility to make advance farm program payments to producers and to delete the provision that makes producers ineligible for USDA loans if they have a previous debt forgiveness.

Glickman also asked for authority to modify penalties for conservation program violations, more sensible haying and grazing of CRP land, and increase funding for the Environmental Quality Incentive Program. He is also asking for increased funding for existing programs for farm ownership and operating loans, marketing programs, and research and extension activities.

"The level and the intensity of the problem is very high here," said Glickman. "We will go back and examine and re-examine the administrative actions on crop insurance and other programs. At the same time... the message of this meeting has to go directly to the President as well. There are some legislative items that the administration will focus on and package to Congress quickly in a way that is passable. There are a lot of things that I would like to do that simply aren't passable this year. We need to get things out that will get legislative approval.

"We have a part of the country here that has been seriously affected," he continued. "Some people compared it to a natural disaster (the Grand Forks flood) affecting peoples lives. I think there are some parallels with those disasters and the kind of problems we saw today."

pg 2

y, June 8, 1998

50 ¢

Grand Forks Herald

Inside

- ☐ Rerick joins Channel Cats/1B
- ☐ Community of the Week: Milton, N.D./

pages, plus

kman's presence only a beginning to gain help, atten

By Philip Brasher
Associated Press

WASHINGTON — Agriculture Secretary Dan Glickman's trip to Grand Forks today is certain to turn up the pressure on the government to do something about the financial problems plaguing the northern Plains.

"I'm hoping that we can convince the secretary that this situation is serious enough that he will get behind us to get some response" from Congress, said Rep. Collin Peterson, D-Minn.

There's little Glickman can do on his own, however, and there has been even less interest in Congress in rewriting federal farm programs and shoveling more money to producers.

> *"What we're looking for is a way to put money into the pockets of people who are in desperate shape."*
>
> Sen. Kent Conrad, D-N.D

And given the history and topography of North Dakota and northwestern Minnesota, economists say farmers t   e are likely to continue struggling in an era when the government's support for agriculture is shrinking.

The region's unpredictable weather, short growing season and dependence on a single crop — wheat — have long made farmers heavily dependent on federal disaster assistance. Farmers in the region haven't benefited from the 1996 farm law's planting flexibility as much as growers elsewhere because there are few crops other than wheat that will grow there.

"I don't think it's any accident ... that the agitators for income security come from the northern Plains," said Ford Runge, an agricultural economist at the University of Minnesota.

To Sen. Pat Roberts, R-Kansas, the northern Plains is simply a "high risk" place to

GLICKMAN: See Page 7A

FA

T
spe
billi
aste
anc
crop
anc
Dak
198
mor
any
state
Texa

Grand Forks Herald, Monday, June 8, 1998

GLICKMAN/

Continued from Page 1A

farm.

Taxpayers spent $1.2 billion on disaster assistance and crop insurance in North Dakota from 1985 to 1993, according to a study by the Environmental Working Group. That was more than any other state except Texas. Minnesota ranked third with about $1 billion in such assistance. Disaster-aid programs were stopped in 1994 and crop insurance was expanded.

In addition, the government has made more than $50 million in emergency farm loans in Minnesota and another $27 million in North Dakota since 1992, about 10 percent of the national total. Such loans are made available only in counties that have been declared disaster areas by the president or the Agriculture Department.

Farming in the region "is a very iffy proposition. It's no surprise to those farmers up there," said Kenneth Cook, president of the Environmental Working Group, a nonprofit organization that analyzes USDA programs.

Together with federally subsidized crop insurance, the old disaster assistance programs encouraged farmers to grow crops in marginal areas, he argued.

But now many farmers are being forced out of business. A series of bad crops due to disease and bad weather has made it hard for them to get adequate crop insurance or credit.

The Agriculture Department is considering some changes in the insurance program, but it's unlikely to make significant changes in how coverage rates are calculated. That would likely require bigger taxpayer subsidies or higher premiums for other farmers. Taxpayers already pay 60 percent of the program's cost.

Meanwhile, lawmakers from the region are trying to set up a new disaster-assistance program. Among proposals they've been pushing for is revision of a proposed buyout program for tobacco farmers so that it would benefit all farmers with severe income losses.

Other ideas include refunding crop-insurance premiums to producers in areas that receive disaster declarations and providing cash assistance to farmers whose crops are not productive.

"What we're looking for is a way to put money into the pockets of people who are in desperate shape," said Sen. Kent Conrad, D-N.D.

Runge, the University of Minnesota economist, said there needs to be some kind of government safety net for farmers by gearing government payments to fluctuations in income. Under the 1996 farm law, growers received fixed payments that are declining each year.

Critics say that reviving disaster-aid programs would discourage producers from buying crop insurance, and would siphon money from other farm programs. Enrollment in crop insurance rose sharply after disaster assistance was stopped.

"There's no reason to believe the Department of Defense would want to give us money for disaster payments," said Mary Kay Thatcher, a lobbyist for the American Farm Bureau Federation, the nation's largest farm organization.

The Farm Bureau also opposes Glickman's proposal to expand government marketing loans, and Republicans who control Congress have expressed little interest in the idea. Glickman wants to lift the cap Congress put on loan rates in 1996 and to extend the life of the loans from nine to 15 months. The loans are designed to allow farmers to hold onto crops for later sale when prices improve.

The Congressional Budget Office estimates the proposal would cost taxpayers $3.6 billion over the next six years.

"The problem is that until we can get 10 to 15 states in the same trouble, it's going to be hard to get congressional attention," said Peterson.

Glickman is meeting with lawmakers and agricultural leaders from Minnesota and North Dakota at two farms near Grand Forks today and holding a forum from 1 to 3 p.m. in the Chester Fritz Auditorium at UND.

April 24, 1998

DRAFT MEMORANDUM FOR THE DPC/ NEC

FROM: DPC/NEC STAFF.

SUBJECT: Rural Agenda

This memorandum outlines some options for an agricultural rural agenda that the President could announce. The policy initiatives for the rural agenda include: (1) a national antitrust enforcement office; (2) a call to renew the ethanol subsidy; (3) announcements relating to risk management for farmers; (4) an expansion of agricultural cooperatives; (5) a call to pass legislation for a virtual university; (6) initiatives relating to telemedicine; and (7) a digital library for rural America.

I. National Antitrust Enforcement Office

Recently, the Secretary of Agriculture became concerned that large producers and processors in the pork industry with a concentration in the market might manipulate prices for live hogs and consumer meat products. Accordingly, on Tuesday, March 24, USDA announced that it would establish a national antitrust enforcement office in Des Moines to coordinate antitrust activities for all segments of the meat industry in an 11-state area. In addition, USDA announced that it plans to establish an office in Denver to handle all antitrust matters in the cattle and sheep industry and an office in Atlanta to handle competition issues relating to poultry. The Atlanta and Denver offices also would coordinate all meat industry antitrust matters in their regions.

The Des Moines office would be staffed by statisticians, economists, price-reporting investigators, and experts on competition and trade-practice issues. The three offices will conduct audits to determine whether meat and poultry processors and producers are complying with efforts by the USDA to collect and make public information on prices paid for hogs, cattle, and poultry.

This initiative would have the following benefits:

- It will enhance USDA's ability to conduct investigations and combat unfair anti-competitive practices in the marketplace.

- It will help USDA to enforce the Packers & Stockyards law, which is the antitrust law of the USDA.

II. A Call to Renew the Ethanol Subsidy

Last month, the House Ways and Means Committee, lead by Chairman Archer, voted to permit ethanol's tax exemption to expire by December 31, 2000. However, the House budget baseline still assumes that the subsidy is paid out, and the Senate voted 71-26 to extend the subsidy until 2007 in the Intermodal Surface Transportation Efficiency Act (ISTEA) bill.

On Monday, April 20, the Vice President, in a radio address with Secretary Glickman, challenged Congress to continue to support the ethanol program. The Vice President cited new research that shows that ethanol can reduce greenhouse gas emissions compared to traditional fuels. The Vice President also issued a statement on March 26, emphasizing that the "Administration strongly supports [the ethanol tax relief extension], and the President and I will continue to work hard at every opportunity as the transportation bill moves through legislative process."

The President recently responded to a letter from Senator Moseley-Braun, stating his support for an extension of the ethanol exemption from 2000 to 2007.

The issue will be resolved in the House-Senate conference expected later this month and to be concluded sometime in May.

III. Risk Management for Farmers

Background

Currently, federal crop insurance is available for over 60 crops. However, USDA lacks statutory authority to offer livestock, dairy and poultry producers production coverage under the federal insurance program.

In 1997, almost two thirds of eligible acreage (181 million acres) was enrolled in the program. In addition to multiple peril crop insurance that provides producers coverage against yield loss, USDA offers coverage for crop revenues for a selected number of crops in selected regions. Total premiums for 1997 are estimated at $1.8 million, of which about $200 million represent premiums paid for revenue insurance.

Under the federal crop insurance program, producers are eligible to receive free 50 percent yield coverage (CAT coverage) for a modest sign up fee. Producers who receive program benefits from other farm programs are required to sign up for CAT coverage. However, producers can opt out of CAT coverage if they sign a statement that says that they are ineligible for any additional disaster assistance. Producers receive additional subsidies for purchase of coverages above 50 percent. The Government subsidizes delivery of the product, including loss adjustment, and provides additional subsidies to the insurance companies through the Standard Reinsurance Agreement. The crop insurance budget will approach $1.8 billion by 2000.

Crops not covered under the crop insurance program are covered under the Noninsured Acreage Program (NAP). Under NAP, producers are eligible for payments in the event that the region suffers a 35 percent yield loss and their individual loss is in excess of 50 percent of established yield.

Despite increased participation, there continues to be some criticism of the program. Many producers have opted out of CAT coverage claiming it provides inadequate coverage. Wheat producers in the Northern Plains have suffered quality losses that are not always covered under the standard policy. Producers have also complained about the fact that their yield guarantees have fallen because of the poor yields over the last 5 years.

Current Activities

- **USDA has continued to expand crop insurance coverage.** For the 1997 crop year, USDA expanded coverage on 29 insured crops to 343 additional counties in 26 states. For crop year 1998, coverage will be expanded on 25 crops to 144 additional counties in 16 states. New crop insurance programs include blueberries, sweet potatoes, canola, and Florida fruit trees.

- **Revenue insurance coverage has seen significant growth.** Over the past two years, USDA has launched three major revenue-based insurance products in conjunction with private insurance companies. In 1998, revenue insurance will be available for 34 states for corn, 24 states for soybeans, 16 states for cotton, 27 states for grain sorghum and 32 states for wheat. These states represent approximately 95 percent of the U.S. production for these crops. Demand for revenue insurance appears strong. Many of the producers who purchased revenue insurance in 1996 and 1997 were producers who had not purchased crop insurance in the past.

- **USDA will initiate Dairy Options Pilot Program in Spring 1998.** In Spring 1998, USDA will initiate a pilot program authorized under the 1996 farm bill that will provide subsidies to dairy producers who purchase put options on fluid milk futures. The program is intended to prepare producers to manage price risks independently through the futures and options markets. The pilot will be conducted in six states and is estimated to cost about $15 million.

Longer term initiatives

- **Whole farm insurance.** USDA is exploring the feasibility of a Whole Farm Coverage Insurance Program, based on the farmer's income tax information. The appeal of such a product is that producers could insure their whole farm, not just individual crops as under the current program. Whole farm insurance could also potentially address the problem of insuring minor crops and livestock. However, there are a number of rating issues that need to be addressed and USDA lacks legal authority to insure livestock under permanent programs. USDA hopes to pilot a program in 1999.

- **Farm Income Stabilization Accounts/"Farmers IRAs".** There has been much interest in the agricultural sector in developing subsidized savings accounts for producers. Most of the proposals have been patterned after the NET Income Stabilization Account (NISA) that has operated successfully in Canada since the early 1990s. Under NISA, producers contribute up to 20 percent of their receipts in a savings account. The government matches contributions up to 3 percent of their gross receipts. In addition, the account receives an interest subsidy of 300 basis points. Producers may withdraw from the account whenever their gross margin is less than the average margin of the previous 5 years. Withdrawals are voluntary. Other proposals would allow producers to shelter income from taxes until they were withdrawn in times of emergency.

  A self insurance program alone would likely fail to provide many producers adequate protection, but in connection with other traditional insurance products, could provide producers with more stable income flows. NISA has also been criticized as mainly being a subsidized retirement account since many producers do not withdraw funds from their accounts even when they are eligible to do so.

VII. **A Digital Library for Rural America** (Draft 4/20/98 -Tom Kalil)

The goal of this initiative would be to dramatically increase the quantity, quality and accessibility of networked information related to agriculture and rural development -leveraging USDA's existing investment in research and education at our nation's land-grant colleges.

Recently, R&D (National Science Foundation, DARPA, NASA) agencies and a variety of private sector firms have made substantial investments in digital library technology. This technology will revolutionize the way information (text, multimedia, geo-spatial information, databases, etc.) is published, organized, and retrieved. A USDA initiative in this area could leverage this technology by creating digital libraries in areas of agriculture and rural development that are important to the department and to rural America (e.g. water, housing, business development, integrated pest management, animal husbandry, food safety, etc.) An explicit goal of the program should be to present the information in ways that are accessible to different classes of end-users (e.g. farmers, K-12 teachers, state and local officials, etc.)

This initiative would have the following benefits:

- It would leverage the Department's investment in agricultural research and rural development, since the results of these programs would be more accessible to the public. Once information is in digital form, the marginal cost of making it available to more people is essentially zero.
- It would allow rural Americans to take advantage of the "distributed expertise" of land grant colleges and other potential partners --and update the mission of the land-grant colleges for the 21st century.
- It would undoubtedly spark the creation of "communities of interest" --geographically separated users with a shared interest in a particular subject.
- It would increase demand for telecommunications and Internet services in rural America by expanding the volume of well-organized, high-quality information.

This proposal could build on existing efforts such as AgNIC (Agricultural Network Information Center) --which currently has participation from the National Agricultural Library, Cornell University, Iowa State, Purdue, University of Arizona, University of Nebraska-Lincoln, and Washington State University.

C:\work\wp\diglib.ag

No X

Rural agenda

U.S. Department of Agriculture
Office of the Chief Economist
Room 112-A, Jamie L. Whitten Federal Building
Ag Box 3810
1400 Independence Avenue, SW
Washington, DC 20250-3810
Phone: (202) 720-5955 (Collins)
(202) 720-4164 (Collins)
(202) 720-6185 (Glauber)
FAX: (202) 690-4915

To
Mary Smith 456-7431

From			
____	Keith Collins	____	Larry Salathe
X	Joe Glauber	____	Adela Backiel
____	Jim Schaub	____	Vacant
____	Al French	____	Ginny Taylor
____	Shirley Brown	____	Vacant

MESSAGE

Number of Pages (including cover sheet) ________

IMPROVING THE FARM SAFETY NET

Background

- Currently, federal crop insurance is available for over 60 crops. In 1997, almost two thirds of eligible acreage (181 million acres) was enrolled in the program. In addition to multiple peril crop insurance that provides producers coverage against yield loss, USDA offers coverage for crop revenues for a selected number of crops in selected regions. Total premiums for 1997 are estimated at $1.8 million, of which about $200 million represent premiums paid for revenue insurance.

- Under the Federal crop insurance program, producers are eligible to receive free 50 percent yield coverage (CAT coverage) for a modest sign up fee. Producers who receive program benefits from other farm programs are required to sign up for CAT coverage. However, producers can opt out of CAT coverage if they sign a statement that says that they are ineligible for any additional disaster assistance.

- Producers receive additional subsidies for purchase of coverages above 50 percent. The Government subsidizes delivery of the product, including loss adjustment, and provides additional subsidies to the insurance companies through the Standard Reinsurance Agreement. The crop insurance budget will approach $1.8 billion by 2000.

- Crops not covered under the crop insurance program are covered under the Noninsured Acreage Program (NAP). Under NAP, producers are eligible for payments in the event that the region suffers a 35 percent yield loss and their individual loss is in excess of 50 percent of established yield.

- Despite increased participation, there continues to be some criticism of the program. Many producers have opted out of CAT coverage claiming it provides inadequate coverage. Wheat producers in the Northern Plains have suffered quality losses that are not always covered under the standard policy. Producers also have complained about the fact that their yield guarantees have fallen because of the poor yields over the last 5 years.

- Currently, USDA lacks statutory authority to offer livestock, dairy and poultry producers production coverage under the federal insurance program.

Current Activities

- USDA has continued to expand crop insurance coverage. For the 1997 crop year, USDA expanded coverage on 29 insured crops to 343 additional counties in 26 states. For crop year 1998, coverage will be expanded on 25 crops to 144 additional counties in 16 states. New crop insurance programs include blueberries, sweet potatoes, canola, and Florida fruit trees.

- Revenue insurance coverage has seen significant growth. Over the past two years, USDA has launched three major revenue-based insurance products in conjunction with private insurance companies. In 1998, revenue insurance will be available for 34 states for corn, 24 states for soybeans, 16 states for cotton, 27 states for grain sorghum and 32 states for wheat. These states represent approximately 95 percent of the U.S. production for these crops. Demand for revenue insurance appears strong. Many of the producers who purchased revenue insurance in 1996 and 1997 were producers who had not purchased crop insurance in the past.

- USDA will initiate Dairy Options Pilot Program in Spring 1998. In Spring 1998, USDA will initiate a pilot program authorized under the 1996 farm bill that will provide subsidies to dairy producers who purchase put options on fluid milk futures. The program is intended to prepare producers to manage price risks independently through the futures and options markets. The pilot will be conducted in six states and is estimated to cost about $15 million.

Longer term initiatives

- Whole farm insurance. USDA is exploring the feasibility of a Whole Farm Coverage Insurance Program, based on the farmer's income tax information. The appeal of such a product is that producers could insure their whole farm, not just individual crops as under the current program. Whole farm insurance could also potentially address the problem of insuring minor crops and livestock. However, there are number of rating issues that need to be addressed and USDA lacks legal authority to insure livestock under permanent programs. USDA hopes to pilot a program in 1999.

- Farm Income Stabilization Accounts/"Farmer IRAs". There has been much interest in the agricultural sector in developing subsidized savings accounts for producers. Most of the proposals have been patterned after the Net Income Stabilization Account (NISA) that has operated successfully in Canada since the early 1990s. Under NISA, producers contribute up to 20 percent of their receipts in a savings account. The government matches contributions up to 3 percent of their gross receipts. In addition, the account receives an interest subsidy of 300 basis points. Producers may withdraw from the account whenever their gross margin is less than the average margin of the previous 5 years. Withdrawals are voluntary. Other proposals would allow producers to shelter income from taxes until they were withdrawn in times of emergency.

  A self insurance program alone would likely fail to provide many producers adequate protection, but in connection with other traditional insurance products, could provide producers with more stable income flows. NISA has also been criticized as mainly being a subsidized retirement account since many producers do not withdraw funds from their accounts even when they are eligible to do so.

Roger Lyndon

Hill Briefs

Senate Approves Securities Reform Measure

■ THE SENATE WEDNESDAY approved legislation on a 79-21 vote to close a loophole that supporters contend is used by attorneys to file frivolous class action lawsuits against start-up companies.

The bill would amend the 1933 Securities Act and the 1934 Securities Exchange Act to establish uniform standards governing private class actions involving nationally traded securities in order to prevent plaintiff attorneys from circumventing existing law.

"This bill will stop lawyers from picking state courts to do what we have precluded them from doing in federal courts. This ... helps the high tech companies that get started in America," **Senate Budget Chairman Domenici**, a cosponsor of the legislation, said in a statement. "Without protection from some unscrupulous lawyers, many of these companies may never have a chance to prosper and create jobs."

Senate Banking Chairman D'Amato said, "This litigation reform bill stops frivolous law suits and stops legal forum shopping."

But critics contend the bill would make it more difficult for small investors to sue Wall Street firms for fraud.

"Innocent persons will be denied remedy against fraud artists who cheated them out of their life savings," charged **Sen. Paul Sarbanes**, D-Md. "In too many cases, investors will be left without any effective remedies at all."

Sen. Richard Bryan, D-Nev., said the bill "plunges a dagger into the heart of every small investor in America."

The Senate is expected to continue consideration of other legislation as work continues in **Senate Majority Leader Lott**'s "high tech" week.

Parker Replaces Scarborough On Panel Investigating Teamsters

■ **REP. MIKE PARKER**, R-Miss., has replaced **Rep. Joe Scarborough**, R-Fla., on the Oversight and Investigations Subcommittee of House Education and the Workforce — which is conducting the controversial investigation of the Teamsters union.

Scarborough told *CongressDaily* Wednesday night that **Oversight and Investigations Subcommittee Chairman Peter Hoekstra**, R-Mich., "let me know there was a member interested in getting on the committee, and because of other obligations I gladly obliged," and gave up the seat to Parker.

Scarborough, who is not facing a serious re-election challenge, is also a member of the Government Reform Committee, which is engaged in the even more high-profile probe of campaign fundraising abuses in the 1996 election.

Parker, who is not running for re-election in the fall, said he has been following the Teamsters investigation closely since the beginning.

And Hoekstra told *CongressDaily* that he wanted someone on the panel "who could commit the time and energy needed" for such a politically sensitive investigation, and noted that on some votes he has needed all of the subcommittee Republicans present to prevail.

Senators Offer Farmer Assistance Savings Accounts

■ FARM STATE SENATORS Wednesday proposed a new type of savings account to encourage producers to put away money during good years so they could make it through years when crops are bad or prices are low, the *Associated Press* reported.

Farmers would be allowed to make tax-free contributions to the accounts of up to 20 percent of their annual taxable income.

The money could be held in the accounts for up to five years without penalty and would be taxable on withdrawal. Money held more than five years would be subject to a 10 percent penalty.

The Farm and Ranch Risk Management accounts would help farmers deal with the year-to-year fluctuations in income, the sponsors said.

The "volatile nature of commodity markets can make it difficult for family farmers to survive even a normal business cycle," said **Sen. Charles Grassley**, R-Iowa. "When prices are high, farmers often pay so much of their income in taxes that they are unable to save anything."

Bono Committee Assignments Approved By House

■ THE HOUSE BY VOICE vote Wednesday approved committee assignments for **Rep. Mary Bono**, R-Calif., who succeeds her husband, the late **Rep. Sonny Bono**, R-Calif., as a member of the Judiciary and National Security committees.

While there are vacancies on the National Security Committee, some Democrats had expressed concern that, without their having been notified, Republicans seemed to have added a seat to the Judiciary panel.

But Republicans quickly said the minority party also would be allowed to add a member to Judiciary — which is expected to be handed the politically sensitive job of reviewing whatever material Whitewater independent counsel Kenneth Starr forwards to Congress regarding allegations against the Clinton White House.

Tom FYI!

[redacted]

Rural Agenda

Glickman

Yes

Concentr

Bigness - what share gov't do
- hog
- price cattle
- poultry - feudalism
- RR's
- ethanol

Free trade

Conservation

Technology

Water System
- health care - retirement
- access to health rural hospitals

County of origin

where

overall

no

coops -

micro

Land-grant College
- KSU
- Langston College

Ag. research

Anti-Salmonella Spray

Hybrid corn

phosphates

1860's - [illegible]

1890's - black

extension offices

RURAL POVERTY

Background

Poverty rates exceeded 20 percent in almost one-fourth of all rural counties in every decennial census year since 1960. During the 1960's and 1970's, rural poverty rates declined substantially, but increased slightly in the 1980's. From 1959 to 1969, the number of rural counties with poverty rates above 20 percent fell from 2,249 to 1,220 counties. By 1979, the number of rural counties with poverty rates above 20 percent further declined to 646 counties. During the 1980's, however, rural poverty rates remained generally unchanged. From 1979 to 1989, the number of rural counties with poverty rates above 20 percent fell from 646 to 535 counties, but the impact of this decline was further moderated by the 171 rural counties that reverted to high poverty in 1989, after having escaped persistent-poverty status in the 1970's.

Income Growth

Income growth in a large proportion of persistent-poverty counties suggests that poverty rates have declined in these counties. From 1989 to 1994, per capita income (adjusted for inflation) grew 10.7 percent in persistent-poverty counties. Of the 535 persistent-poverty counties, 77 percent experienced per capita income growth higher than the national nonmetro average, and 40 percent experienced income growth greater than twice the national nonmetro average.

Per capita income (adjusted for inflation) declined in 4.9 percent of the persistent-poverty counties and 13.4 percent of the new high-poverty counties. It should be noted that the new high-poverty counties with declining incomes are in danger of becoming the future persistent-poverty counties if their economies are not revitalized.

Regional Patterns

Real per capita income increased in the persistent-poverty counties of Appalachia, the Black Belt, the lower Mississippi Valley, and in the predominantly Native American persistent-poverty counties of the Southwest, the northern Great Plains, and Alaska. Per capita income declined in many persistent poverty counties of the Ozark-Ouachita Plateau, the Rio Grande Valley, and the high plains of the Southwest. Per capita income also declined in two counties in Northern Montana and one county in Southwestern Idaho. While income grew in most Southeastern new high-poverty counties, per capita income declined in new high-poverty counties in the upper Midwest and intermountain West. Counties in the Appalachian Mountains and the Southeast are likely to benefit from improving economic conditions, while the new high-poverty counties with deteriorating economic conditions are almost entirely west of the Mississippi.

The persistent-poverty counties are also characterized by distinct geographic and racial concentrations. Blacks predominantly compose the poor in the Black Belt and the lower

Mississippi River Valley; Whites in the Southern Highlands; Hispanics in the Rio Grande Valley and high plains of the Southwest; and Native Americans in the central Southwest, Northern plains, and Western Alaska..

Characteristics of declining-income high- and persistent-poverty counties

The population growth rate in high- and persistent-poverty counties was significantly higher than the national non-metro population growth rate. Compared to the national nonmetro population growth rate of 4.2 percent, the population growth rate was 7 percent in persistent-poverty counties and 10.2 percent in new high-poverty counties.

Out of the 26 persistent-poverty counties and 31 new high-poverty counties in which real capita income declined from 1989 to 1994, only 10 counties experienced a decline in population, and only 4 of those counties experienced a substantial decline.

Most of the declining-income high- and persistent-poverty counties share the following four characteristics:

1. Remote from urban centers

None of the 26 persistent-poverty counties with declining per capita income include an urban area with a population of 20,000 or more. Only 3 of the 26 persistent-poverty counties are adjacent to metropolitan counties. More than half of these counties are fully rural, without a population center of 2,500 people.

2. Predominantly Black, Hispanic, or Native American

Two-thirds of all declining-income, persistent-poverty counties are predominantly Black, Hispanic, or Native American. Among the persistent-poverty counties, predominantly Hispanic counties comprise 34.6 percent of those with declining income and 12.6 percent of those with increasing income. Predominantly Native American counties comprise 11.5 percent of those with declining income and 5.9 percent of those with increasing income. Notably, predominantly Black counties comprise 23.1 percent of those with declining income and 47.9 percent of those with increasing income. Among the new high-poverty counties with declining per capita income, Hispanics and Native Americans make up about 40 percent of the poor in one-third of these counties, whereas only one county has a similarly disproportionate population of Blacks among its poor.

Only four counties in the high-poverty, declining-income category indicate substantial rates of international immigration. Only two persistent-poverty counties and two new high-poverty counties had 4-year international immigration rates which exceeded three percent.

3. High rates of net natural increase (excess of births over deaths)

A high rate of natural increase typically lowers per capita income, so it is not surprising that many of the persistent-poverty counties with declining income had high rates of natural increase . From 1990 to 1994, the aggregate nonmetro rate of natural increase was 1.6 percent. The rate of natural increase was 2.1 percent in persistent-poverty counties and 3.2 percent in new high-poverty counties. The rate of natural increase in persistent-poverty counties exceeded twice the non-metro rate in 12 of 26 persistent-poverty counties and 12 of 31 new high-poverty counties. Eighteen out of 24 of the very high natural-increase counties were predominantly Hispanic or Native American.

4. Disproportionately agricultural

Employment in agriculture, forestry, and fisheries exceeded the nonmetro average in 62 percent of the persistent-poverty counties with declining per capita income. Employment in these sectors was twice the nonmetro average in 31 percent of the counties. Again, this finding is not particularly surprising, as agriculture, forestry, and fisheries disproportionately employ persons with relatively low levels of education and work experience, and wage rates are generally low.

1ST STORY of Level 3 printed in FULL format.

International Herald Tribune (Neuilly-sur-Seine, France)

April 22, 1998, Wednesday

SECTION: News; Pg. 1

LENGTH: 928 words

HEADLINE: Midwest Finds the World at Its Door

BYLINE: By Helen Dewar; Washington Post Service

DATELINE: HASTINGS, Nebraska

BODY:

When Senator Chuck Hagel, Republican of Nebraska, visited the T-L Irrigation Co. here last Tuesday, the big topic was an impending shopping trip by a delegation from China. A reporter from a local television station wanted to know about Asia's financial turmoil. What about funding for the International Monetary Fund, a manufacturer of cattle watering troughs asked Mr. Hagel over sandwiches at the OK Cafe.

By the end of the day, Mr. Hagel had touched down verbally almost everywhere from Bosnia to Turkmenistan to the Philippines. ''We are living in a global village, undergirded by a global economy,'' he told students at the University of Nebraska, using words not normally associated with a Midwestern Republican conservative.

So much for the midcentury image of the largely Republican Midwestern Farm Belt as the wellspring of American isolationism, a stereotype that lingered long after the reality began to fade.

Now it is a hotbed of trade-based internationalism, and Mr. Hagel, for one, is ready to help lead a fight to ensure that the Republican Party's presidential nominee in 2000 shares that thinking. As farm exports grew after World War II, the Midwest became more like the rest of the country, producing its share of foreign-policy leaders, recently including such Republicans as Senator Richard Lugar of Indiana and the former Senate majority leader, Bob Dole of Kansas, as well as those who thundered against foreign aid.

By the end of the Cold War, the country often seemed to be pulling back from the world, unleashing nationalist and protectionist forces that thrived in a climate of disengagement. At the same time, Midwestern exports were growing at a fast clip. Now, after several decades of mounting dependence on foreign markets to absorb its agricultural abundance and a recently passed ''Freedom to Farm'' bill encouraging even more production, America's breadbasket is wedded to the world.

As a result, its politicians are in the forefront of many internationalist initiatives, although this clearly has its limits when Midwestern economic interests point in the opposite direction. Mr. Hagel demonstrated this recently in reiterating his strong opposition to the global warming treaty negotiated last year in Kyoto, Japan, saying it favored developing countries at the expense of the U.S. economy.

But the region's world outlook extends beyond trade to varying degrees of support for the United Nations and other instruments of internationalism, with repercussions for Congress, the Republican Party and even presidential politics.

Little more than a year after coming to the Senate, Mr. Hagel, with help from two Midwestern Republican first-termers, Pat Roberts of Kansas and Rod Grams of Minnesota, led the successful fight in the Senate for $18 billion to replenish IMF reserves depleted by the Asian rescue operations.

For him, it was the opening shot in a broader struggle over the direction of the Republican Party and its choice of a presidential nominee. ''A lot of us don't want an isolationist leading us into the 21st century and into defeat in the process,'' he says.

Mr. Hagel is not alone as a ''global villager'' on the Great Plains. Even as Mr. Hagel was readying his tour of south-central Nebraska, Mr. Roberts was unleashing an anti-isolationist broadside before the Kansas Press Association.

''Not since the 1930s, when Congress passed the neutrality acts just as the world was going up in flames, not since the Smoot-Hawley tariff helped create the Great Depression, has Congress been so insular and isolationist in its view of the world,'' Mr. Roberts said. ''Not since the 19th century has an administration been so lacking in foreign-policy focus, purpose and constructive agenda. Not in our lifetime has the American public been so uninterested and uninformed about world events.''

Mr. Roberts took aim at lawmakers, including House Republicans, who want to hold the IMF bill hostage for action on issues such as abortion. Not that these issues are not important, he said, but ''we will not build successful foreign or trade policy by making the rest of the world conform to our way of life and our views of how we want things to be.''

A glance at Nebraska's numbers helps explain this new surge of internationalism from the Midwest, including its love affair with the IMF, distaste for economic sanctions and reluctance to tie foreign policy to domestic political causes.

Nebraska exports, most of which are agricultural or farm-related, have risen nearly fivefold over the past 10 years, totaling just short of $2.5 billion last year. Farm exports to Asia alone increased by nearly one-third from 1993 to 1996, according to figures compiled by Mr. Hagel's office. As of 1996, Nebraska farm exports to Asia amounted to $1.6 billion, including $1.1 billion to Japan.

But late last year the tremors from Asia began to ripple through Farm Belt states, showing up in canceled or reduced orders and slower payments. The real fear is what may lie ahead: surpluses, lower prices for Nebraska commodities, and loss of jobs, profitability and the state's prosperity.

For Nebraska, the ability of Asia to buy its agriculture-related products is now a domestic political imperative.

''The real answer is to bring up the standard of living in the whole world so they can buy our products,'' said James Thom, a vice president of T-L Irrigation, which builds steel irrigation systems and sells nearly 20 percent of them to 25 foreign countries, some of them in Asia.

LANGUAGE: ENGLISH

LOAD-DATE: April 22, 1998

2ND STORY of Level 3 printed in FULL format.

For Sal
agenda
— Ed

The Washington Post

April 21, 1998, Tuesday, Final Edition

NAME: CHUCK HAGEL

SECTION: A SECTION; Pg. A01

LENGTH: 1709 words

HEADLINE: Farming Locally, Thinking Globally; As Trade Booms, Midwesterners Fight Isolationism in GOP

BYLINE: Helen Dewar, Washington Post Staff Writer

DATELINE: HASTINGS, Neb.

BODY:

When Sen. Chuck Hagel (R-Neb.) visited the T-L Irrigation Co. here last Tuesday, the big topic was an impending shopping trip by a delegation from China. A reporter from a local television station wanted to know about Asia's financial turmoil. What about funding for the International Monetary Fund, a manufacturer of cattle watering troughs asked Hagel over hot turkey sandwiches at a Lions Club lunch at the OK Cafe.

By the time he flew back to Omaha that evening, Hagel had touched down verbally almost everywhere from Bosnia to Turkmenistan to the Philippines. "We are living in a global village, undergirded by a global economy," he told students at the University of Nebraska campus in Kearney, using words not normally associated with a midwestern Republican conservative. No one seemed surprised, and no one disagreed.

So much for the mid-century image of the largely Republican midwestern Farm Belt as the wellspring of American isolationism, a stereotype that lingered long after the reality began to fade.

Now it is a hotbed of trade-based internationalism, and Hagel, for one, is ready to help lead a fight to ensure that the GOP's presidential nominee in 2000 shares that thinking.

As farm exports grew after World War II, the Midwest became more like the rest of the country, producing its share of foreign policy leaders, recently including such Republicans as Sen. Richard G. Lugar (Ind.) and former Senate majority leader Robert J. Dole (Kan.), as well as those who thundered against foreign aid.

By the end of the Cold War, the country often seemed to be pulling back from the world, unleashing nationalist and protectionist forces that thrived in a climate of disengagement. At the same time, midwestern exports were growing at a fast clip. Now, after several decades of mounting dependence on thriving foreign markets to absorb its agricultural abundance and a recently passed "Freedom to Farm" bill encouraging even more production, the nation's breadbasket is wedded to the world.

As a result, its politicians -- especially newly elected Republican conservatives -- are in the forefront of many internationalist initiatives, although this clearly has its limits when midwestern economic interests point in the opposite direction. Hagel demonstrated this yesterday in reiterating his strong opposition to the global warming treaty negotiated last year in Kyoto, Japan, saying it favored developing countries at the expense of the U.S. economy, including agriculture.

But the region's world outlook extends beyond trade to varying degrees of support for the United Nations and other instruments of internationalism, with inevitable repercussions for Congress, the GOP and even presidential politics.

Little more than a year after coming to the Senate, Hagel, with help from midwestern GOP first-termers Pat Roberts (Kan.) and Rod Grams (Minn.), led the successful fight in the Senate for $ 18 billion to replenish IMF reserves depleted by the Asian rescue operations.

For him, it was the opening shot in a broader struggle over the direction of the Republican Party and its choice of a presidential nominee. "A lot of us don't want an isolationist leading us into the 21st century and into defeat in the process," he says, refusing to name names at this point but vowing to do so as the need arises.

Hagel is not alone as a "global villager" on the Great Plains. Even as Hagel was readying his puddle-jumping tour of south-central Nebraska during Congress's two-week spring break, Roberts was unleashing an anti-isolationist broadside before the Kansas Press Association.

"Not since the 1930s, when Congress passed the neutrality acts just as the world was going up in flames, not since the Smoot-Hawley tariff helped create the Great Depression, has Congress been so insular and isolationist in its view of the world," Roberts lectured. "Not since the 19th century has an administration been so lacking in foreign policy focus, purpose and constructive agenda. Not in our lifetime has the American public been so uninterested and uninformed about world events."

Neither party escaped Roberts's rhetorical pitchfork. "The internationalist wing of the Republican Party, once the bulwark of U.S. engagement abroad, is now barely represented on Capitol Hill," he said. "Meanwhile, Democrat members of Congress are becoming more and more protectionist over the excuse of losing jobs."

Roberts took an additional whack at lawmakers, including House Republicans, who want to hold the IMF bill hostage for action on issues such as abortion. Not that these issues are not important, but "we will not build successful foreign or trade policy by making the rest of the world conform to our way of life and our views of how we want things to be," he said.

A glance at Nebraska's numbers helps explain this new surge of internationalism from the Midwest, including its love affair with the IMF, distaste for economic sanctions and reluctance to tie foreign policy to domestic political causes.

Nebraska exports, most of which are agricultural or farm-related, have risen nearly fivefold over the past 10 years, totaling just short of $ 2.5 billion last year. Farm exports to Asia alone increased by nearly one-third from 1993 to 1996, according to figures compiled by Hagel's office. As of 1996, Nebraska farm exports to Asia amounted to $ 1.6 billion, including $ 1.1 billion to Japan.

But late last year the tremors from Asia began to ripple through Nebraska and other Farm Belt states, showing up in canceled or reduced orders and slower payments, according to Nebraska business leaders whom Hagel gathered for a briefing on the issue in December. The real fear is what may lie ahead: surpluses; lower prices for Nebraska commodities; and loss of jobs, profitability and the state's booming prosperity -- to say nothing of the political backlash.

As a result, there is probably more interest in the IMF and its efforts to rescue faltering Asian economies in Hastings, Neb. (pop. 22,000), than there is in most offices on Capitol Hill. For Nebraska, the ability of Asia to buy its beef and a variety of other agriculture-related products is now as much of a domestic political imperative as price supports used to be.

"The real answer is to bring up the standard of living in the whole world so they can buy our products," said James Thom, a vice president of the family-run T-L Irrigation, which builds giant centipede-like steel irrigation systems and sells nearly 20 percent of them to 25 foreign countries, some of them in Asia.

Many Nebraskans may not know that much about the IMF itself, but if it helps with exports, they're for it, said Thom's brother Dave, another vice president of the company.

"When exports are cut and it starts hurting you in the pocketbook, it gets pretty basic," said Don Brockmeier, president of the Farmers State Bank in Eustis, after listening to Hagel at the South Platte Chamber of Commerce.

Earlier, during Hagel's stopover at the university campus in Kearney, Peter Longo, head of the college's political science department, said student interest in international studies is strong and growing. "Now that the message has been delivered that there is profitability in understanding the global economy, there is increasing interest on the part of students," he observed. "They're practical like everyone else."

Hagel, 51, a brash and successful entrepreneur who fought heavy political odds to win a Senate seat in 1996, is in many ways the embodiment of this new phenomenon.

A native of the sparsely populated Sand Hills region of western Nebraska and a wounded veteran from the Vietnam War, Hagel had been a radio disc jockey, congressional staff member, Washington lobbyist, top official of the Veterans Administration, head of the World USO, deputy director of the 1990 summit of industrial nations in Houston, founder of the nation's second-largest independent cellular telephone company and an investment banker. Before he came to the Senate, he visited 60 countries, doing business in many of them.

Unlike most other freshmen, who will do almost anything to avoid assignment to the Foreign Relations Committee, Hagel sought it out. He immediately took over the subcommittee on international economic policy and waded into virtually every foreign policy fight that came along. Most recently, he bucked opposition from some party leaders in assembling the bipartisan deal that ensured Senate passage late last month of the bill to replenish IMF reserves.

Hagel had been tapped by Majority Leader Trent Lott (R-Miss.) to lead the effort. But at the last minute, critics demanded tougher IMF reforms than Hagel had proposed and his plan was rewritten in committee -- clearly with the blessing of Lott and other GOP leaders -- into a form that was unacceptable to the IMF, the Clinton administration and many pro-IMF senators, including Hagel.

With high-powered backing, ranging from Treasury Secretary Robert E. Rubin to officials from former GOP administrations, Hagel mounted a rescue operation, came up with a compromise acceptable to President Clinton, demonstrated a clear majority for it and forced it to a vote. The Senate then approved it by an unexpectedly lopsided vote of 82 to 16, sending it off to a far less certain future in the House, where GOP leaders have indicated it may languish indefinitely.

For his party, Hagel sees only grief if it turns its back on international involvement as exemplified by the IMF. If the Republican-led Congress does nothing and "things go to hell in Japan," for instance, "the president will kill the Republican Party politically on this issue," especially as aftershocks of an Asian collapse rumble through the whole American economy, he argues.

Hagel rejects the notion of some "social conservatives" that "economic conservatives" such as himself are prepared to sacrifice national sovereignty or values such as family and religion on the altar of commerce, accusing them of trying to foster "confusion and fear" within the party. So long as the conflict persists, he says, there will be a fight as the party gears up for the 2000 presidential election. "I'll be part of it," he added.

GRAPHIC: Photo, gerald martineau; Illustration, The Washington Post, Sen. Chuck Hagel is among GOP conservatives pressing for a strong internationalist policy. Trade Trends (This graphic was not available)

LANGUAGE: ENGLISH

LOAD-DATE: April 21, 1998