

**Statement of Barry Evans
Kress, Texas
Presented to the
House Agriculture Committee**

**San Angelo, Texas
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Mr. Chairman and members of the Committee, thank you for the opportunity to submit comments on current and future farm policy.

My name is Barry Evans. I farm cotton and grain sorghum in Swisher County, Texas, and am currently serving as Vice President of Plains Cotton Growers, Inc. PCG is the certified producer organization representing cotton farmers in the 41-county area that makes up the High Plains cotton production region of Texas. This area normally plants 3.5-3.75 million acres of cotton each year and typically accounts for 18-20 percent of total US cotton production.

Farmers in my area of Texas strongly support current farm law and urge you to utilize the same structure in developing future policy. The marketing loan enables us to be competitive against subsidized competition in international markets; the decoupled direct payment provides certainty to those who finance our operations and the decoupled counter-cyclical payments are important when prices are low. We are fortunate that Congress has provided an effective financial safety-net to assist us when prices are low and to facilitate orderly marketing of our crops.

Unfortunately, recent low prices mean a significant percentage of my farm's revenue has been derived from program payments. These payments are not profit. We use the funds to pay operating expenses including wages, input costs and other expenses.

Farming is a full-time, year-round occupation in this area. My operation, for example, requires intensive management, so there are few opportunities for off-farm income compared to the mid-west where farmers can hold down other jobs.

While the structure of farm policy is important, unrealistic limitations on benefits and unnecessarily restrictive eligibility requirements can result in the most generous and effective policies being unworkable for us.

Mr. Chairman, we continue to hear statements that 20% of farmers receive 80% of the benefits; that farmers are increasing the size of their operations solely to capture more payments; and, that programs inflate land values and increase rent, which blocks entry into farming.

From my perspective, the one-size fits-all, randomly established limitations on benefits unfairly penalize full-time family farmers like me. The limit on counter-cyclical payments, which applies cumulatively to all crops except peanuts, covers significantly fewer acres than what is considered to be an economically efficient unit. That same limit covers considerably more corn and soybean acreage in Iowa. National Cotton Council economists, using conservative assumptions and USDA data, concluded that the amendment proposed by Senator Grassley would reduce the direct payments to Texas farmers by \$161 million per year, a reduction of 38%. Total benefits, including counter-cyclical payments, direct payments and marketing loan gains - assuming average prices for 2000 to 2004 - would be reduced \$355 million or 25% annually. Analysis by

the Payment Limit Commission reached a similar conclusion. So, not only am I competing against heavily subsidized production in China, India and Pakistan, I am competing against other US farmers who have significantly more of their production eligible for program benefits. I'm not asking you to penalize them, just don't tighten limits to further penalize me and my family.

I also want to address land values and beginning farmers. I too am concerned about the declining number of farmers and the difficulty young people have in starting their own operations. USDA-ARS has published a study which concludes that farm programs are not the principle cause of increased land values and that farmers do not expand their operations simply to increase programs benefits. I can assure you that tighter limits and eligibility requirements, coupled with significant cuts in support when prices are low will make it even more difficult for young people to begin farming and will guarantee continued consolidation. In the absence of a financial safety net, what financial institution is going to provide operating capital to an inexperienced, beginning farmer?

Finally, I want to address international trade and its influence on farm policy. The US cotton program has been singled out as the primary cause of poverty in sub-Saharan Africa. Obviously, the real causes are more complicated and include the combination of a lack of infrastructure and a marketing and distribution system which denies African farmers an opportunity to purchase inputs and market their cotton competitively. The result is that African farmers' yields have declined and they receive prices well below the average world price. European negotiators use the US cotton program as a negotiating tool and China, India, Pakistan and Brazil refuse to participate in meaningful discussions about market access and distortions in world trade in fibers, textiles and apparel. We are deeply concerned by the US proposal to cut domestic support by 60% because we haven't seen a reciprocal offer by our trading partners to make commitments to increase market access for our products. The US cotton industry must export 75% of annual production. We must have consistent access to China's market; otherwise, the WTO negotiations will be a failure in our view. And our friends in West Africa will also lose if China, India and Pakistan don't make meaningful market access commitments. We ask that you insist that the negotiations be conducted as a single undertaking and that there not be an early harvest for cotton. We also ask that you make it clear to US negotiators that Congress will not approve an agreement that cuts domestic support programs unless there is a significant increase in market access and that the overall agreement can be judged as beneficial to US agriculture.

Mr. Chairman, in closing I encourage you to continue to push for the development of better, more affordable levels of coverage for crop insurance; to maintain funding for important agricultural research - particularly the research at our gin labs; to support effective, public-private international market development programs; and to continue to invest in conservation programs operated on a voluntary, cost-share basis. Each of these items is important to producers and I encourage you and the members of the Committee to continue them in future farm legislation.

Again, thank you for the opportunity to submit these comments.