

The Honorable Tom Vilsack  
Secretary of Agriculture  
Room 200-A Jamie L. Whitten Building  
1400 Independence Avenue, S.E  
Washington, DC 20250

February 18, 2009

Dear Secretary Vilsack:

Given recent debate about the future of direct payments and the farm safety net, we would like to take this opportunity to express our strong and continuing support for the farm safety net that was included in the recently-passed farm bill.

We believe that farm safety net payments and the stable supply of food, feed, fiber and fuel that those payments help ensure, actually provide great benefit to the public as a whole. Americans are blessed with the safest, most abundant and least expensive food supply in the world. That benefit is due to the hard work of American farmers and the safety net that provides both stability and a small degree of certainty to farmers in an industry where risk is enormous and can be impossible for a producer to control.

Not only do farmers provide America with an abundant supply of food, feed, fiber and fuel, but farmers are also stewards of the land they use. In exchange for inclusion in the farm safety net, farmers must meet certain conservation requirements, including the maintenance of wetlands, the protection of highly erodible lands and the control of noxious weeds. While we support other conservation programs such as the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP), many of these programs require that a farmer spend a dollar above and beyond their primary operating costs in order to get a fraction of a dollar in conservation program funding in return. These programs are simply not a safety net, and participation in them is not possible if farmers are not in a financial position to spend that initial dollar.

During the lengthy farm bill negotiations, many opponents of agriculture looked at high commodity prices and sought to cut direct payments. Farm organizations such as ours stressed that farm bills are written for the longer-term, not the short term and that high commodity prices were unlikely to last. A weakening of the farm safety net during times of high commodity prices could prove disastrous on the countryside when prices fall.

Since passage of the farm bill only seven months ago, commodity prices have dropped significantly. For example, corn prices have dropped from a peak of more than \$7/bushel in the summer of 2008 to \$3.63/bushel today. Cotton was \$0.79/pound a year ago and is now priced at only \$0.47/pound. At the same time, many input costs are still on the rise, and net farm income is expected to decrease 20 percent in 2009. The counter-cyclical program and marketing loan program are providing little support or relief for most crops. The new ACRE program will provide more robust support for some crops, but direct payments are the only component of the safety net currently helping every farmer with

base acres to deal with steep increases in input costs, dramatic commodity market swings, and increasing uncertainty in the credit markets that they rely on to keep their farms running.

It is also important to note that the fixed direct payment was created in the 1996 farm bill to give farmers some flexibility in their planting decisions. This flexibility enables farmers to make planting decisions based on expected market prices and variable production costs, which makes this portion of the farm safety net the most trade compliant and least problematic in WTO negotiations.

We greatly appreciate your commitment to production agriculture and would welcome the opportunity for further dialogue on the farm safety net. We look forward to working with you in the future.

Sincerely,

Alabama Peanut Producers Association  
American Farm Bureau Federation  
Florida Peanut Producers Association  
Georgia Peanut Commission  
National Association of Wheat Growers  
National Cotton Council  
National Sorghum Producers  
Southern Peanut Farmers Federation  
USA Rice Federation  
US Rice Producers Association  
Western Peanut Growers Association