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CONFIRMATION OF ANN M. VENEMAN

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

JANUARY 18, 2001

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CONFIRMATION OF ANN M. VENEMAN AS SECRETARY OF AGRICULTURE

THURSDAY, JANUARY 18, 2001

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The Committee met, pursuant to notice, at 9:00 a.m. in room 538, Senate Dirksen Building, Hon. Tom Harkin (Chairman of the Committee) presiding.

Present: Senators Harkin, Lugar, Grassley, Roberts, Cochran, Craig, Fitzgerald, Miller, Conrad, Nelson, Johnson, Dayton, Lincoln, and Stabenow.

The CHAIRMAN. The Senate Agriculture Committee will come to order. And I will at this time recognize our distinguished Senator from Indiana, Senator Lugar.

Senator LUGAR. Well, thank you very much, Chairman Harkin.

It's my privilege to pass the gavel over to Chairman Harkin, who has already used it to commence this meeting.

[Laughter.]

But nevertheless, I advised him a few days ago, it's well to get loosened up, he may need this. This is a 50–50 Senate, there is every attempt always made in this committee to work in a bipartisan and collegial fashion. And I'm grateful that, that has been so. And Tom Harkin is a major reason why that is so.

So it's a privilege to pass the gavel over to you for this very, very important meeting. And I just have the admonition, make sure that you do well.

OPENING STATEMENT OF HON. TOM HARKIN, A U.S. SENATOR FROM IOWA, CHAIRMAN, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

The CHAIRMAN. Thank you very much, Senator Lugar. I will be returning it shortly.

[Laughter.]

I must at the outset first of all thank Senator Lugar for his many kindnesses and generosities during our tenure together here on the Senate Ag Committee. It truly has been a bipartisan effort. We've had a great working relationship and I believe that will continue to be so during this session of the Senate also.

And so I look forward to working with you, Senator Lugar, and addressing the many problems that we have in agriculture and moving our agenda forward with our new Secretary of Agriculture.

I also have said at the outset that this is again a singular honor for me to chair the Ag Committee for a couple of days. The last

Iowan to chair the Senate Agriculture Committee was Jonathan P. Doliver from Fort Dodge. He served as chairman of this committee from March 15th, 1909 to June 25th, 1910, a little over a year. So that was a short time.

Well, I'm going to beat him.

[Laughter.]

I will go down now in history as being the second Iowan to ever chair this committee. And I will also go down in history as having the shortest tenure as chairman of this committee.

[Laughter.]

So it is an honor for me.

And it's an honor to be here today to welcome our Secretary of Agriculture designee, who is here today. Here is the procedure that we'll follow. I will make my opening statement, I will recognize Senator Lugar for his opening statement. I know that Senator Feinstein and Senator Boxer, and I assume Congressman Dreier, will also have other things they have to go to, other hearings.

I will recognize you for introducing Ms. Veneman and then you can be excused. Then we'll come back to the Committee and each Senator will be recognized for up to 10-minutes, both to make an opening statement and to propound questions to the Secretary of Agriculture designee.

So with that, let me just open by again welcoming you here, Ms. Veneman. We look forward to a good hearing and one in which we can exchange some thoughts about agriculture and the future of agriculture. The Secretary of Agriculture has one of the toughest and too often under appreciated jobs in our Government. In any number of ways, the programs and activities of the Department of Agriculture touch upon and improve all Americans, in every walk of life. And particularly, if I might be a little bit home bound, in a great agriculture State like Iowa, it's tremendously important who serves as Secretary and how well he or she carries out those responsibilities.

I must tell you, I was encouraged by the nomination of Ann Veneman to serve as Secretary of Agriculture. I've known her for a number of years, worked with her in previous posts at USDA. Ms. Veneman is an intelligent and capable person, with solid experience in administering food and agriculture programs, both here in Washington and in her own State of California.

Her credentials include service as Deputy Secretary of USDA, and Secretary of the California Department of Food and Agriculture.

I believe we can work together and we have to work together across party lines to do the work that must be done for farm families and rural communities and consumers. As we have both said here, we have a strong record on this committee of bipartisan cooperation. And again, I want to thank Senator Lugar for that cooperative attitude.

As I mentioned, the Department of Agriculture has far reaching responsibilities, from farm programs to food safety to conservation to nutrition assistance. I hope today's hearing will be the start of a productive discussion and working relationship on the many critical issues that fall under USDA's jurisdiction.

Starting with farm policy, I believe it is essential that we rework the Freedom to Farm bill, and we should make every effort to do that this year. We should keep what is working, mainly planting flexibility and conservation, and improve that which is not working. Mainly that involves improving the farm income features of the bill, so that our Nation's farm families do not have to depend on the uncertain prospect of emergency assistance packages year after year.

This year, we will also begin the process, I've already discussed this with Senator Lugar, of having hearings and beginning the process for the next Farm Bill, the present one, which expires next year. Again, I feel the next Farm Bill should include a much stronger emphasis on conservation.

I and Senator Smith of Oregon have proposed a new voluntary program to provide financial incentives for maintaining and installing conservation practices. It's a proposal that will both improve farm income and bring about far greater dividends to farmers and our Nation as a whole in the form of improved conservation of our natural resources for future generations.

Building markets and demand for agricultural products is a critical need in agriculture. We have a number of pressing issues in the area of agricultural trade. And I expect that Ms. Veneman's experience here will be valuable in working to expand our export markets.

We have a lot to do on the domestic side through creating and developing new uses and markets for our commodities, along with much greater use of ethanol, biodiesel and biomass fuels. Biotechnology offers a lot of promise in this regard, although we have some knotty issues that will have to be resolved if agricultural biotechnology is really to succeed.

We also can and must do more to help rural communities share in the prosperity that the rest of the country is enjoying. Our rural communities are falling far behind. That includes jobs and economic growth and a higher quality of life in our rural communities. And USDA has a critically important role in rural utilities, electricity, telecommunications, sewer and water services, assisting rural cooperatives and businesses, improving community facilities, channeling investment capital to rural areas.

I think our strategy for rural revitalization must include promoting the success of farmer owned cooperatives and businesses that process and market farm commodities. An overriding concern is the future of the independent family farm producer in American agriculture. We've seen a dramatic change in the structure and landscape of farming as a result of rapid and sweeping consolidation, vertical integration and economic concentration.

A key responsibility of the next Secretary of Agriculture will be to enforce the laws in USDA's jurisdiction aggressively, to work with the Department of Justice and the Federal Trade Commission, to enforce the antitrust laws fully and to work with us on needed new legislation.

From the consumer perspective, USDA has no role more important than protecting the safety of our Nation's food supply. We are blessed with an abundant supply of safe and wholesome food. But there's more that can and should be done to improve the safety of

our food. And as a Nation, we cannot fail to meet our responsibilities to combat hunger and malnutrition here and abroad.

We Americans enjoy a level of wealth and abundance unprecedented in history. We simply cannot tolerate or condone hunger or malnutrition in our own country. We can do more to help people in developing countries, especially children. I strongly support the initiative proposed by former Senators Dole and McGovern, and as begun by President Clinton, to provide food assistance in ways that both combat hunger and promote education in developing countries. The proposal for an international school lunch and school breakfast program is one that we need to pursue vigorously.

So again, I welcome you, Ms. Veneman, to the Committee. I look forward to today's hearing and to working with you in the coming months and years.

And with that, I would recognize Senator Lugar from Indiana.

[The prepared statement of Chairman Harkin can be found in the appendix on page 56.]

STATEMENT OF HON. RICHARD G. LUGAR, A U.S. SENATOR FROM INDIANA, RANKING MEMBER, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Senator LUGAR. Mr. Chairman, I join you and our colleagues, Senator Feinstein and Senator Boxer and Congressman Dreier, in welcoming this distinguished nominee to our committee this morning. I was pleased a few days ago to visit again with Ann Veneman. I have appreciated her leadership over the years at the State and local level and at the Federal level in a previous administration. She demonstrated then the wisdom and the diligence that are required for the job that is at hand. Her combined knowledge of domestic affairs and international experience make her an ideal candidate.

As she knows, the U.S. Department of Agriculture is a very difficult department to manage. One of my suggestions throughout my tenure on this committee has been that the Secretary manage it, as opposed to accepting a stovepipe mentality of 41 duchies, or reduced, as this committee has helped, to 35, by my count. It is important that the Secretary be the Secretary, and that she manage ably and comprehensively in behalf of all of the interests that somehow come together in USDA.

And that will encompass a wide, diverse set of issues, that you have illustrated in your presentation, Mr. Chairman. And I agree with the agenda that you have. Each of these are very, very important subjects, which I'm certain will have the attention of all of us.

For the moment, I have confidence in Ann Veneman. And I look forward to her testimony. And I appreciate very much your leadership in expediting both the hearing and the possibilities for her early confirmation. I thank the Chair.

The CHAIRMAN. Thank you, Senator Lugar.

As I said, then, I would recognize our distinguished colleagues from the Senate and the House for purposes of introduction of Ms. Veneman. Then we'll return back to the Committee for opening statements and questions.

And in that regard, I would again exercise the right of, I will recognize our member from the House. We like to be our generous to

our people who take the time and effort to come across all the way from the House side over here, as many of us have done in the past. So we welcome you here, Congressman Dreier, and please proceed.

STATEMENT OF HON. DAVID DREIER, A U.S. REPRESENTATIVE FROM CALIFORNIA

Congressman DREIER. Well, thank you very much, Mr. Chairman. Let me join my friend Dick Lugar in congratulating you on the fine job that you're doing chairing this committee. We appreciate the fact that you've expedited this so well.

I want to say that it's a special privilege for me to be here with the distinguished former Chairman of the House Agriculture Committee, my friend Pat Roberts, and also to join with my colleagues, Senators Boxer and Feinstein, in this very important introduction.

Both you and Senator Lugar, Mr. Chairman, have just spoken about the bipartisanship that goes on here in the Agriculture Committee. And bipartisanship is very clearly the flavor of the month now. Virtually everyone is talking about it with a great deal of enthusiasm.

And I congratulate this committee for the approach that you've taken. I think it's very important that we note that Ann Veneman is in fact one of the greatest models for bipartisanship and has been throughout her entire life. Her father was a very prominent State assemblyman in California.

In fact, a column that was just written by a great, a very famous columnist with the L.A. Times, George Skelton, said that Ann's father was in fact clearly among the top 10 most respected State assemblymen in the last 40 years in California. He came to that position in large part because of the bipartisan approach that he took to dealing with public policy questions. And his daughter has clearly emulated that.

You've gone through already the distinguished positions that she has held. She's clearly extremely qualified, extremely talented, and I believe will do a great job as Secretary of Agriculture.

Not many people know that the number one industry in California is agriculture. People think it's technology, the entertainment industry, tourism. But agriculture continues to be number one. In fact, the San Joaquin valley, from which Ann Veneman hails, I was told when I was up there a few months ago, if they had enough water, could feed the entire world for 100 years. And it seems to me that when you look at, if you look at the very great importance that agriculture has for the world from a California perspective, and having had Ann Veneman as the leader of that effort in California, she is well trained now to serve as U.S. Secretary of Agriculture.

The issue of trade is for me one of the top priorities. I spend most of my time, my focus on the Rules Committee, which I chair, we talk and focus on trade issues. I was very privileged to have worked with Ann on the North American Free Trade Agreement. She was very involved in the U.S.Canada Trade Agreement, the very important granting which Senator Lugar and I worked on, the granting of permanent normal trade relations with the People's Republic of China.

These are all very key issues for agriculture. And Ann's expertise in these areas will, I believe, serve her very well when she becomes the first woman ever to serve as Secretary of Agriculture.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Congressman Dreier, thank you very much for that great statement, and thank you for being here this morning.

I now recognize our senior Senator from California, Senator Feinstein.

STATEMENT OF HON. DIANNE FEINSTEIN, A U.S. SENATOR FROM CALIFORNIA

Senator FEINSTEIN. Thanks very much, Mr. Chairman and members of the Committee.

It's a great pleasure for me to be here with my colleagues, Senator Boxer, Mr. Dreier from California, to really indicate in my introduction also my personal support for this nominee. Ann Veneman has really built a very distinguished career. She has supported farmers by opening new markets for California's agricultural products. She brings 20 years of experience, a truly global perspective, and I think this will serve the American farmer well.

Interestingly enough, her father also was a distinguished Modesto peach farmer. And all through the course of her career, she has been a strong advocate for agricultural products. I think an interesting aside that also demonstrates the support she has is that a delegation from the California Farm Bureau has traveled here for this nomination hearing, headed by the President of the Farm Bureau, Mr. Bill Pauli. I'd like to ask him to stand, if he would, and just welcome him and the delegation to Washington.

Ann Veneman first joined the United States Department of Agriculture's Foreign Agricultural Service in 1986. She rose to Deputy Under Secretary for International Affairs and Commodity Programs in 1989.

Two years later, she was appointed as the Deputy Secretary of Agriculture by President Bush. In that capacity, she was a leader in the fight to open world markets to American agricultural products. And as Mr. Dreier said, she helped to negotiate both the NAFTA agreement and the Uruguay Round of talks for the GATT Agreement.

In 1995, she was named California Secretary of Food and Agriculture by Governor Pete Wilson. As California's Agriculture Secretary, Ms. Veneman successfully ran an agency of 1,800 employees with a $200 million budget. She emphasized biotechnology and food safety. She expanded overseas trade, especially in Asia and South America, and she tightened border controls to protect California's crops against pest infestation, which has become a major problem.

Under her watch, the value of California's agricultural commodities grew by some $4 billion, from $22 billion to $26 billion. In addition to her work in State and Federal Government, she has extensive experience in the private sector, giving her insights into the needs and challenges facing this key industry.

As a board member for the biotechnology company, Calgene, she gained a deep understanding of the possibilities and the real and the perceived dangers of genetically modified crops, which I think we all believe is going to become a much more important and also

deeply concerning area in the future. So this experience should serve her well, as questions about the safety of these crops continue to arise.

The next Secretary of Agriculture is going to have to confront the global and technological changes facing the agricultural industry. And I think with her experience in both the public and private sector, Ann is really well suited to deal with these issues. Based on her record, we can assume that she will take a lead in opening new markets for our country's agricultural products, while developing policies to ensure both traditional and genetically modified crops are safe for the American consumer.

So I'm really delighted. For California, and I think my colleague and friend will agree with this, this is a very important appointment. And I'm just very proud to see Ann here, her family here, and to wholeheartedly introduce, recommend and support her appointment as Agricultural Secretary.

So thanks very much, Mr. Chairman. If I might be excused, there's a certain hearing in Judiciary which I'm involved in.

[Laughter.]

So I'll go back there. Thank you.

The CHAIRMAN. I understand. Thank you very much, Senator Feinstein.

Senator Boxer.

STATEMENT OF HON. BARBARA BOXER, A U.S. SENATOR FROM CALIFORNIA

Senator BOXER. Thank you very much. Senator Feinstein, your words were just right on the mark, and I endorse everything you said. I endorse the comments of David Dreier, as well.

Mr. Chairman, congratulations, Mr. soon to be chairman, congratulations. And to all my friends on this committee, you're all my friends, you're my good friends—it's nice to be here.

I also wanted to note your two new members, Senators Nelson and Dayton. And I wanted to tell them, since I've been around a little longer than they have, enjoy this day. This is a good day. In the future, there will be more contentious hearings. This one I think you will enjoy.

I wanted to say how pleased I am to be here, and that my schedule worked out so that I could be, Ann. I also want to welcome the members of your family who happen to be sitting behind me. And I know they are as proud as they can be.

Clearly, Ms. Veneman has a long list of firsts associated with her career: the first woman to head California's Department of Food and Agriculture, the first woman to hold the post of Deputy Secretary of the U.S. Department of Agriculture; she sits before you as the first woman ever nominated to be the Secretary of Agriculture. It's a very proud moment, I think, for women and for men as well, who care about women and care about equal opportunity, and I know it's all of you.

I also think there's another first. I think she's the first peach grower to be nominated to be Secretary of Agriculture.

[Laughter.]

So we have a number of firsts here, Mr. Chairman, in addition to yours.

And this of course makes our peach growers very happy, and frankly, all of our growers, from almonds to avocadoes and all of the things that we grow in our State.

I am not going to go into everything she's ever done in her life because I think most people have touched on it, other than to say, far longer than the list of firsts is the list of praise and kind words that her nomination has received. My friend Leon Panetta has said that President elect Bush could not have picked a more moderate, hard working and intelligent candidate. The California Farm Bureau praised her nomination, saying she understands agriculture and knows where it needs to go.

As the members of this committee know well, and I know well, even though I'm not on this committee because I am often involved in what you do. Agriculture often breaks down along regional rather than party lines. Ann Veneman brings substantial California experience to this job, but she has drawn praise nationwide. The Des Moines Register, for example, praised her nomination, calling her "talented, energetic, knowledgeable and personable." And I know that you will find all those things to be true and more.

She has been broadly praised for her knowledge and her hard work in the areas of trade, food safety—which matters so much to all of us—and of course, the high tech developments in the ag industry.

We have a $27 billion per year agricultural industry in California. And it's not shocking to know how pleased they all are with this nomination. Some of them are here Senator Feinstein introduced a couple of folks. And I really know that she will serve all of our Nation's farmers well.

In closing, I trust that her confirmation will be smooth and that she will follow her colleague, mentor and fellow Modesto native, Richard Lyng, to be the second Californian to assume the post of Secretary of Agriculture. And again, my friends on the Committee, I think you're going to be very pleased.

And with that, I will take my leave, Chairmen both. And of course, if you ever need to talk to me about Ann in the future, I'll be right here, johnny on the spot. Thank you very much.

[The prepared statement of Senator Boxer can be found in the appendix on page 58.]

The CHAIRMAN. Thank you very much, Senator Boxer.

Senator Boxer, Congressman Dreier, you're excused. I know you have other business to attend to.

Again, before I administer the oath to Ms. Veneman, I would like to welcome our two new members. I think we may have at least one new member on that side, but we don't know who that person is right now. But I would like to welcome our two new members, both neighbors of mine, one to the north and one to the west.

Senator Nelson, of course, former Governor of the State of Nebraska, who takes the seat of our former colleague, Senator Bob Kerrey, who served with distinction on this committee. I have known Senator Nelson for many, many years. We've done a lot of work together. I can assure all of you that you will find no one with a broader and more intense interest in all of the aspects of agriculture than Senator Nelson. And we welcome you to this committee, Senator Nelson.

And my neighbor to the north, Senator Dayton, again, I have to tell you this, I first campaigned for him for the Senate in 1982. So if there's a guy that never gives up, it's Mark Dayton. And he has served with distinction in his State as State Auditor of the State of Minnesota, has distinguished himself also in the private sector. But again, someone I've known for many years and again, someone who has a very deep knowledge and appreciation for all aspects of agriculture. We certainly welcome Senator Dayton to the Committee also. And we look forward to the new member on the Republican side as soon as we can whenever they come up.

[Laughter.]

Ms. Veneman, if you'll rise, I'll administer the oath and we can get on with this.

Please raise your right hand. Do you swear that the testimony you are about to present is the truth, the whole truth and nothing but the truth, so help you, God?

Ms. VENEMAN. I do.

The CHAIRMAN. Thank you.

Ms. Veneman, do you agree that if confirmed, you will appear before any duly constituted committee of Congress if asked?

Ms. VENEMAN. Yes, Sir.

The CHAIRMAN. I should also mention for the record that a number of letters of support for Ms. Veneman's confirmation have been received, and without objection, they'll be placed in the record.

[The information referred to can be found in the appendix on page 81].

Members are asked to submit any written questions by the close of business today, Thursday. In submitting questions, members may want to keep in mind that because Ms. Veneman does not have full access to all of the resources of USDA, she may have some difficulty in answering questions that are especially technical, and that may take some time to get back.

So Ms. Veneman, again, welcome to the Committee. This truly is an historic occasion for a number of reasons, not the least of which is you will be the first woman Secretary of Agriculture. And I say it's about time.

Ms. VENEMAN. Thank you.

The CHAIRMAN. The history of agriculture in America has mostly been about the men who have farmed and who have led certain farm issues. But basically I think for too long we've forgotten the intense role that women have played in all of the aspects of our frontier, the development of agriculture, new products, many of the scientists or plant geneticists and many of the people involved in genetics and livestock, these have been women.

And I think for too long they've been forgotten and shoved by the wayside. And so I think your being Secretary of Agriculture will send a very positive message to young women around the country that they, too, can have a great future in agriculture, in all aspects of agriculture.

So I think this is truly historic. And I want to congratulate President elect Bush for picking you as his nominee to be our Secretary of Agriculture.

I had a couple of housekeeping questions. I asked two. The third one is that the Committee has your committee questionnaire and

the financial disclosure report and analysis from the Office of Government Ethics. For the record and for the benefit also of any members of the public who may have any questions, will you briefly describe for us the process you have followed and the steps taken to make sure there will be no conflicts of interest for you relative to any clients you may have represented, boards you may have been on or any investments you have or may have had? And will you assure the Committee that if there ever is any question that arises, you will consult closely with the experts on ethics in USDA's Office of General Counsel to guide your actions?

Ms. VENEMAN. Yes, Sir, and I have been continuing to consult with the Office of the General Counsel at USDA and the Ethics Office to ensure that everything that I've been involved in the past will appropriately be dealt with as I assume if confirmed assume the position.

The CHAIRMAN. Thank you.

Ms. Veneman, I would recognize you for an opening statement.

STATEMENT OF ANN M. VENEMAN, DESIGNEE FOR SECRETARY, U.S. DEPARTMENT OF AGRICULTURE

Ms. VENEMAN. Thank you very much, Mr. Chairman, and almost Mr. Chairman Lugar, and members of the Committee. I truly am honored and humbled to be here as the President elect's choice for Secretary of Agriculture.

I would like to thank the Committee members for your gracious reception that I've received from most of you that I've been able to meet with over the past couple of weeks. I've appreciated the opportunity to meet with you and discuss the areas of interest to each of you.

I also want to thank the staff for their assistance and cooperation in preparing for this hearing.

The issues facing our farmers and ranchers today are complex and challenging. The hard working men and women who provide our food and fiber have been tested by low prices, bad weather and other adversities. Government has appropriately lent a hand during these trying times, and it is important that we continue to focus our attention on trying to solve the challenges that face producers throughout the country.

In addition to assisting our farmers and ranchers in difficult times, we must also work together to help them seize market opportunities, both at home and abroad. With 96-percent of the world's population living outside of the United States, we need to expand trade and eliminate barriers to access for our products in what is an ever-expanding global market.

As we seek market growth, we should continue to search for new and alternative uses for our farm products and find ways to strengthen the competitive position of our producers. Our producers also need help in adapting to changing environmental standards. Regulations should be based on sound scientific principles and Government policy should help, not hinder, the ability of farmers to be good stewards of the land.

Working with Congress, the Department needs to be vigilant in protecting the safety of our food supply and in protecting agri-

culture from unwanted pests and diseases. Our research programs should assist us in achieving these goals.

Technology is driving change in every part of the economy, including the food chain. Advances in technology are leading to new products, increased productivity and more environmentally friendly farming. Research should enhance such technologies and the programs should help farmers take advantage of the new opportunities.

The mission of the Department of Agriculture extends beyond production agriculture. From feeding hungry families and children to assisting rural communities to managing our majestic forests to consumer protection, the Department's responsibility reaches the lives of nearly every American.

If confirmed, I intend to promote cooperative working relationships with other agencies of Government to ensure that the concerns of farmers and ranchers are understood and advocated throughout the Government. Because as you all know, many of the areas of the Department's responsibility overlap with other parts of Government.

If confirmed, I will work to foster an atmosphere of teamwork, innovation, mutual respect and common sense within the Department and focus our delivery systems on quality service to our customers.

Those of you who know me also know that I believe in working cooperatively with Congress. If confirmed, I will look forward to renewing old friendships, and building new ones, particularly as we work together to craft farm policy in the new century.

As President elect Bush has said, "The spirit of the American farmer is emblematic of the spirit of America, signifying the values of hard work, faith and entrepreneurship." This is the spirit I hope to bring to the Department of Agriculture and the position of Secretary.

I look forward to working with you toward our common objective of helping America's farmers and ranchers continue to be the most productive, innovative and profitable in the world. Thank you very much.

[The prepared statement of Ms. Veneman can be found in the appendix on page 78].

The CHAIRMAN. Thank you very much, Ms. Veneman.

And I understand that you have relatives, and I want to mention them for the record. If they would please stand and be recognized, we welcome them here. I understand your sister, Jane Veneman, is here, and your sister in law, Heidi Veneman, is here. And your niece Allison Hughes, please stand. Welcome to the Committee. Thank you for being here today. It's a great day today.

Well, I would introduce again another distinguished new member of our Committee, who just arrived, Congressman Debbie Stabenow, Senator Debbie Stabenow now, of Michigan. That minor slip means that she has served distinguished in the House, on the House Agriculture Committee. So we welcome her to the Senate Agriculture Committee. Senator Stabenow also served in the State legislature in Michigan on that agriculture committee.

So this may be a record, three agriculture committees in a row. So we welcome Senator Stabenow to our committee.

Ms. Veneman, I will start off the questions. As I said, we will take up to 10-minutes, then I will recognize Senator Lugar, then we'll just go back and forth with questions. As I said in the beginning, we'll just each take 10-minutes, you can make your opening statements and ask questions. If we have another round, we'll come back to that.

I just have a couple of questions. I do not intend to take the full 10-minutes.

Ms. Veneman, just a couple of things that we had discussed earlier. The 1994 USDA Reorganization Act consolidated food safety activities within the Food Safety and Inspection Service, and created the Under Secretary for Food Safety position. This Under Secretary position was created by Congress to elevate the importance of food safety at USDA and to ensure that USDA's food safety programs would be kept separate from its market promotion programs, to avoid any potential conflict of interest.

The reorganization recognized that Food Safety and Inspection Service [FSIS] was a public health regulatory agency and a vital part of this country's public health. The Under Secretary for Food Safety is one of the country's top public health and scientific appointments, and the country's highest ranking food safety official.

Will you pledge to continue to build on this public health foundation that we have established at USDA, seeking a candidate for Under Secretary for Food Safety who has solid public health credentials? And will you maintain the public health focus at the Food Safety and Inspection Service, including the FSIS Office of Public Health and Science?

Ms. VENEMAN. Mr. Chairman, I think that my record speaks for itself with regard to my commitment for food safety. And I would certainly continue that commitment, and to ensure the safest food supply that we can possibly have in this country.

As you know, consumers in this country do enjoy the safest food supply anywhere in the world. And I think we should do everything we can to continue the record that this country has with regard to food safety.

I also believe with regard to food safety that we ought to continue to work with the other agencies of Government that have responsibility for food safety and the research organizations that are looking at some of the challenging issues with regard to food safety.

So I would certainly continue the commitment of the aspects in the Department of Agriculture that deal with food safety and commit to you that we will work closely with other agencies of Government to make sure our food safety policies are coordinated as effectively and efficiently and in the public interest.

The CHAIRMAN. I appreciate that, Ms. Veneman. Again, I want to point out that when we created that position here, and I remember the debates very well on that, it was a strong bipartisan effort to create this Under Secretary for Food Safety. Again, we envisioned it as one of the top public health and scientific appointments. I emphasize that as the kind of credentials that we hope that you would look for in appointing and finding a person to fill this position: public health, scientific, it's the highest ranking food safety official in our country, and someone who has solid public health credentials in that regard.

Second, in 1996, USDA issued its hazard analysis critical control points and pathogen protection rule. Let's call it HACCPP, we all know it by that. As you know, the pathogen reduction portion of the rule was partially struck down in the Supreme Beef case recently in Texas.

One of the next Secretary's first tasks will be to work with the Attorney General to decide whether to continue the appeal in that case, and to decide how to approach revision and updating of the salmonella performance standard.

We need to have the most effective and scientifically sound microbiological performance standards possible. But at the end of the day, those standards have to be enforceable. For some of us, there's a lot of bills that are pending in Congress to ensure the enforceability of performance standards. A majority of the members of this Committee voted to support enforceable performance standards. And I think the majority of the public would support that, also.

So my question is, do you support having enforceable microbiological performance standards, where at some point, the Secretary of Agriculture would have the power to withdraw inspection for failure to meet them?

Ms. VENEMAN. Yes, I would, Mr. Chairman. I think it's an important aspect of any food safety regulatory authority to have enforceable standards, and to have scientifically based standards for enforcement purposes.

The CHAIRMAN. Thank you very much, Ms. Veneman. I appreciate your candor in that.

I would recognize Senator Lugar.

Senator LUGAR. Thank you very much, Mr. Chairman.

Ms. Veneman, in your experience, both in Washington and in California, one of the highlights has been your negotiating ability with regard to foreign trade possibilities with farmers. And this Committee has dealt with the export issues almost every week of our existence, because this is so critical. And there has been disappointment on the part of most of us that we have not progressed more.

As you take a look at the horizon, from your experience as an attorney, as well as one involved in the administration of agriculture, what are the prospects for exports? Are the EU people so intransigent? Are others so tied up in protection of their own agriculture that we can anticipate very slow going? Or do you have some ray of optimism to share with us this morning? And give us that flavor, if you can, from your current experience.

Ms. VENEMAN. Well, Senator, I think that, as you have indicated, some of these trade issues have gotten more and more difficult. They've gone on for many years in the case of some of these cases that have been brought both before the WTO and ones that we're still trying to work out, not having brought a case yet.

We also want to continue to look toward opening up markets further. I think that the agreement with China on MFN and joining the WTO has been an important opportunity for agricultural products, and hopefully we can get that agreement finished and get it effectively enforced in accordance with what has been negotiated.

We need to continue to work on the bilateral issues, so many of which we have with the European Union now.

And I've had several conversations already with Mr. Zoellick and intend to work very closely with USTR. I think that we certainly heard in his announcement the other day the word agricultural mentioned several times during that announcement, emphasizing both the President elect's recognition and Mr. Zoellick's recognition of the importance of looking at agricultural trade issues as we move forward with our trade agenda.

I might also add that the President elect has been very forceful in his statement that he wants to pursue with the Congress the granting of additional Fast Track authority to negotiate additional trade agreements.

Senator LUGAR. Well, I hope that you'll be a teammate with Bob Zoellick, because that would be a good team, and a very, very important mission, which you understand and which this Committee, I think unanimously, would like to work with you, would like to inquire of you really with some frequency as to how it is going and how we can be helpful.

I want to take up a complex subject. Chairman Harkin has mentioned in our pursuit of new farm legislation, most of us are in favor of the flexibility, the so-called Freedom to Farm. Most of us likewise are in favor of more income for farmers. And the question is how to do both. We must find better formulas for that.

I'm intrigued by Sparks Company, Inc. analysis using the 1997 Census for agriculture. And there's no need for you to worry about these facts, per se, because we'll deal with them more in detail. But they point out that commercial farms, as they define them in this country, that is with sales of over $250,000, now comprise only 8-percent of our farms, but 72-percent of our production. Almost three quarters coming from just these 157,000 farms.

A second group, called transition farms, 189,000 of them, have sales of $100,000 to $250,000. My farm is one of those. I hope not in transition, but nevertheless, it is not a commercial farm by this definition. And finally, there are 1.57 million farms that, and this is 82-percent of all the farms, and these have sales of less than $100,000.

Now, that group, the 1.57 million, produce only 13-percent of everything we now produce. The transition farms, my crowd, do 15-percent and 72-percent of this 157,000, just 8-percent.

Even more startling is that 72-percent of the income from the families that operate the commercial farms come from the farms. Seventy-two percent they get from the farm, 28-percent comes from off the farm. When you come down to my group, the transition farmers, we get only 43-percent of our income from our farming and 57-percent from somewhere else.

And when you come to the 1.57 million, the 82-percent, 100-percent of the income comes from off the farm, net. Now, that doesn't mean that some people don't make some money on those farms. But they lose more in that process than they make.

Now, this is, I think, a pretty startling fact. So we want to pursue that with the Sparks people and the Census people. If 82-percent of our farms in our net basis are losing money, and 100-per-

cent of their income comes from somewhere else, that is a very, very tough farm policy to fashion.

Now, you've dealt with this in California. This is a microcosm across the board of just what I've suggested. Ten-percent of the Nation lives in California, and probably 10-percent of the farmers, maybe more. How have you dealt with this? You clearly have seen this coming, either a consolidation or the larger situation or the production. Because when we have our payments, our AMTA payments, the criticism is made that these monies are going to the large farms. Well, of course, they are, 72-percent of all the production is with this group. Only 13-percent with the 1.57 million.

And so it goes, round and round, however, we try to supplement farm income. And maybe that's the way that it should be.

But can you give us, once again, any flavor of how you begin to approach this, or how you have approached it, as Commissioner of Agriculture in California?

Ms. VENEMAN. Well, Senator, I think it is important to look at the changing structure of agriculture as we enter into any discussion about farm policy. And I think these statistics are very enlightening. In California, of course, we weren't dealing with farm policy in the sense of farm income programs and so forth. Those were dealt with primarily at the Federal level.

I did often get the question, though, about consolidation of farms and the declining number of farms and so forth. I looked carefully at the statistics and what we saw happening out there was actually an increase in the number of farms. And part of that was because people were taking advantage of niche markets and being able to produce, as a very small acreage farmer, to a very niche market, whether it was the strong system of farmers markets that we had that was regulated by the State government, or it was roadside stands, or it was new products that were tailored to specific markets or specific high quality restaurants.

But I think that one of the things that, the lessons learned from all of that is that we do have to help our farmers learn how to market up the food chain, so that they can get more value for what they are producing. And I think that's a role that we can play together with Congress in working and looking at farm policy for the future.

Senator LUGAR. That's a very important consideration. I'll not go through the rest of this, but the farmers in the commercial markets got as much as 20 or 30 cents a bushel more for corn or beans or wheat than did others. Because their marketing skills, their ability to use futures markets, the crop insurance products, all of these. And this is a big educational question. How do we all come up to the table with some degree of equality in terms of skills of marketing, the education of how you might do this sort of thing.

But these are issues that you're well aware of. This is why we have confidence in you. I simply raise them because I think they are fundamental to the farm income problem, finally, and the ability to actually take revenue from the farm.

I thank the Chair.

The CHAIRMAN. Thank you very much, Senator Lugar.

Senator CONRAD.

STATEMENT OF HON. KENT CONRAD, A U.S. SENATOR FROM NORTH DAKOTA

Senator CONRAD. Thank you, Mr. Chairman, and thank you, Secretary Designate Veneman, for being here. Thank you very much for coming by my office the other day and giving us a chance to talk about issues that are important, certainly to my State, but I think agriculture writ large as well.

I'd like to just put up a couple of charts to frame the discussion. This first one shows what's happened over the last decade. The green line is the prices farmers paid for input, the red line is the prices farmers received. And we can see why there's a crisis in agriculture, and why we've had to write four disaster packages in the last 3 years.

The arrow points to the 1996 Farm Bill passage point. And we can see the gap has dramatically widened since the passage of that legislation. Many of us believe it's been a disaster in terms of farm policy, and certainly in terms of the income to the farm producers that we represent.

Let's go to the next. This chart shows the level of support that the EU is providing domestically to their producers versus what we do for our producers. This is on a per acreage basis. You can see roughly that the Europeans are providing ten times as much support to their producers as do we. And I think they've clearly got a strategy and a plan to dominate world agriculture, and part of that strategy and plan is, go out and buy markets.

We can see in the next chart how they're doing that with respect to export subsidy. The blue part of this chart shows the European share of world agricultural export subsidy. It's about 84-percent of all world agricultural export subsidy is accounted for by the Europeans. We're 1.4-percent.

So this creates an unlevel playing field for our producers. The deck is fundamentally stacked against our producers.

So my first question to you would be, what would you do to change this?

Ms. VENEMAN. Senator, I think that it's important to recognize, as you say, it's both competition within the country as well as outside the country, and that agriculture has become more and more competitive as time has progressed.

I think that with regard to the future of farm policy in this country, there are a number of proposals that have been advanced. There's a number of regional differences that we've seen. As I've talked with many of you on the Committee, there are many differing interests, depending on the region, depending on the commodity.

And I think that what we need to do is work together to find as much consensus as we can on the future of farm policy and the future of programs in this country.

With regard to the European Union and the subsidies you've talked about, this has been an issue that has been plaguing producers in this country, the Government for many years, and in fact was part of the background of what created the proposals that were negotiated in the Uruguay Round, beginning to bring down export subsidies and domestic support, particularly targeted at that which the European Union has. And I think that needs to continue to be

negotiated, to continue to bring down the levels of support in trade negotiations, as was begun in the Uruguay Round.

But I think that a combination of trade negotiations, of future farm policy, we need to together work to address the kinds of issues you're bringing up.

Senator CONRAD. Let me just say that I think the Uruguay Round in many ways is part of the problem. Because there, we agreed to equal percentage reductions from these very unequal bases. I can tell you, the Europeans in my talks with them have told me, that's exactly what they want to do. They want to continue to get equal percentage reductions from these unequal bases, always leaving them on top. And I hope very much that we will not go back to any other round and agree to equal percentage reductions when they start out in this incredibly dominant position.

Let me ask you specifically, yesterday President elect Bush's spokesman Ari Fleischer reacted to President Clinton's final budget report. In that final budget report by the President, he advocated an additional $74 billion over the next 10 years to agriculture to in part change this dynamic, to level the playing field.

Mr. Fleischer reacted in an interesting way to a question. The question was, it's becoming a pretty regular thing each year for Congress to pass bipartisan support for aid to farmers. Are you saying that President Bush might want to stop that? Mr. Fleischer, in response, "That's not aid to farmers. That's an assumed bail out above and beyond all existing levels of spending. And the history is that legislation of that order comes about when there are dire straits in the agricultural community. For President Clinton to assume that there will be dire straits for 10 years in a row, either he's a very good weather man or he's inflated the spending."

Do you believe that President Clinton has inflated the spending in the budget report that he put out?

Ms. VENEMAN. Senator, to be perfectly honest, I have not reviewed President Clinton's budget report. I am not familiar with the specifics of it. But if confirmed, it would be my plan to quickly review the budget that has been presented, and have input into the supplemental budget or the addition to the budget that would then be submitted by the new Administration.

Senator CONRAD. Let me just be more clear. Without respect to the specifics of his budget proposal, do you believe more resources need to be put into agriculture to help level the playing field here between the U.S. and the EU, and to provide leverage for the negotiation with the Europeans?

Ms. VENEMAN. Well, Senator, I think that that's an issue that we need to look seriously at. But until I see all of the numbers and all of the basis of the current budget, I'm not able to tell you specifically what the current needs are going to be for the coming year and beyond.

Senator CONRAD. Well, I would just hope that as the Secretary Designate, that you would have a sense of this now. I really do. I mean, to me, this is right at the heart of what's happening to us. And unless we help level the playing field, we're going to consign our people to failure.

I don't know what other conclusion one could come to. It reminds me a little of the Cold War, when we built up to build down. We

built up in part to get leverage for a negotiation. And for some reason, we haven't figured that out with respect to agriculture. I can tell you, the Europeans have told me, look, we believe we're in a trade war with you. We believe at some point there will be a ceasefire. And we believe it will be a ceasefire in place, and we want to occupy the high ground. And the high ground is market share.

And so they've had this strategy and plan of spending a lot of money to get market share, so that they're able to dominate in these trade talks. And we don't seem to be able to figure this out. To me it's not complicated, it's really very simple. They occupy the high ground, and we can either go out and try to match them or be consigning our people to failure.

I've got a bit more time. I'd like to go to a trade question if I could. In North Dakota, we've been very adversely affected by the Canadian Free Trade Agreement. I call it the so-called free trade agreement, because with respect to agriculture, it wasn't so much free trade as negotiated trade. And on many terms, we lost that negotiation.

We saw in durum, which is the type of wheat that makes pasta, very popular all across America, certainly popular in California, North Dakota is the major producer, the Canadians went from zero percent of our market to 20-percent, not because of any competitive advantage, not because they're better farmers, but because of loopholes in that agreement. Incredibly damaging to the producers that I represent.

The USTR has started an investigation as to the question of whether the Canadians are selling below their cost in our market. Would you support that investigation?

Ms. VENEMAN. Well, certainly, Senator, I would support a very strong enforcement of the trade laws that we have on the books. If in fact there is a violation of trade agreements, or if there is any kind of indication of dumping, we ought to investigate and we should enforce our trade agreements. That's part of what makes trade agreements effective, is the enforcement mechanisms in our trade laws that allow us to make sure that they are being complied with.

And so certainly, if investigation shows that there's a basis for a violation, I believe we should proceed to take action as appropriate.

Senator CONRAD. Final question. Will you come to North Dakota to meet with the farmers there at some point if it fits into your schedule?

Ms. VENEMAN. I would be happy to come to North Dakota, hopefully when it's not too cold.

[Laughter.]

Senator CONRAD. You know, our weather is not reported accurately.

[Laughter.]

Ms. VENEMAN. I was there once.

Senator CONRAD. It's very mild, especially in February.

[Laughter.]

Thank you.

The CHAIRMAN. Compared to the Arctic Circle, yes.

Senator Cochran.

STATEMENT OF HON. THAD COCHRAN, A U.S. SENATOR FROM MISSISSIPPI

Senator COCHRAN. Thank you, Mr. Chairman.

As I was considering this hearing today, Ms. Veneman, it occurred to me that you're probably the best qualified nominee who has been suggested for this job of Secretary of Agriculture since your fellow Californian and former Secretary Richard Lyng. The background you had at the Department of Agriculture and Foreign Agriculture Service and in California as head of the Food and Agriculture Department there, and your service as Deputy Secretary truly do make you the best qualified nominee who's been before this Committee in some time. I congratulate you on your nomination and look forward to working with you in your capacity as Secretary of Agriculture.

I have a few observations I'm going to make, and I don't really have a long list of questions. First of all, Senator Helms told me to tell you that he hopes to be able to get here for the hearing, to congratulate you and to tell you that he is certain you will make a great Secretary of Agriculture. He appreciated your visit to his office the other day. He has other obligations that may keep him from the meeting. But he has asked me to advise the Committee that he will submit a statement for the record in due course.

Let me say that there are a number of things that I think are major concerns in agriculture right now, one of which is the fact that last year, we passed disaster assistance legislation, and unfortunately not all the benefits of that legislation have been made available to agriculture producers who are eligible for these benefits. Some have told me that as much as half the benefits have not yet been paid out.

I hope that you will take a quick look at what can be done by the Department to accelerate the action that's needed to carry out the provisions of our disaster assistance legislation. Farmers are having more than a tough time with the cost of inputs, particularly energy costs now, that are making it very, very difficult for them to continue to stay in business.

On another subject, I hope that you will consider our research program, which consists of a balance, I think, between cooperative research programs with colleges and universities and laboratories around the country, along with the Agriculture Research Service programs, as a very finely balanced effort to identify ways to make farming more efficient, to make food more safe, to in many ways strengthen the agriculture economy in our country. And so I hope that you will support Congressionally-directed research activities and respect the views of Congress on these subjects.

We also had in our last Farm Bill a very aggressive and comprehensive conservation program, including a number of initiatives, such as the Wetlands Reserve Program, Conservation Reserve Program, the Wildlife Habitat Incentives Program, all of which are proving to be very important incentives for private landowners to use their lands in ways that conserve water and soil resources and conducting farming operations that are consistent with environmental interests that we all share.

I hope you will be able to support additional acreage being put into these programs and being designated for us. And one other thing that's come to my attention recently on this subject, is that many of those who work in the county offices throughout the country are not as familiar as they should be with the details of these programs. I've had farmers tell me, they've gone in and asked about some of the programs, and the person in the local office will have to get out a book, or a regulation, directives, and start reading along with the farmer to try to figure out whether there is eligibility for the program, how you apply, what are the criteria, what do they mean.

I hope that this can be a part of this Administration's policy, and that is to help ensure that those who are administering the programs and advising farmers know what they're talking about, and are aware that these are priorities of this Administration.

I didn't know I was going to make such a long speech, here, Mr. Chairman. I'm sorry about this.

On foreign trade, your background particularly equips you with knowledge about our foreign trade programs, opening up new markets, making sure that our exporters are treated fairly in other countries when they're trying to sell what they produce in overseas markets. We've adopted a number of legislative initiatives over the last several years, the middle income training program, to try to acquaint emerging economies through exchange programs with our economic system and our agricultural products, in ways in which we can work together with some of the countries that are developing their economies. These lead to better trade relations, better opportunities on both sides of those programs.

The market access program occasionally gets criticized. But it has proven to be very effective in breaking down barriers to trade and making sure that trading practices in foreign countries are fair to us.

Passage of normal trade relations legislation with China and other countries is also an enormous step in the right direction, in my opinion. But some are concerned that the Chinese may seek designation in the World Trade Organization that would place them at an advantage over other developed countries in WTO. I hope you will take a look at that and work to ensure that China's accession to WTO is monitored and ensure that it meets market access, subsidy reduction and other targets that are consistent with other developed countries.

Finally, I'm going to close with this. I think you need someone at the highest level of the Department who is acquainted with southern agriculture who is able to make sure that the interests of those in the South are expressed during debates on policy and programs at the U.S. Department of Agriculture. I know you are aware of these interests and these concerns, but there are some special problems that exist in our part of the country. And I think having a southerner in a high ranking position at USDA would be a very good thing.

Also in that connection, I got a call from Kenneth Hood, who is President of the Delta Council, which meets annually at Cleveland, Mississippi, to invite you, in his behalf, to be their speaker. This

is kind of like Senator Conrad's question. I'm not going to ask you to come to Mississippi in July or August.

[Laughter.]

But this is the last Friday in May, which is kind of nice.

[Laughter.]

And they're having their annual meeting. This is a very important meeting for the mid South, for agriculture and economic development proponents. The Delta Council really is a prime mover in the economic development effort for the Mississippi Delta. And they've had a distinguished line of visitors and speakers at that meeting. The first, I guess, that got national and international attention, was Dean Acheson, when he was Under Secretary of State. He unveiled the Marshall Plan at that meeting, and then he got credit for doing it at Harvard or Yale or some other more fancy venue.

But he tried out the speech at Delta Council in 1947. Well, anyway, there have been governors and Secretaries of Agriculture, Vice President Bush came and spoke. So I'm inviting you to come down and speak. I hope you can work it into your schedule.

If you have any reaction to any of my comments or suggestions, I'll be glad to hear your thoughts on any of these.

Ms. VENEMAN. Well, you gave me quite a list. With regard to the administration of programs, particularly disaster assistance, I have heard this from several members of the Senate and the House about the, and people in agriculture as well, about the concern about getting the programs, once they are passed by the Congress, implemented as quickly as possible. And I will pledge to you that we will do everything we can, if confirmed, to do that.

I share your interest in research. I think that research is very important in agriculture. One of the initial missions of the U.S. Department of Agriculture when it was created by President Lincoln was to conduct research. It was to help agriculture in this country through research. And I certainly have a strong commitment to research and believe that our research ought to continue to work not only in the traditional areas of production enhancement, but also be focused on helping us solve the issues that agriculture faces today, whether it's food safety issues, environmental issues that we need to focus research in areas that will help farmers.

I also share your interest in conservation programs and the fact that they should be voluntary, incentive-based, and we should give our farmers the opportunity for additional conservation programs and opportunity to participate in those programs. Because as you know, farmers often get criticized for the manner in which they farm. But farmers are truly the environmentalists. They have to have the land, the air and the water in order to be farmers. They are the best stewards of the land, and we need to help them find ways to do that.

You mentioned the county offices not being familiar with the regulations. As you might recall, I was very involved when working with Secretary Madigan in looking at this whole issue of reorganization and bringing the offices together. One of the ideas at that point, and one of the things I would hope to continue to pursue, is bringing cross training to these agencies of the USDA, so that we can provide, as I said in my opening statement, the best pos-

sible service to our customers. I believe that it's important that the different parts of the Department not just be looked at for their separate programs, but they understand each other's programs because they're serving the same and similar constituencies.

Finally, on trade, I think it is important to continue the trade programs that have been effective in helping us open up markets. And I will pledge to continuing to do that.

And I understand your concerns about the South. One of the things I said before, there are regional differences in agriculture in this country. I understand that fully. We want to make sure that we bring balance, regional balance, to the appointments that we make at USDA. And we plan to do that.

Finally, I will check my schedule.

[Laughter.]

Senator COCHRAN. Thank you very much.

The CHAIRMAN. Thank you, Senator Cochran. I might just say, in the interest of good time management, if other Senators have requests for Ms. Veneman to appear in their State that they submit it to Chairman Lugar. We'll get it to you en bloc, and that way you can just map out your whole schedule for the year.

Senator Johnson.

STATEMENT OF HON. TIM JOHNSON, A U.S. SENATOR FROM SOUTH DAKOTA

Senator JOHNSON. Thank you, Chairman Harkin. I would ask unanimous consent to submit a full statement for the record, as well as some additional questions for Ms. Veneman.

The CHAIRMAN. Without objection.

Senator JOHNSON. But I welcome Ms. Veneman to the Committee, you and your family. I want to thank you again for taking some time out to meet with me in my office earlier, to discuss some of these key issues, particularly Northern Plains and Great Plains issues.

Of course, we in South Dakota are proud that Ms. Veneman has some South Dakota ties. In fact, her Dutch ancestors homesteaded in Charles Mix County near Platte, South Dakota in 1892. That was a long time ago, and there's not much peach growing in Charles Mix County, South Dakota. But nonetheless, we're proud of your connections to our State. And as you evaluate the visits that you're going to be making, I'll join in inviting you back to your ancestral State, keeping in mind that South Dakota is the balmy part of the Dakotas.

[Laughter.]

It is on the south coast of the Dakotas. And also, I join in, in expressing some concern that there be that regional balance that you've alluded to in terms of staffing. I think there is a real concern that the northern plains agriculture has its regional, unique qualities to it. And I'm certain that you will take that into consideration as you develop your staff and your offices at USDA.

I look forward to additional discussions with you in a less formal setting on the farm program, on trade, on concentration, antitrust and vertical integration, both in the grain and the livestock sector, in particular. I have concerns about where we're going with value added agriculture, conservation programs. And we did have an op-

portunity to discuss very briefly the conservation reserve program [CRP] wetlands pilot project that we currently have in South Dakota and across our region.

Of course, our research in Genetically Modified Organisms [GMO] issues as well, that we can spend some time talking about. These are matters of enormous importance to the State of South Dakota.

A point that I wanted to raise with you is one that is fundamental in our part of the country. Over the past three years, Congress has enacted disaster legislation to augment the farm program transition payments, and in fact, our financial assistance to farmers in fiscal 2000 was a record $28 billion. There's no particular rebound on the grain side in terms of price anticipated in the near future. If we are to head off a fiscal 2001 price crisis for family agriculture in this country, I wonder if you'd share a couple of thoughts with us about whether you think additional ad hoc disaster legislation is the best vehicle for addressing that problem on the near term, or whether you believe some modification in the context of the existing farm program makes more sense and would be more efficient in that way.

If we are to do disaster legislation, do you believe that we should continue down the road that we have in the past, essentially, of bonus AMTA market loss payments, or are there other mechanisms and more efficient mechanisms for providing badly needed financial resources during times of record bull prices, particularly on the grain side? I'd be interested in any insights you might have to share with us, Ms. Veneman.

Ms. VENEMAN. Senator, I'm fully aware of what the Government has done in terms of stepping up to the plate to help farmers in these times of low prices, primarily low prices, but also we've had some disastrous weather and other things in the past several years that have created the need to continue to provide additional safety nets for farmers. And certainly, I believe that it's important that we continue to provide safety nets.

I'm not prepared today to say what form that ought to take. I understand what you're saying in terms of, should it be additional ad hoc or should we have something a little more structured and a modification to the existing farm programs. I think we need to look at all those options and determine what will best serve agriculture, not only for the short term difficulties they're having, but also for the long term.

Senator JOHNSON. Well, I appreciate your observations on this, and look forward to working with you. As I have shared with you earlier, there's a time and a place for disaster legislation, when unique, unforeseeable circumstances occur. But it troubles me that this is a relatively inefficient way of providing resources. It is not the kind of predictable, manageable kind of plan that allows farmers to go to the bank, allows them to plan long term. And I would hope that we could come up with a more institutionalized, more reliable and hopefully more cost efficient, hopefully utilizing market forces, that would complement what we're doing, to see to it that we survive these low price swings that we have under the current program.

So I look forward to working with you on that. I know we have several members of the panel, and I want them to have opportunities to discuss these matters with you as well. I have a simultaneous confirmation hearing going on in the Energy Committee, and I'm going to have to excuse myself for that purpose. But thank you again, and congratulations on this nomination.

[The prepared statement of Senator Johnson can be found in the appendix on page 60.]

The CHAIRMAN. Thank you very much, Senator Johnson.

Senator Craig.

Senator CRAIG. I slid in under the cover of darkness, Mr. Chairman. I believe Mr. Roberts was here first.

The CHAIRMAN. All right, do you defer to Senator Roberts?

Senator Roberts.

STATEMENT OF HON. PAT ROBERTS, A U.S. SENATOR FROM KANSAS

Senator ROBERTS. I thank my distinguished friend.

Madam Secretary to be, you're going to be a busy person. I have it down here that you're obviously going to go back to California. And in order to be confirmed, it looks like to me you're going to Minnesota, Nebraska, Michigan, Georgia, also Arkansas.

Senator CRAIG. Am I on the list?

Senator ROBERTS. Yes, we have Idaho down here.

[Laughter.]

South and North Dakota, Iowa, and Indiana, Mississippi and now Illinois. However, not one of those places can make you an honorary marshal, so come to Dodge City, Kansas.

[Laughter.]

I am extremely pleased to be here today for the confirmation of a good friend as Secretary of Agriculture. I have had the opportunity, Mr. Chairman and Mr. Chairman, to work with Ann many times down through the years. So I am pleased to join the Ann Veneman marching band. I don't know if I should play the bass drum, the trumpet, or the trombone or the piccolo, but I'll pick an instrument.

You bring a wealth of experience to the job, not only in regards to your previous service as the Deputy in regards to the previous Bush Administration, but as Secretary of Agriculture for California. I have been to California many times. They have unique problems in agriculture. And Mr. Chairman, Ann Veneman has always brought sound science and common sense to reach some satisfactory conclusions to the challenges we face in regards to agriculture and the environment.

I'm particularly pleased with your previous experience in the ag trade policy arena. I'm extremely happy that you'll be working with Bob Zoellick in that respect. I might add, you mentioned, I think it was the cross-trainer tour, I think we needed some cross-training shoes to do that. That was back during the days when there were amendments to the Farm Bill and ag legislation by Charlie Stenholm of Texas, and some fellow named Pat Roberts of Kansas. There were more Stenholm amendments at one time and more Roberts amendments during another time, but that's another story.

And the Assistant Secretary joined us. Mr. Chairman, we went to South Carolina, we went to Kansas, we went to Kansas, those are the obligatory stops. We went to California, went up in the northeast to try to streamline the paperwork and the information between Farmers Home and at that time it was SCS and ASCS. Ann Veneman sat in the back of the plane, by the way, it was coach, because I know we were back there talking about her dad, my dad and politics. She comes by this very naturally. And I don't know of anybody who persevered more to try to bring that cross-training expertise to the Department.

If Senator Conrad is upset with the amount of payments and how they're being paid and all that, and I think all of us are, whether we need either more or less, and I'm concerned about the trade picture. I think we always need an aggressive and consistent and comprehensive trade program. So as we enter the WTO negotiations, we need somebody who will use the bully pulpit. And I know you plan to do that in behalf of American agriculture on the international scene.

Now, we visited about this issue at length when you came up and paid us a courtesy call. I would remind every member that Ann Veneman was in Seattle, most of us were in Seattle, the distinguished Chairman and the Secretary of Agriculture at that time says we cannot fail. I somewhat affectionately call the Seattle Round the Tear Gas Round. I'm not sure we failed, but we sure didn't make much progress.

And so as we go into the next round, as you have indicated, we really need a bully pulpit champion that will stand firm. And it has been mentioned that we're going to be undertaking a major debate on the Farm Bill in the not too distant future. And I'll just say this, I hope you and the Administration will play an activist role in helping us reach some logical conclusion.

I want to turn to another issue. And it is sort of reflective of the question that I'll have for you, and I will try to make this fairly quickly. We have an energy crisis that is now looming all across farm country. Natural gas prices increased from $2.30 per unit as of this time last year to $8.10 today. We just checked on it today. Last year, it cost $100 to produce a ton of ammonia for fertilizer. The cost of natural gas now makes up 72-percent of the cost of production. At today's prices, it would cost nearly $400 to produce that same ton of ammonia. And that makes fertilizer production economically impossible today. We had people from the Fertilizer Institute in my office yesterday saying, we're shutting down.

If that's the case, a shortage of fertilizer is really looming, and it will be very quickly. Additionally, in Kansas, many producers, as in other parts of farm country, use the natural gas to simply run their irrigation pumps. So already, our farmers in America's breadbasket are planning to shut down their wells this spring.

So now you enter the small town banker. He has a big stake in all of this and the bankers are telling me that their farmers are having a very difficult time, make that our farmers, making their crop operations cash flow, even without the added costs of fertilizer and natural gas. And we've heard these comments by my colleagues. No water plus no fertilizer equals huge production drops. And that spells disaster.

Now, I won't go into it any more than that, except to say that I think that is looming. We're sitting on an economic and energy powder keg in regards to rural America.

Now, these issues remain largely outside the USDA. My question to you is, and we have talked about this, I remember when Senator Kerrey held an emergency meeting of all members of the Ag Committee, all the farm groups, all the commodity organizations, urging the Secretary of Agriculture to get more involved in behalf of farmers and ranchers in regards to global climate change.

So much of this that deals with the farmer's daily life and pocketbook and his future comes from other agencies. So my question to you is, do you plan to form some kind of, I don't want to call it a task force, but it would be certainly a coordinated effort with the Interior Department, with Gayle Norton, with EPA, with Secretary Whitman and with the FDA, we have the Starlink issue and all of that. And it seems to me as I recall it during the previous Bush Administration, when we would have a food safety scare or something like that, that there was a task force, and the Secretaries would meet. And they would be able to allay the public fears within maybe 24 hours and deal with the State departments of agriculture all throughout the country.

What kinds of plans do you have for that kind of coordination so that we can really get at these problems that sometimes are beyond the purview of the USDA?

Ms. VENEMAN. Senator, as I said in my opening remarks, Ithink it's very important that USDA play a key role in the interagency process. I'm a strong believer that interagency processes need to be well coordinated, that we need to seek out our sister agencies and look at commonalities of issues, look at whether it's the trade issues where we'll be working with USTR, State Department, Commerce and a host of other agencies, environmental issues with the Environmental Protection Agency, Interior and so forth.

In fact, President-elect Bush held an initial meeting with Agriculture the Friday before Christmas. And not only was I in attendance with producer group representatives, but Christine Todd Whitman was also in attendance. I thought that was a very important sign that we are going to work together. She made a commitment to work together to understand the issues of agriculture.

I think certainly with the Interior Department there are a number of issues, whether it's our resource management programs with regard to our forests and public lands, or our use of water. And the FDA and other food safety agencies, we intend to work very closely with them. I've already had a conversation with Tommy Thompson about the overlapping responsibilities we're going to have in that area.

I have talked with Mr. Abraham about the importance of energy and the energy issues to agriculture. I think it goes beyond inputs that you're talking about and the production agriculture impacts. But also, we're seeing the impacts on the ability, the potential ability of farmers to sell their products to food processing firms because they're being squeezed by the energy crisis as well.

So at every end of the food chain, the energy crisis is a serious issue. I would agree with you.

I have also talked with the Attorney General designate, and he got asked in his hearing, about the issues of antitrust and concentration. So I think this issue of overlapping jurisdictions and overlapping areas of interest is an extremely important one. And I'm committed to working with other departments and agencies of Government to make sure that agriculture is well represented and that the interests are well understood at the table.

Senator ROBERTS. Thank you for that response. I have one very quick observation. We spent $8.2 billion last year in what's called the Roberts-Kerrey Crop Insurance bill, along with the help of every person on this committee. Actually, if it works, it's going to be the Roberts-Kerrey bill. If it doesn't, we'll call it the Kerrey-Roberts bill. And we have a staff member over here against the wall who had a lot to do with that, and a staff member back behind me as well.

But we spent $8.2 billion to give the farmer some real help in that regard that could help allay the problem of the expenditures that everybody is talking about. And as far as I'm concerned, we need, I won't say a new broom, but we need some real help on that. I understand in our conversations in the past that we will really try to make sure that that program works. It's just extremely important with that kind of investment.

And I thank you, and I look forward to your speedy confirmation.

The CHAIRMAN. Thank you very much, Senator Roberts.

Senator Lincoln.

STATEMENT OF HON. BLANCHE L. LINCOLN, A U.S. SENATOR FROM ARKANSAS

Senator LINCOLN. Thank you, Mr. Chairman.

Welcome to Ms. Veneman. We are delighted that you are here.

I would like to take a few seconds and thank the Chairman, Chairman Harkin and Chairman Lugar, for their incredible leadership in this committee. It is one that I thoroughly enjoy serving on because of my roots, and certainly because of where Arkansas stands in the agricultural realm of things. I'd also like to welcome the new members to the Senate Ag Committee. Senator Miller joined us last year, but it's certainly good to have him back right here by my side. As you have noticed, it's really nice to have those from your region. And I'm delighted to have another southerner over here, as well as Senators Nelson and Dayton and Stabenow. We're delighted to have you here, and looking forward to working with all of you, as we are with you, Madam Secretary.

I represent a State that relies on agriculture as its largest industry, and I shudder to think of what my State's economy would look like without the poultry farms in the north and the west or the cotton and rice fields of the Mississippi Delta region of our State, or the timber forests in the South. Our Nation's agriculture policy is at a critical juncture, and we will, I hope, develop and implement a new Farm Bill during our work here, and certainly your tenure at USDA. It will be very easy for you to visit Arkansas when you're in Mississippi for Senator Cochran, because I'm right across the river.

[Laughter.]

It won't take you long to jump across the river.

But I certainly look forward to working with you and hearing your vision for the Department of Agriculture. And I appreciate your taking time to come by my office to introduce yourself and for us to get better acquainted, for that working relationship I certainly look forward to.

As I do often, I will identify with some of the other members. When you get to this end of the table, you realize that much has been said, you just haven't had your opportunity to say it. But I'd like to echo, as I often do, some of Senator Cochran's comments, especially about the conservation programs, as well as the disaster assistance. The sign-up for the yield loss portion of the program begins today, actually, January 18. And FSA still has yet to develop rules for covering the quality of losses there.

So I think it's very important, his question, and certainly your response, that we are looking for a dedication from you when we complete those programs and that disaster assistance, to implement the required regulations that are necessary to get those programs implemented and out there to those agricultural producers. So I can't emphasize that enough, of how important that is, and I appreciate my colleagues for bringing it up.

Also, as you well know, Arkansas is the Nation's number one rice producing State. You know that because California is the second. But nearly half of the U.S. rice crop is exported each year, and our farmers are suffering from low prices, in many cases due to the lack of fair competition around the world and the barriers to our exports. I'd like to at that point associate myself with the comments from Senator Conrad. I think that having someone on our behalf in terms of agriculture who is at the table fighting in regard to trade, I certainly appreciate your emphasis and your willingness to work with the new representative from USTR, who I met with yesterday. How absolutely vital it is going to be for you to be bold and aggressive in that, in standing up for agriculture. I think that's going to be absolutely essential for us to regain those market shares that we do need, and to ensure that we're going to change the face of that pie chart that Senator Conrad shared with us.

But just specifically, Japan has, to my knowledge, recently announced its agricultural proposal for the WTO negotiations, which calls for reduced market access for U.S. rice. Its current important policies do little to facilitate selling competitive U.S. rice to Japanese customers. A second entity to that question is Cuba, which was an enormous market for our rice in Arkansas, and southern rice, and how important it is that whatever law we may have passed in the 106th Congress, and I have to say my expectations are low in what it's going to be able to accomplish.

But I'm really looking to you for what it is you anticipate you'll be able to do and what you're going to be willing to do in moving Japan and our other trading partners to eliminating trade distorting import barriers as well as helping us to open up those very, very important markets to us.

Ms. VENEMAN. Well, as you know, Senator, Japan, before the Uruguay Round, had a complete ban on any imports of rice. One of the outcomes of the Agriculture Agreement in the Uruguay Round was a concept called tariffication, which converted non-tariff barriers into their tariff equivalents and gave a minimal but in-

creasing level of market access for certain products, particularly in the cases of things like rice to Japan, where there was a complete ban on the productpreviously.

That gave us certainly the ability to enter into that market. The concept that was negotiated in the Uruguay Roundwas that that access amount should continue to increase, theminimal level of access should continue to increase, and theamount of overall high tariffs should continue to come down. The concept of tariffication I think is still a workable one. It's certainly not something I think the U.S. would want to backtrack from in terms of the agreement in the next WTO round. And I would certainly commit to you that we should work strongly and very hard to make sure that Japan and other countries that have allowed product to come in continue their commitments that they made in the Uruguay Round and allow access to continue to increase on a gradual basis, to all them to adjust but allow competitive product to come into the market.

I think with regard to other trade agreements, we need to be, as I've said before, vigilant in our enforcement but continue to find openings for new markets for our agricultural products.

Senator LINCOLN. I hope that all goes to say that you will stand firm. We oftentimes find out that agricultural products in those negotiations tend to be the last negotiated, and they also seem to be the most susceptible. Also in light of your comments about looking for those markets, I hope that does include Cuba and a strong support of being able to try and open up those markets for our producers.

Just in closing, I'd like to also touch on something you've already talked about and apparently have begun in some detail, and that is the interagency cooperation. I think many of us have been frustrated from the agricultural standpoint of the interagency cooperation and really communication. Time and time again, new regulations are put forth by one agency, with little more than a peep out of USDA. And we truly, as producers, can be affected more so than absolutely anybody.

Looking in retrospect from the 106th Congress, the TMDL issue, which we would really hope that there's going to be significant input from USDA on many of these particular issues. The Kyoto Protocol negotiations, Fish and Wildlife issues which you and I have discussed, and I hope I've introduced you to a few new species out there that tend to devastate our fish crops down there in Mississippi and Arkansas.

The FQPA certainly is another example where I think farmers definitely and producers feel that USDA should take a leadership role in working with EPA and others. So I'm pleased to hear your comments that you've already made contact with those other agencies, and I hope that we won't lose the overall impact of what that has on producers, your capability to communicate and certainly be very proactive and aggressive on behalf of producers with the other agencies.

So welcome, we're delighted you're here, and I'd also like to echo Chairman Harkin's comments that women have had a great deal to do in agriculture, and we're delighted to have a woman now at the head. Thank you.

Ms. VENEMAN. Thank you very much.

The CHAIRMAN. Thank you very much, Senator Lincoln.

Now Senator Craig.

STATEMENT OF LARRY E. CRAIG, A U.S. SENATOR FROM INDIANA

Senator CRAIG. Mr. Chairman, thank you very much, and thank you for being here this morning and congratulations. We look forward to your confirmation and your active role with this committee in the coming years as we shape all those things that all of these members have suggested are critical and important. And I will only echo that they are and that for the sake of American agriculture and America's consumers, that we remain an abundant, productive country.

Let me stop talking about agriculture at that point. I'll only mention potato wart once. I'll only mention the 40 million hundredweight overhang of potatoes in the market once. And the need to deal with those critical situations that are plaguing a very large segment of Idaho's agricultural economy as we speak.

Last year, while this committee worried and fretted about the farm situation in our country, and while this marvelous chairman right here worked with all of us to produce that abundance of resource to help American agriculture, and Thad Cochran did a marvelous job as Chairman of the Ag Subcommittee of Appropriations, something else was going on across America that is on your watch and that you will have a major role to play in. The smoke clouds over Idaho and Montana were blinding to the average citizen. The community of Salmon, Idaho, was shut down for 3 weeks, people walking around with masks over their face, people with respiratory problems evacuated from the town, because the Nation's forests were ablaze.

Over 6.8 million acres of public and private land burned in our Nation this past year. This Government will spend, when the bills are all totaled, well over $2 billion putting out fire. And in my State of Idaho, where you are the steward over nearly half the public domain that makes up my State, the Forest Service is in a desperate need of leadership and direction. It has been politicized and effectively destroyed as it relates to esprit de corps and a responsibility of leadership, as to a balanced use of our public lands.

And as a result of that, the chaos that reigned supreme this summer was something that many had predicted years in advance. In 1981, a team of forest experts gathered, just happened to gather in Idaho, but from across the world, to examine the forests of the inland west. And they determined at that time that those forests were sick and dying and some already dead. And that report was issued in 1982, and they said at that time, if active management is not the word of the day, then we can expect massive forest fires that will change the ecosystems of the west and the public lands and the forests.

And they began. They started in 1984. We went into a wet cycle, we came out of that wet cycle a year and a half ago, and they began again last year.

Idaho at this time is only at about 50-percent of its snowfall and its snow pack, as is true of Utah, parts of Montana, parts of Wyoming, eastern Oregon and eastern Washington. The inland west, by

all appearances, is dry and getting dryer. And what we experienced last summer could well be something we experience again in the coming year.

And you are the steward over a very large portion of that land. Who you select as your deputy secretary in charge of the Forest Service is critical. How you reestablish command and control and esprit de corps to our Forest Service is going to be ever so important as we work to implement public policy.

In another committee, I happen to chair the Forestry Committee, and have developed a knowledge there that I'm anxious to work with you in seeing if we cannot develop a collaborative process at the local and State level and involve our State governments to assure the kind of environmental integrity we want of our forested lands. But not to sit idly by and suggest that sweeping, massive forest fires are just mother nature at her worst best. It is not. These fires are abnormal, they are extremely hot as a result of the fuel buildup on our forest floors. And the Nation is reaping the whirlwind of that kind of man-caused destruction.

That's just another agenda that I suspect would not get discussed very thoroughly in this committee today because we're all so focused on our farmers and their needs and on production agriculture. But as you know, you have the responsibility of a rather massive agency. And a part of that agency is the U.S. Forest Service, which has the responsibility of stewardship over America's treasures, America's public lands.

I will not ask you questions, but only to suggest to you that let's de-politicize the U.S. Forest Service. Let's bring it back on-line as a construction conservation corps, responsible for the management of these public lands in a way that shares the benefits of those lands both environmentally and for productive resource purposes with the American people.

You will be confirmed. We are anxiously awaiting the opportunity to vote for you and to begin to work with you in the shaping of not only agricultural policy for our Nation, but public land resource and forest policy for the years to come. Congratulations.

[The prepared statement of Senator Craig can be found in the appendix on page 62.]

Ms. VENEMAN. Thank you very much.

The CHAIRMAN. Thank you, Senator Craig. And now Senator Miller.

STATEMENT OF HON. ZELL MILLER, A U.S. SENATOR FROM GEORGIA

Senator MILLER. Thank you, Mr. Chairman. And it's good to see you again.

Ms. VENEMAN. Nice to see you.

Senator MILLER. I do not think that the importance of this Cabinet position can be overstated. We are headed toward a new Farm Bill, while in the midst of an agricultural crisis. Our rural economies are suffering, and this has tremendous impact in States like Georgia, where one out of every six residents is engaged directly or indirectly in agriculture.

With emerging farm technology, with competitive trade realities, with labor shortages, I don't think it's any exaggeration to say that

American agriculture is at a crossroads. We met earlier, and it was a good meeting. While we may differ on the quality of Georgia peaches compared to California peaches, I know you're going to be a very strong advocate for all regions of U.S. agriculture.

My State has great agricultural diversity, poultry and peanuts and cotton and tobacco and timber and many specialty crops. This diversity creates unique needs, and you know that because of California's agricultural diversity.

I'm also very pleased, as has already been said, that you have great experience in foreign trade. I think this is an extremely important credential. American agriculture is becoming more and more dependent on trade. And I encourage the Department to work with other departments and other pertinent Federal agencies to find new markets for our producers, as Senator Lincoln has already said.

I also believe that the Department of Agriculture and Labor must work quickly to develop a guest worker program that is economically viable and is fair to both producers and laborers. And this will take leadership by you and the Secretary of Labor and the Labor Department.

I want to close with just one question, albeit a complicated and controversial one. We have all heard the old adage that all politics is local. Well, so are foreign interests. And if you will indulge me, you can see where I think I'm headed, towards peanuts. Peanut growers right now are facing very difficult decisions. With diminishing import tariff rates, imports will continue to offset U.S. grown peanuts, pushing Government costs to new levels. At present, the program is no net cost. So we will either have to accept increased program costs under the current system or change the program to a more market oriented structure, which if other commodity programs are any example, will cost a lot of money.

So my question is twofold. Will you support a peanut program that does have some reasonable cost for the Government? Or if we move to a more market oriented program, would you consider supporting compensating those individuals who have invested in the peanut quota?

Ms. VENEMAN. Senator, I haven't looked closely enough at this issue to tell you where I would come out on what kind of solution to the peanut issue is appropriate. I know that the program has been under increasing pressure, that there are difficulties with the program that's operated, as you say, as a no net cost program for many years.

But I would hope to bring together the interests of the producer groups and work with them and members of the Senate and the House to find acceptable solutions to particularly these programs that are beginning to feel the stress of not working the way they have in the past. But I think we should bring all interested parties together to find the most appropriate solutions and I would look forward to working with you in that regard.

Senator MILLER. I do also. Thank you.

The CHAIRMAN. Thank you, Senator Miller.

Senator Fitzgerald.

STATEMENT OF HON. PETER G. FITZGERALD, A U.S. SENATOR FROM ILLINOIS

Senator FITZGERALD. Thank you, Mr. Chairman.

Ms. Veneman, congratulations. I think you'll do a wonderful job as Agriculture Secretary. And I would add Illinois to your long list. I take some comfort that you worked under Ed Madigan, who is of course a native of Illinois. I think that the town of Lincoln, Illinois, actually, in the land of Lincoln. And I look forward to working with you over the next 4 years.

I noted that in your opening statement you said that if confirmed, I intend to promote cooperative working relationships with other agencies of Government to ensure that the concerns of farmers and ranchers are understood and advocated throughout the Government. I think that's a very good statement, it was a very encouraging statement that you had made.

And I did want to bring up one such issue, which would have cross-departmental implications. And that is the issue of ethanol. Last year, the USDA released a study that concluded that if MTBE were phased out and replaced with ethanol over 3 years, it would create approximately 13,000 new jobs in rural America, increase farm income by more than $1 billion annually over the next 10 years, and reduce farm program costs and loan deficiency payments through an expanded value added market for grain.

The study also concluded that within 3 years, ethanol could be used as a substitute oxygenate for MTBE in nationwide markets without price increases or supply disruptions. And I guess my request from you would be to work across departmental lines. This committee has always had pretty bipartisan support for ethanol. And I think you will probably be having some contact, particularly with EPA, over this issue. And I guess I'd ask for your commitment that you will promote ethanol as an environmentally friendlier alternative to MTBE, and that you would work closely with your counterpart at EPA to ensure a strong future for ethanol.

Can you give this commitment to this committee?

Ms. VENEMAN. Senator, I think throughout the past several months during this campaign, President-elect Bush has made it very clear that he is committed to promoting ethanol and other renewable fuels and other alternative uses for agriculture products. So yes, I can commit to working with the Administration and particularly with EPA on these issues. And as I said, we've had conversations with Christine Todd Whitman about the importance of agriculture and working with her on agriculture issues. She has committed to working in close working relationships to understand the issues of agriculture, and I would intend to continue to do that.

Senator FITZGERALD. If I could just ask a little bit of a follow-up. Would you be willing to advise Ms. Whitman to reject your home State's waiver request from the oxygenate requirement in the Clean Air Act?

Ms. VENEMAN. I'm certainly familiar with that. It's obviously not in the jurisdiction of USDA, but I'm certainly willing to have conversations with her about it to discuss the pros and cons of such a waiver request, and also to express the strong interest of production agriculture in this request.

Senator FITZGERALD. Well, I appreciate that. And I do have, in the interest of time, I'm going to just give you one other question. I think this is a question that's being asked, I've noticed in watching the other hearings, a lot of Cabinet nominees are being asked the same question. Since 1990, all the agencies of the Federal Government have had to undergo audits. And I guess prior to 1990, we did no audits of all the different Government agencies, all the money the Federal Government spent, they didn't do any audits, which always struck me, coming as I did from a banking background, where if a teller line was $10 off, no teller could go home until they found that $10.

With respect to our Federal Government spending $1.8 trillion, almost $2 trillion a year, they are now doing audits. But over the last 10 years, while this requirement has been in place, only a handful of the departments and agencies have gotten clean audits. And most of them have gotten adverse audits.

And some of them, like the USDA, have had a disgraceful record in terms of their books and records. Their auditors have repeatedly refused to give any opinion whatsoever. They've issued what's called a disclaimer of opinion on the USDA's books, I believe for 10 years in a row now. The disclaimer of opinion means the books are in such bad shape auditors can't make heads or tails of them. You can't tell what money is coming in or what money is going out.

Last year, I chaired a subcommittee hearing where the Inspector General of the USDA testified. I was much chagrined to find that the USDA's fund balance disagreed with the Treasury Department's fund balance for the USDA by $5 billion. Now, they were thrilled, because they worked that difference down to $230 million. They were uncorking the champagne at the USDA that they were only out $230 million. That is an awful lot of taxpayer money.

And they had a car listed on their books for $98 million. Now, I don't know what kind of car it was, maybe it was a Batmobile or something. It certainly must have had all the options.

But this is really a disgrace. They had found that money was taken from a soil erosion fund and used to paint wall murals in urban areas. They found that checks for day care homes were being sent to empty lots. And the list went on and on.

When you come back, when I in subsequent years, after you've been in there, do those hearings to hear from the Inspector General, will we find that the USDA's books and records still aren't in order, and that you still can't get a clean opinion?

Ms. VENEMAN. Well, Senator, I would certainly hope that we can improve the record of the USDA in that regard. I am a strong believer in accountability in Government programs. I think that one of the difficulties in an organization that is as huge as USDA and has so many different missions is that it has not in the past had accounting systems that are consistent with each other. That is something I would hope to improve upon so that we can have more consistent accounting systems and better accountability. So hopefully we're not getting the unqualified audits that you're referring to.

Senator FITZGERALD. Will you make it a top priority of yours to clean up the books and records over there?

Ms. VENEMAN. I will commit to you that we will work very hard to address this issue.

Senator FITZGERALD. Thank you very much, and good luck to you.

Ms. VENEMAN. Thank you.

The CHAIRMAN. Thank you, Senator Fitzgerald. I just want to add my support for what Senator Fitzgerald just said on both those issues, but especially on the ethanol issue. We hope that you will be a strong advocate for ethanol.

Senator Stabenow.

STATEMENT OF HON. DEBBIE STABENOW, A U.S. SENATOR FROM MICHIGAN

Senator STABENOW. Good morning, and Mr. Chairman, I appreciate very much having the opportunity to serve on this Committee with you and with our incoming Chairman, Senator Lugar. It's a pleasure to be with both of you.

And I do apologize for coming in in the middle of your statement. I had the opportunity to introduce the incoming Energy Secretary to the Committee on Energy this morning. So I was a few minutes late. It is a pleasure to see you again. I appreciated the opportunity to have you come visit in my office. I know we share many common interests, both from California and Michigan being the top States in terms of diversity of crops, Michigan second only to California. I think that's very important. Many people don't realize that about Michigan.

On a personal note, I would just indicate that it's been a very long time since a Michigan Senator has served on this committee. Of interest to me is that the last time our State was represented was in 1959 to 1963 with Senator Phil Hart, who I know is certainly someone, represented by the Hart Building and held in high esteem by this body. So it's my pleasure to be once again serving Michigan on this committee.

Let me indicate that while most people associate Michigan with automobiles, and I would start by saying that as you visit the other States, I've invited others, you can start in Michigan, purchase a vehicle, I promise you it will not cost $98 million in order to purchase the vehicle.

[Laughter.]

And then you could drive to each of the other States. We would be happy to start your visits that way.

I would associate myself with many of the comments made by colleagues in terms of so many of the issues raised that affect Michigan. But let me juste add that we all have a very large task ahead of us with the reauthorization of the Freedom to Farm bill. I'm extremely concerned about strengthening the current farm safety net and look forward to working you as we sort through those issues.

I'm very interested in the opportunities for agricultural research. Of course, having a premier land grant institution, Michigan State University, in my hometown, as well as my alma mater, and developing new demand for commodities, bio-based fuels. I would also like to associate myself with the comments regarding ethanol and support for continuing and expanding that focus.

Food safety is a growing concern that's been a priority for me, particularly in light of the fact that we all remember the contaminated strawberries that were consumed by school children. Some of those were in my Congressional district, so I have been focused on food safety and working for a balanced approach, focused on research and consumer involvement. I think that's very important.

The rural programs through USDA are also critical to my State. Between 60- and 70-percent of the benefit goes to the upper peninsula in Michigan, which is a very important part of my State. And I'm very committed to expanding the opportunities to rural communities, economic development as well as supporting agriculture through the USDA.

Let me just mention that like California, Michigan is a salad bowl State. We have traditional crops, wheat and soy and corn and as well a diversity of specialty crops, which we have discussed. So those issues regarding specialty crops, whether it be pesticides, whether it be crop insurance, a variety of issues are important to us. We have tart cherries and apples and asparagus and blueberries and peaches and lettuce and sugar beets, and I could go on and on with the diversity of crops.

So it is important, and I have been particularly focused on crop insurance to expand that opportunity to specialty crops. When we look at the issue of pesticides, there are some of our crops that have only one or two pesticides available. So what happens becomes very important in the decisions of the USDA regarding pesticides. And I look forward to working with you on those issues.

I would have two questions for you today specifically that relate to Michigan I would appreciate your comments on. One we discussed briefly in my office, but I want to reiterate because it's so important to Michigan today. And that is the question of bovine TB. While we produce a broad range of agricultural products, as I've mentioned, dairy has the highest amount of cash receipts and is a very important component of our agricultural economy in Michigan. Last year, Michigan lost its TB-free status granted by the USDA, due to the presence of bovine TB in our cattle. And while Texas and New Mexico also have bovine TB in cattle, we're the only State with the presence of bovine TB in non-captive animals, namely, free roaming deer, which is a tremendous issue as we try to wrestle with this.

The deer transfer the disease to the cattle which consequently must be euthanized at a severe hardship to our farmers. The State of Michigan, along with Michigan State University, has developed a State plan to combat this disease and it's expected to take at least 20 years to totally eliminate this problem. Last year, the Michigan delegation worked closely with the USDA to inform the Department about the problem. The USDA declared an emergency in Michigan and provided funds through the Commodity Credit Corporation to help combat the disease, to increase research, implement tests and compensate our farmers.

Combatting this disease in our State is one of my top priorities. And I would ask that you continue to focus resources from the USDA on this issue, and would ask for any comments that you would have regarding this particular issue that we discussed.

Ms. VENEMAN. Thank you, Senator. I was pleased to be able to talk with you about this issue, because as you know, until we were in your office, I was unaware of this issue and its severity in your State. I will commit to work hard to combat diseases in animals that impact our agriculture. I think this leads to a much bigger issue, an important mission of the U.S. Department of Agriculture and Government and agriculture, and that is, the importance of programs that combat not only animal diseases, but pests and diseases that affect plants as well.

As you know, agriculture, both USDA and State agriculture departments have a very important role in this regard. And I think we cannot underestimate it. It's not just with animals, and it's not just Med flies and specialty crops. We saw a very, very serious impact on our wheat production a few years back when we dealt with carnal bunt. Again, we had to find a way to control the disease so that it did not impact our ability to market that product abroad, so that we were able to control it and contain it and eliminate it as quickly as possible.

I also agree that as we see new and emerging kinds of issues come up with regard to pests and diseases that we have to focus research continually on these types of problems to find better ways to deal with them.

Senator STABENOW. Let me ask one just follow-up. First of all, I am aware as well of the issues related to wheat. In fact, the first bill I introduced in the U.S. House of Representatives dealt with the question of wheat and barley scab, which is a wonderful name of a bill to be introducing, your first bill, on wheat and barley scab. But a critical issue, and I was very pleased to help lead an effort to bring the land grant universities together to form a consortium regarding research.

And that would lead to my final question, which relates to research through our land grant universities. I would welcome your thoughts and perspectives. As we have talked before, and I know that you are a friend and associate of our president at Michigan State University, and we are very proud of what happens through that land grant institution. It's critical to Michigan's agricultural base, and the work that's done there. We have formed a National Food Safety and Toxicology Center, bringing in multiple disciplines.

But I'm very concerned that cooperative extension and that our land grant universities continue to receive the support that I believe they deserve, as they are critical to us. And I would welcome your thoughts regarding those institutions.

Ms. VENEMAN. Well, Senator, as I said, I believe that research is a very, very important part and component of what USDA is involved in, and that research has been critical to the success of agriculture in this country. The land grants have played a major role in that and I believe need to continue to do so.

As we discussed in your office, one of the things that the land grant universities are now able to do and are beginning to do is work with other parts of their universities, whether it's medical schools or environmental sections of the university, to begin to find common solutions to issues that impact agriculture. And I would certainly want to encourage that through our land grants and find models like you have at Michigan State to encourage cooperative

research that addresses the kind of issues that we're dealing with today in the food and agricultural system and the health related issues that are so tied in today with food and agriculture.

Senator STABENOW. Thank you. Well, welcome. It's wonderful to see such a well qualified person being nominated. And I'm pleased to support your confirmation.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Stabenow.

Senator Nelson.

STATEMENT OF HON. E. BENJAMIN NELSON, A U.S. SENATOR FROM NEBRASKA

Senator NELSON. Thank you, Mr. Chairman. I'm unofficially a member of this committee today, and I appreciate the opportunity to be here. Thank you for the invitation. And it's a pleasure for me to continue the Nebraska tradition of having a representative on this Agriculture Committee.

Congratulations, Ms. Veneman. I want to thank you for your opportunity to come to Nebraska, and I want to welcome you back. Ms. Veneman came to Nebraska for my Governors Agriculture Conference in the early 1990s, when we shared the opportunity to talk about agricultural issues at that time.

Nebraska is also a diverse State when it comes to agriculture. I'm not going to start listing the levels of agriculture for fear of leaving one out, and I don't want to do that. Also, the University of Nebraska in Lincoln is a land grant institution, very much interested in, very deeply involved in ag research. And I'm encouraged by your comments about the necessity and support of agriculture research to the future of agriculture in the country and certainly in the world.

One of the things that has been suggested, I think it was Senator Cochran who made reference to having someone from the South involved in your agricultural, Department of Agriculture hierarchy, because of the differences in agriculture as it relates to the South. And we talk about agriculture as though it's unitary, and we know that it's very diverse. And the diversity is not only dependent upon region, although it's much affected by region. But there are certain areas.

And I would hope, without being parochial or regional in my request, probably being supported by my midwestern and Great Plains colleagues, that you would have a person involved that would understand the unique problems and the diverse problems that we have in the Midwest, recognizing not only the difference in agriculture products, but the difference in weather and where the most recent disasters occurred in terms of weather due to the drought, largely across a good part of the Midwest.

I am concerned about the Freedom to Farm Act, and what we might do to develop a new farm program that will in fact deliver the kind of support safety net that you referred to in a way that will work for agriculture where those needs exist today. Risk management, the Federal Crop Insurance Program certainly have a lot to do with it. And if you take a look at the payments that have been spread out over the last several years, maybe in some respects

the Freedom to Farm Act has been the most expensive non-farm program that we've entertained in this modern time.

I was hopeful that you might give us a little bit of a preview or some peek about what you might have in mind about modifications to the Freedom to Farm Act, but I guess we'll have to stay tuned to see what you develop and what you come back and provide in the way of leadership.

I'd like to think about agriculture as it relates not only to production agriculture but as it relates to energy, to world security and in so many different areas, a comprehensive approach. The trade agreements not only involve, they involve food safety, biotechnology, they involve trade barriers, they involve opportunities for free and fair trade. And they're in many respects all interrelated.

I certainly encourage the cooperation that you're referring to under the EPA, Energy and Agriculture, but also as it might relate to Foreign Affairs and other areas to see that we can have a comprehensive approach. Because I think agriculture, when we've come to the trade agreements, has always been a stepchild. It is the last thing that seems to get included.

And if I had one criticism to level at the trade agreements as it relates to agriculture, not as to other products from the United States, but as it relates to agriculture, it is that we didn't spell NAFTA right. It needs two Fs, Free and Fair Trade. I think that's the point that I would like to make to you and leave with you on trade agreements, that we spend the kind of time necessary to be sure that these trade agreements are not only open opportunities, but they level the playing field.

And I was taken by Senator Conrad's charts, because I think that's exactly what I have in mind. I'm not opposed to free trade, as long as it's fair, and as long as we work toward making it fair where it isn't.

Therefore, much of the hoopla today about GMOs and biotechnology from other parts of the world, I would put not only in the category of food safety, because that's the question that's raised, but I would put it also into the category of trade of trade barriers, another way of protecting local production, local industries. I'm not a protectionist, on the one hand. On the other hand, I am very concerned about the lack of protection we have very often for our own producers here at home when we open up the agreements and we don't provide for the level playing field at the very outset.

Now, we have all kinds of mechanisms to go in when we encounter unfair trade practices, but that's the equivalent of having a referee, not having a referee on a basketball court, but having a committee, years after the infraction, decide whether it was foul. I'm not going to suggest to you that it would make sense to have an actual referee with a black and white striped shirt standing there making every decision that's brought before that individual.

But we need something that is prompt, not time consuming, something that is also accurate in dealing with these issues. Otherwise, dumping or other violations can go on for a long period of time and be ruinous to many producers, whether it's in the sugar industry, North Dakota, Nebraska or Michigan, wherever it may

be. We have to be sure that we work diligently to be certain that every effort is made that these trade agreements and the actual encounters under the trade agreements are free and fair.

I also hope that as you look at market assistance programs and export enhancement programs that you'll work to make these part of the leveling of the playing field. If we can't get out competitors around the world to bring down their level of support, I'm not one that likes to move away from market conditions, but I have to admit that part of the market conditions include the level of support in other countries. So we have to join or we have to get them to join us by reducing their levels of support.

And I don't like to get involved in other countries' business. But when it affects what we're doing, we can't ignore it.

I'm very encouraged by what you said about ethanol. As a Governor, I was pleased to have the opportunity to start the Governors' Ethanol Coalition. Today I believe there are 22 States that are now members of the Ethanol Coalition. I'm not going to tout all the things we've done in Nebraska, except to say that we went from nowhere up to third in terms of ethanol production during my 8-years. I want to continue to work with Senator Lugar and Chairman Harkin and other members of this committee to be sure that we push forward for more ethanol production, more biofuels, biodiesel, more renewable resources soybeans, other biomass energy sources because I think we can put an energy policy for our Nation together that will include a large portion of renewable resources that will go into energy production.

But I'm not sure we have it working in the right direction. I would never suggest that we don't trust people out in the field; they are, after all, your employees. But I think there has been a system of bringing that back into Washington for command and control, and I for one would like to urge you to look very carefully and seriously and get back to this committee, or at least to me, on your recommendations regarding this. I think it would facilitate and would better, I think, streamline the whole process so that it can be done in a very timely manner, because when it is delayed it certainly doesn't serve the public in this case, the producer very well.

So I thank you very much and it is good to see you again, and I do welcome you back to Nebraska.

Ms. VENEMAN. Thank you.

Senator NELSON. What you can do is buy your car in Michigan, and all across the midwest you can fill your tank with ethanol.

[Laughter.]

Ms. VENEMAN. There you go. I like that.

Senator NELSON. Thank you very much.

The CHAIRMAN. Thank you very much, Senator Nelson.

Senator Dayton.

STATEMENT OF HON. MARK DAYTON, A U.S. SENATOR FROM MINNESOTA

Senator DAYTON. Thank you, Mr. Chairman. I look forward to serving with you, and also you, Senator Lugar, when you become the Chairman. Thank you for your gracious words about my perseverance. I would only point out that the difference between your

electoral success in the last 18 years and my lack thereof is reflected in the relative positions on this table here. But I am glad to be here.

Ms. Veneman, historically I've had great affinity for California; I think we associate it with Disneyland and the Rose Bowl. But now that those experiences have become distant memories for most Minnesotans, perhaps less so; and in the area of agriculture, the State of California represents fairly or unfairly, at least in the common perception of Minnesota's farmers and producers many of the economic and production dynamics over the last years that have driven thousands of Minnesota farmers into bankruptcy and have threatened our rural way of life and are harming every business on Main Street in Minnesota.

These conditions we saw most of them in Minnesota have been exacerbated by the effects of the 1996 Farm Bill. Without supply management and increased production under our basic economic law of supply and demand, market prices have fallen precipitously in our key commodity sectors. When I ran this summer, the price of corn in southern Minnesota was $1.25 a bushel; it was $1.85 a bushel when I ran for the Senate in 1982. Wheat, $2.60 a bushel in northwestern Minnesota compared to $3.50 a bushel in 1982. Dairy, $9.90 a hundredweight, compared to $12.50.

So contrary to the intent of the 1996 Farm Bill, the survival of the remaining Minnesota farmers has become increasingly and in some cases, totally dependent on these Federal payments.

You will recall, Mr. Chairman, that you were with me last fall in southern Minnesota, and a number of farmers there were asking you, "What will the emergency assistance payments be next year? Not even the regular program payments; what would the emergency assistance be next year?" because they needed those dollars committed to go to their banks for financing for this year.

So I guess my first question is, what do you propose to do to put the marketplace back into American agriculture, to help get prices in the domestic marketplace to levels where farmers can make a profit and we won't need these kinds of huge Government payments?

Ms. VENEMAN. Well, as I indicated, Senator, in my opening statement, I think the Congress has appropriately responded in these difficult times of low prices, bad weather in many cases, and other adversities.

At the same time we are looking at opportunities for farmers, and I think we need to look at opportunities for farmers, to expand markets for products, as you said, both at home and abroad. As we've had a lot of discussion today, we need to find ways to not only open new markets for our products, expand markets, but also tear down trade barriers that exist.

At home, I think we need to continue to find ways to have additional marketing opportunities for our farm products, whether it's new and renewable fuels, as we've had some discussion about, whether it's new products out of agriculture which our research will help us find, or whether it's helping farmers understand the realities of the marketplace so that they can participate in marketing further up the food chain and therefore get more value for their products.

All these are difficult, but I think that if we work together we can find ways to strengthen the competitive position of our farmers, and hopefully strengthen prices over the long run.

Senator DAYTON. Thank you. I wanted to just put on the record my concern. I don't disagree with anything you said, and it's been said for the last number of years. In fact, I think the increased marketing and foreign trade opportunities for American farmers has been set forth as the "Holy Grail" to be achieved if we're going to and I think in fact, while it is certainly important, it has been demonstrated so far, and this last Administration has certainly been aggressive in these areas and hopefully the next Administration will be doing more but the result has not been higher prices. In fact, even with some of the value added, I support what the Senator said about ethanol. But the reality is, we have levels of production in corn the second highest in the Nation's history last year; soybeans, the highest and again, the basic law of supply and demand is that the prices are going to be down, not only through the floor but into the subbasement, and the alternatives are either massive subsidies and record high costs to American taxpayers, or letting farmers literally fall into increasing bankruptcy.

So I think we have a fundamental problem. We have a program, with whatever good intentions it was designed, that has had a contrary effect, and I think it is really causing a systemic crisis in many of our commodities. We now have, we are told by the USDA, over a year's inventory of corn in this country. Well, it's just given then that the economics, barring some climactic disaster, are going to continue.

So I would urge you to look at these areas and come forward with your recommendations in ways that are really going to fundamentally address the scope and degree of the problem. We are talking about the same kind of euphemisms that we've kind of hung on before.

I would say of all the regional inequities in the U.S. programs, none for Minnesota is more inequitable and unfair than current Federal law as it relates to dairy producers. A combination of the price support levels being set lower and lower, and the regional marketing order system which disadvantages Minnesota, means that, again, our price support not only has the floor dropped, it's really down into a level where we lost from 1982, when we had 32,000 dairy producers in the State, and now it's less than 7,000. I ended up with close to 1,000 of them in two meetings just 2 weeks ago with Congressman Collin Peterson of northwestern Minnesota, and I was struck by the size of the turnout meaning, the desperation that many of them are experiencing now.

And California, by contrast, is a different situation. It has its own price support system and has ever-increasing production and expansion in the size of its operations.

What faith should Minnesota dairy farmers have that you would understand and be concerned about, the circumstances in which they find themselves, given that California's experience seems to be so different from it?

Ms. VENEMAN. Well, Senator, certainly I've been involved with much more than just California in looking at agriculture policy. But we've talked a lot today about the regional differences. There

is probably no better example of regional differences in terms of what people think ought to be done about agricultural policy than dairy. It's going to be a very challenging subject as we go forward in the future because people do have such differing opinions about what the dairy policy ought to be for the future.

I would hope that all the different dairy interests could work together to find and recommend programs that would be of benefit to dairy producers nationwide, so that we can not have to arbitrate the regional differences, but find something that is good for dairy around the country.

As I said, this is very contentious. And it is one of the issues that creates, probably, the most regional divisions of any commodity that we have.

Senator DAYTON. Well, we are quite confident that we have all the answers in Minnesota. If you could just get the California dairy producers to go along.

[Laughter.]

Ms. VENEMAN. I don't think this is a California versus Minnesota issue, though.

Senator DAYTON. No. I agree with what you said. And I echo what others have said today about the concern about imports, about inequities in the way that our policies have not only shaped these, but also permitted exports, dairy being an example. According to the figures I have had cited for me from some of our producers, this last year some 14-percent of the foreign imports of dairy products were 14-percent of our total production, where the law calls for 5-percent. And I am appalled that there has not been better enforcement of these agreed-upon restrictions, and I was pleased to hear you say today that you will do so. I think that is very, very important.

As part of that, I wonder if you have taken a position or what your views are on labeling of food products, of imported products, as such.

Ms. VENEMAN. Well, Senator, as you know, many of our imported food products are labeled. The question is, should we have additional labeling? And there is truly a split among producer groups, among various other groups up the food chain, about what ought to be done with labeling.

I think for the most part, consumers do have labels that are explicit. And if there is a need for additional labeling, we certainly will look forward to working with the groups to determine what needs to be done.

Senator DAYTON. Would you support in principle the notion that consumers ought to have a right to know what is in the food products they purchase, including where those products come from, particularly since some of the environmental pesticide measures in other countries don't even come close to our own? Is that something you would support in principle?

Ms. VENEMAN. Well, most food that comes into this country is country-of-origin-labeled already. I think that's important.

The second thing that I think is very important to point out is that food cannot be imported into this country unless it meets U.S. standards.

Senator DAYTON. In theory, yes.

Ms. VENEMAN. And I think that it is very important that we have the necessary resources to make sure that we enforce those standards on food that is coming into this country.

Senator DAYTON. Well, I support you strongly, Madam Secretary. I think that enforcing those is, again, part of it.

One final question if I may, Mr. Chairman, quickly?

I just want to commend you, as you mentioned, for asking Administrator Whitman to work with you. I would urge the same reciprocity in areas like the ever-increasing size of our feedlots throughout Minnesota and much of the country. I don't know what your experience in California has been, but I am concerned that we are putting our citizens more and more at risk with the kind of ecological consequences of these ever larger operations, the lagoons, the lack of place to put that waste, and the like.

Ms. VENEMAN. Well, those kinds of regulations, as you know, have been an increasing focus of the Environmental Protection Agency, and I think certainly, if confirmed, I would have the intent to work closely with Ms. Whitman to make sure that there is a clear understanding of agricultural operations so that they have that input in the process of making regulations that regulate those industries.

Senator DAYTON. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Dayton.

My colleague from Iowa, Senator Grassley.

STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S. SENATOR FROM IOWA

Senator GRASSLEY. Thank you, Mr. Chairman, and welcome to chairmanship, and also for the history about Iowa having once before had a person in your position. Maybe you could research for me if anyone from Iowa has been Chairman of the Finance Committee before

[Laughter.]

Since you have all that information. I'll just let you do that for me.

Congratulations, Ms. Veneman, on your nomination and what it does for American agriculture. I'm only going to have two questions: one on value added, and one on concentration, but I wasn't here to give an opening statement and I'd like to do that.

I believe that you already know a great deal about the economic and cultural ramifications of Federal agricultural policy, and these are very important to me, as well. You probably know that maybe I brag too much about being a farmer, and my father before me was. I think I understand agriculture and how policy decisions from Washington impact hardworking farmers, including my son, Robin, who operates our family farm.

Before I ran for office and after I leave, God willing I would still plan on being in farming. There is little that I feel more strongly about than providing the agriculture community with the potential not only to survive, but more importantly, to thrive, and that means profitability. An area where you're so strong is in international trade, and if there's going to be profitability in American

agriculture, obviously such a strong suit that you have will help us along in that direction.

I know, Ms. Veneman, that you recognize the complexity of the issues facing our farmers and ranchers, and due to your previous experience as Secretary of the California Department of Food and Agriculture and before that as Deputy Secretary of the USDA, I know that you understand many aspects of agriculture and what a strong agricultural economy means to my friends and neighbors in Iowa.

Your past service and knowledge of international trade policy is outstanding. Trade is one issue that California and Iowa do have in common. Iowa ranks second only to California in farm exports, and I believe by increasing our world market share we will improve the plight of the family farmer, and you are the right person for that task.

Agriculture is always very broad, and it's a very diverse field. For instance, in the State of California and I don't pretend to know all about agriculture in California, but I believe you are a leading producers of vegetables harvested for sale, and tomatoes and grapes and strawberries, and you probably have hundreds of crops that you raise. In my home State of Iowa, we lead the Nation in the production of corn, soybeans, and hogs. There are significant differences between agriculture production in California and Iowa.

While it has been a number of years since the Secretary of Agriculture has hailed from Iowa that was Henry Wallace, 1933 to 1940 my home State and the midwest have historically had strong representation within the U.S. Department of Agriculture.

I would also like to see working farmers end up in one or more of the top slots at the USDA. I believe it is very important for the Bush Administration to seek farmers, not Washington insiders, to best represent the interests of our agricultural community. I have been saying for a while now that I would like to have individuals with "dirt under their fingernails" for the top spots. But let me clarify this point.

I want someone who uses Schedule F to report the majority of their income. I would like to see top-level decisions deliberated by people who have friends and neighbors on the farm. I want judgments made by people who understand what it means to be a midwestern farmer in the 1980s when things were so tough. This is very important to me.

I have faith that if you will address my concerns, you will do an outstanding job leading the Department of Agriculture. In addition to developing new and improved trade prospects, I look forward to working with you to provide new rural development opportunities through value added ventures.

I hope that we also move quickly to address issues of agribusiness concentrations, through legislation like my bill to provide USDA authority to challenge mergers, in a similar fashion as the Department of Justice, and a bill that I am going to introduce with Senator Johnson next Monday limiting packer ownership of livestock for slaughter. And of course, one of the biggest tasks in front of us all is shaping our next Farm Bill.

Mr. Chairman, it is my hope that today's discussion that we have had with the President elect's choice for Secretary of Agriculture

will result in better understanding by both sides of what we feel needs to be addressed to make the 107th Congress a success for family farmers in our rural communities.

In regard to agribusiness concentration, as I follow-up on my statement, I want to outline my question. During the 106th Congress I introduced the legislation already referred to. The legislation in a very short statement, without doing justice to it gives USDA the same authority to challenge a proposed merger as the Department of Justice currently possesses.

I also sponsored legislation that will give your Department responsibility to implement, and this legislation codifies a recent General Accounting Office report outlining suggestions for improved investigations of competitive practices within packers and stockyards.

Then I already referred to the bill that Senator Johnson and I are going to introduce. In a very general statement, but one that I hope you can be fairly precise in answering, is this: how does the issue of agribusiness concentration fall on your priority list? And are you interested in moving quickly on the issue?

Ms. VENEMAN. Senator, you and I have discussed this issue in our meetings. There is probably no other issue that came up so consistently as concentration, in my meetings with various members of the Committee and various people not on the committee. In fact, I understand that Senator Ashcroft or I should say, Attorney General designate Ashcroft was asked a question about this as well in his hearing. So I know that it's on people's minds, and I know how important it is.

As you know and as you have indicated, the Packers and Stockyards Act in USDA is an important authority and we would intend to use that authority to its maximum degree. In addition, I would intend to, and I've had conversations already with Mr. Ashcroft about the Justice Department's role in these concerns, and he has pledged to me that we will work closely together to address these issues.

But I also think that while we find ways to make sure that our laws are appropriately enforced in this regard, we also should look at alternative opportunities for our producers, whether it is helping producers take advantage of niche markets so that they have an alternative market for their products, so that they can have the opportunity to participate up the food chain by different kinds of "agri organizations," new cooperatives, etc. And we provide the kind of education to allow them to understand how to take advantage of such opportunities.

So I think it is both an issue of enforcement and an issue of assistance in terms of helping them find new opportunities.

Senator GRASSLEY. I welcome those new opportunities that you seek, and I think that you have spoken strongly about how you will approach concentration. Just don't let somebody get you off course on the enforcement aspect at the same time that you are trying to do the other things that that leadership requires you to do, and I'm glad to hear that you are interested in doing those.

Along the lines of, and this is not something that you have to respond to, but along the lines of making maximum use of the Packers and Stockyards Act, the General Accounting Office report sug-

gested more than suggested, flatly stated that in many respects, the Packers and Stockyards Act, to make sure that we have adequate competition in agriculture, is stronger than the anti trust laws in a lot of other areas. And so it is an opportunity to do a lot. We talk about anti trust laws so much; we have not given proper attention to the Packers and Stockyards Act, and we are starting to do that now. So we would be backing you up in your strong enforcement of that.

Now, for my second question, taking off on what you said about alternative opportunities, and this would involve not just agriculture but rural development, et al., while it is important for us to guarantee an environment free of unfair trade practices, it is just as important and this is exactly what I think you just said for us to assist farmerswith alternative opportunities. I would bring up the value added opportunity ventures so that they may capture more of the cents of every dollar spent at the retail level for commodities from the farm.

Last year I sponsored legislation creating a value added opportunity fund for producers to draw grants and for the development of value added enterprises. Would you support the continuation of this program? And can we work together to provide new opportunities for producers and producers' groups seeking working capital?

Ms. VENEMAN. Well, Senator, I have to admit that I'm not actually familiar with the fund that you proposed in detail, but I think that based on my previous answer, I am committed to the kinds of programs that you're talking about, and that is opportunities for producers to participate in partnerships, cooperatives, and so forth that allow them to share in the value up the food chain. I think there are many examples we have seen of producers coming together to do just that, all throughout the country, and hopefully we can find and seek those out and use them as models to show producers how they can get more value up the food chain and more value for their product.

Senator GRASSLEY. I accept that answer, and I hope you will have a chance to study it.

In the process of studying it, because some special interest fought our legislation so hard, wanting Congressmen and Senators to think it was unfair brick and mortar type competition to existing business in agricultural processing, I want to make it clear that it is to facilitate this process, not to build businesses and competition. It is to empower family farmers to accomplish the goals that you have stated well, and those interests may come to you and try to convince you that this is just a subterfuge for doing what I say it is not intended to do.

Thank you.

[The prepared statement of Senator Grassley can be found in the appendix on page 76.]

The CHAIRMAN. Thank you, Senator Grassley.

I have just a couple of follow-up questions. In fact, I wanted to just follow-up a little bit on what Senator Grassley just raised on this whole issue of concentration and consolidation, vertical integration.

Last August, August of 1999 the Department of Agriculture, the FTC, and the Department of Justice entered into a memorandum

of understanding to work cooperatively to monitor competitive conditions in the agricultural marketplace. They agreed to confer regularly to discuss and review law enforcement and regulatory matters, etc. I bring this to your attention and ask if you plan on continuing to abide by this memorandum of understanding, or if you would at least take a look at it and respond back to me, if you haven't been briefed on it by now.

Ms. VENEMAN. Mr. Chairman, I am not familiar with the memorandum per se, but I think I have made it clear today that I would intend to work very closely with counterparts throughout Government on issues that are related to agriculture, whether it is through this memorandum of understanding or other kinds of cooperative working relationships. I am committed to working inter agency for the best interests of agriculture.

The CHAIRMAN. Thank you.

It has been brought up a couple of times here as you know, Senator Lugar and I introduced legislation to establish in the Anti Trust Division, Department of Justice, a position with responsibility just for agricultural anti trust matters. So in response to this, the Department promised to appoint a special counsel in the Anti Trust Division to focus on agriculture and agri business matters. They did that; Mr. Doug Ross, I believe, is that person who is down there now. But there is no requirement. They sort of preempted our legislation and we never got it through, so there is no real requirement for the Department of Justice to continue that practice.

Again, I think you mentioned it earlier, but I just wanted to reemphasize that I hope you work with the incoming Attorney General to make sure that we keep that position, and I hope you will be an advocate for that, to keep that position there. If not, I assume that Senator Lugar and I will work again to try to get the legislation through. But if we don't have to, if they keep the position, that would be the best way to proceed.

Again, picking up on what Senator Grassley said, the GAO issued this report last September on the Packers and Stockyards programs, entitled "Packers and Stockyards Programs: Actions Needed to Improve Investigation of Competitive Practices." Again, as Senator Grassley said, they did say that basically Agriculture has a lot of authority under Packers and Stockyards in this area.

They made two major recommendations: one, that USDA should develop a "teamwork" approach with economists in GPSA in the crane inspection in the Packers and Stockyards Administration, a teamwork with them, and with attorneys in your Office of General Counsel, so it should be a teamwork approach between OGC and Justice, with the attorneys there; and second, that USDA should determine the number of attorneys needed to participate in investigations. That's one of the things we kept hearing back from Secretary Glickman and others, that well, they just didn't have the wherewithal to do that. So after this GAO report was released I wrote to the Secretary and asked him for a timeframe to implement the recommendations. Well, he wrote me back on October 19th andhe said, "GPSA is now taking steps that are expected to implement the GAO recommendations by April 1st, 2001, except that GPSA will only be able to do so fully if the Office of General

Counsel receives from Congress an additional $500,000 for additional attorneys in the Trade Practices Division."

So we worked with Senator Cochran I am on the Ag Appropriations Committee we worked with him and we got the additional money. So in the final appropriations package there was $500,000 for the Office of General Counsel to assign lawyers specifically for enforcement of the Packers and Stockyards Act. So the funding is no longer an issue, and I hope you can assure me that these recommendations will be implemented by April 1st, as your predecessor has promised.

Ms. VENEMAN. Mr. Chairman, I am not familiar with the details of what you have expressed here, but certainly I will do everything I can to make sure these recommendations are implemented.

I wanted to say one word about the recommendation on teamwork approach. That is something I truly believe in. We have to use the resources of Government in a way that maximizes the expertise of all areas and creates opportunities to work together so that we can utilize the resources in the best way to implement the programs that we are administering and the rules and regulations that we are required to enforce.

The CHAIRMAN. Let me kind of sum up a little bit on where they cycle has come now.

We had this memorandum of understanding that all of us worked hard to get them to implement or to agree on: the FTC, Department of Justice, and USDA. At the same time, a number of us I don't know who all was on the letter asked the GAO to do this study on the Packers and Stockyards Act on anticompetitive activities in agriculture, vertical integration, the whole panoply of things in terms of concentration. As I said, they came back with this report last September.

We then moved ahead and tried to get the Department of Agriculture to implement it. They said, "Look, we would like to, but we don't have enough attorneys to do that." So we got them the money. We are now at the point where we hope we can implement the GAO recommendations as early as possible, April 1st or something like that, and then move ahead to, hopefully, this year see the Department of Agriculture taking a more aggressive position in really looking at some of these practices in agriculture. We are at the point now where we have just a few I forget now; I had the data here but now I can't find it I think we have four firms handling about 80-percent of the meat right now. I don't know what the other figures were on that. But these have to be looked at yes, 80-percent of the beef is four firms, and 54-percent of the pork is done by four firms in the United States.

The one thing that I constantly hear from my farmers is that they just have no markets left. They get one bid. That's all they get; take it or leave it. That's not much of an open marketplace for agriculture when that happens.

So one of the things that I hope to be focusing on this year with you is the utilization of your division, GPSA, and the attorneys and the additional money that we got so that we can begin to really be more aggressive in this area.

The next thing I wanted to ask you about before we finish here is in the area of conservation, specifically, the CRP program, the

WRP that's Wetlands Reserve Program and the WHIP program, the Wildlife Habitat Improvement Program.

Let's start with the WRP and the WHIP program. Both of those, Senator Cochran has been very helpful in funding, but they are basically running out of money and acreage. I hope that we can have some input from you early on regarding both the WRP and the Wildlife Habitat Improvement Program in terms of more acreage and how much more money we need to enroll more acres in that program.

The third part of that stool is the CRP. We now have the limit in law is 36.4 million acres right now, that is allowed by law to be put into the CRP. I think we're now at around 33 million acres in the CRP. There is a push by many in the sports area, a number of wildlife organizations, asking that we increase the CRP level actually, they want 45 million acres, which sounds high, but I personally believe that we could raise the ceiling on the CRP to somewhere in the neighborhood of 40 million acres from 36.4 million, and by raising that ceiling, hopefully get more enrolled than the 33 million that we have now.

Many of the farmers who had land in the CRP initially did not get back in the second round. Again, this committee, and I think the Committee in the House, rightly so, said that because of budgetary concerns we were going to try to really enroll the most fragile lands first in the CRP. When they finally got down to some of the farms that had been in the CRP before, farmers found they couldn't bid it in.

So I am wondering if we might look at different ways that we might expand the CRP in a way that will allow some of the people who had land in the CRP to bid it back in once more.

So again, my question to you is just your feelings about how you feel about increasing the number of acres that we have in CRP, the Wetlands Reserve Program, and the Wildlife Habitat Improvement Program. I just want to get your general philosophy on that.

Ms. VENEMAN. Mr. Chairman, I think that these programs are very important. I think we have model programs in terms of voluntary, incentive-based programs that are usable in our country.

I have not seen any studies yet on the pros and cons of increasing the acreage, but it is something I certainly would want to look at carefully and work with you on. I understand that the money has been used up in these programs fairly quickly each year, which would indicate that there is a demand for these kinds of programs. So I would certainly want to work with you to look at what kinds of proposals we may want to make for the future.

The CHAIRMAN. Well, I really want to work with you on that, because, again, working with Chairman Lugar, I hope we can have some hearings this spring on conservation and what we can do to maybe even move an agenda on that this year, even though the Farm Bill doesn't expire until next year.

I have introduced legislation that I've worked on for some time now; it has been introduced in the House, it has bipartisan support on the House and Senator Smith and I have introduced it in the Senate, which we have dubbed the "Conservation Security Act," but names are not important. It is basically a voluntary-based conservation program. Now, you are right, there are programs out

there that farmers can use, and in your opening statement you said that farmers are the best stewards of the land. But a lot of times, in doing conservation work, it may cost them in terms of production, or it costs them in terms of time, fuel, equipment usage it costs them one way or the other a lot of times to engage in what they already do.

I hear a lot from farmers, "I've been a good conservationist, I'm doing these things, but I'm not getting anything for it." And so I have worked with many of these conservationists to develop a voluntary program where farmers could come in and sort of "pick from the menu." At one level, they could do so much conservation, then a higher level and a higher level. Depending on how much they do, they would get a payment for it. And as we look at it, I think what we're facing is a phased-back cutdown and things like that. Perhaps one of the things we can do is begin to help give incentives to farmers and to help pay them for the good conservation work that many of them are already doing, and to give them an incentive to even do more. Again, it would be voluntary. If they want to do it, fine; if they don't, they don't have to. But it has gotten a lot of support from different farm groups, and I hope that you would take a look at that. I welcome any thoughts you have on it or changes or modifications, any input that you might have, but I would hope that we could perhaps move some kind of a conservation agenda even this year.

Now, just a couple more items I want to cover. One is Food Stamps and the Food Stamp Program. I've had the unusual experience in Iowa of finding that our Food Stamp usage is down, but the number of people going to food banks is up. I said, how could that be? Why is that happening? Why is the usage of food banks going up? What has happened is that because of the change in our welfare laws, many people who are working now can get some Food Stamps. They qualify for some Food Stamps, but they run out before the end of the month. They are working, but they are not making enough money to really afford to continue to feed their families, so what they do is, toward the end of the month they go to food banks. I can give you the data on that, on how much more and I checked with other States, and I find that that is true in a lot of areas around the country. Food banks, the demand has gone up, even though we have a Food Stamp Program.

So I am hopeful that we can take a look at the Food Stamp Program and see what we can do to increase its usage. My opinion is that it's better for people to have the Food Stamps than it is for them to go to the food banks. We're always going to need food banks, but that ought to be sort of the "last bastion," the last safety net. But Food Stamps is an important program. It's a Federal program.

Again, I guess my question to you, if I had one, would be just your thoughts on the Food Stamp Program. Do you agree that it's an economic stabilizer, a safety net? Do you agree that it should be a Federal program and that it ought to be linked to food, and not just some kind of income assistance? See, the one thing we have always tried to do with Food Stamps is keep the link to food. And now we hear things like, well, maybe that ought to be a cash assistance type of program.

At the outset I would like to ask for your thoughts on how you view the Food Stamp Program and how you feel about it being a food program rather than just a cash assistance program.

Ms. VENEMAN. As I recall the history, Mr. Chairman, this has been a debate that has entered into the food assistance and Food Stamp Program since its inception. A lot of people are surprised that the Food Stamp Program is housed at USDA. Part of the reason that it is housed at USDA is because of that link between providing a food benefit, not just an additional payment benefit.

I think that a lot of the other food programs that have been administered by USDA are just as important. The WIC program has been very important in helping with nutrition assistance for pregnant and lactating mothers and small children.

The CHAIRMAN. A great program.

Ms. VENEMAN. A very good program. And I think that these are programs that we want to continue for the future, but also find ways to make them operate better.

The CHAIRMAN. Well, the WIC program is a great one.

Again, we have to look at the Food Stamp Program in terms of eligibility, especially for children, that type of thing, and again I hope we could take a look at that. My strong feeling is that it has to remain a part of the food program. I have had a lot of people come up to me time and time again in all my years on the House Agriculture Committee and say, "Well, all this money goes out for Food Stamps, and it makes it look like an agricultural program. It makes it look like we're spending all this money on farmers. We're spending it on Food Stamps." My response is, well, it is a food program.

But quite frankly, it is one of the things that keeps that linkage with all of our farm programs and with the fact that people need food to eat, and it's that one strong link that we need to keep there. So I feel very strongly about keeping it as that, and not just as a cash assistance type of program.

I had some other questions, but time is getting late, but quite frankly, it's one of the things that keeps that linkage with all of our farm programs and with the fact that people need food to eat, and it's that one strong link that we need to keep here. So I feel strongly about keeping it as that, and not just as a cash assistance type of program.

I had some other questions on trade and different things like that, but time is getting late. Like I said earlier, I would like to submit some questions to you in writing, and I look forward to your responses to those on some trade issues and on some rural development issues. I really did want to get into that, but it's getting too late rural utility services, the infrastructure of rural America. The rural utility services and the Department of Agriculture, I've seen them do some great things out there. We have need for clean water, we have need for waste disposal in rural areas. We need some economic incentives also, rural water we've done some great things out there, but I just think we need some more if we're going to have a healthy rural America.

I will submit some of these questions to you in writing. If you could get back to me, I would appreciate it.

Senator Lugar.

Senator LUGAR. Mr. Chairman, I would just commend you on an excellent hearing.

And likewise, I look forward to working with you as Secretary of Agriculture. Thank you for your forthcoming responses.

Ms. VENEMAN. Thank you.

The CHAIRMAN. Senator Leahy apologizes. He is unable to be here because he is chairing the Judiciary Committee, and I have a statement of his which will be made a part of the record.

[The prepared statement of Senator Leahy can be found in the appendix on page 67.]

Senator McConnell also has a statement which will be made a part of the record.

[The prepared statement of Senator McConnell can be found in the appendix on page 63.]

Again, thank you very much, Ms. Veneman. We congratulate you on your selecting. We look forward to your swearing-in and we look forward to your appearance here as the first woman Secretary of Agriculture. Thank you very much.

Ms. VENEMAN. Thank you, Sir.

The CHAIRMAN. This hearing is adjourned until the call of the new chair.

[Whereupon, at 12:17 p.m., the Committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

JANUARY 18, 2001

STATEMENT OF SENATOR TOM HARKIN (D-IA)

HEARING ON THE NOMINATION OF ANN M. VENEMAN

COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

January 18, 2001

"The Secretary of Agriculture has one of the toughest and too often under-appreciated jobs in our government. In any number of ways, the programs and activities of the Department of Agriculture touch upon, improve and protect the lives of Americans in all stations and walks of life. Particularly in a great agricultural state like my state of Iowa, it is tremendously important who serves as Secretary and how well she carries out her responsibilities.

"So I was encouraged by the nomination of Ann Veneman to serve as Secretary of Agriculture. We on this Committee have known her and worked with her over a number of years. All indications are that Ms. Veneman is intelligent, capable and conscientious. She has solid experience and credentials in administering food and agriculture programs both here in Washington, rising to Deputy Secretary of Agriculture, and in her home state of California, where she served as Secretary of the California Department of Food and Agriculture.

"I firmly believe we can work together and that we must work together across party lines to do the work that needs to be done for farm families, rural communities and consumers. We have a strong record on this Committee of bipartisan cooperation, for which I want to thank especially Senator Lugar, who will soon again be our Chairman. I look forward to working with Ms. Veneman in that same spirit in her new position as Secretary of Agriculture.

"As I mentioned, the Department of Agriculture has far-reaching responsibilities -- all the way from the farm to the table -- and it is important that the Secretary of Agriculture is capable of dealing with the whole range of those issues. That runs from farm programs, to food safety, to conservation, to nutrition assistance. I hope today's hearing will be the start of a productive dialogue and working relationship on the many critical issues falling under USDA's jurisdiction.

"Starting with farm policy, it is essential that we rework the Freedom to Farm bill, and we ought to make every effort to do that this year. We should keep what is working -- mainly planting flexibility and conservation -- and improve what is not working. Mainly, that involves improving the farm income features of the bill -- so that our nation's farm families do not have to depend on the uncertain prospect of emergency assistance packages year after year.

"The next farm bill should include a much stronger emphasis on conservation. I have proposed a new, wholly voluntary, program to provide financial incentives for maintaining and installing conservation practices. It is a proposal that will both improve farm income and bring about far greater dividends to farmers and our nation as a whole in the form of improved conservation of our natural resources for future generations.

"Building markets and demand for food and agricultural products is another critical need. We have a number of pressing issues in the area of agricultural trade, and I expect that Ms. Veneman's experience will be valuable in working to expand export markets. We also have to do much more on the domestic side through creating and developing new uses and markets for farm commodities, along with far greater use of ethanol, biodiesel and biomass fuels. Biotechnology offers a lot of promise in this regard, although we have some very knotty issues that will have to be resolved if agricultural biotechnology is really to succeed.

"We also can and must do more to help rural communities share in the prosperity that the rest of the country is enjoying. That includes jobs and economic growth and a higher quality of life in rural communities. USDA has a critically important role in supporting rural utilities - electricity, telecommunications, sewer and water services; assisting rural cooperatives and businesses; improving community facilities; and channeling investment capital to rural areas. Our strategy for rural revitalization must include promoting the success of farmer-owned cooperatives and businesses that process and market farm commodities.

"An overriding concern is the future of the independent family farm producer in American agriculture. We have seen a dramatic change in the structure and the landscape of farming and agricultural businesses as a result of rapid and sweeping consolidation, vertical integration and economic concentration. A key responsibility of the next Secretary of Agriculture will be to enforce the laws in USDA's jurisdiction aggressively, to work with the Department of Justice and the Federal Trade Commission to enforce the antitrust laws fully, and to work with Congress on needed new legislation.

"From the consumer perspective, USDA has no role more important than protecting the safety of our nation's food supply. We Americans are blessed with an abundant supply of safe and wholesome food, but there is more that can be done and that should be done to improve the safety of our food. Doing so is not only in the interest of consumers; it is also important to agricultural producers whose markets depend on building and maintaining consumer confidence in the safety of their food.

"As a nation, we cannot fail to meet our responsibilities to combat hunger and malnutrition here and abroad. We Americans enjoy a level of wealth and abundance unprecedented in human history. We simply cannot tolerate or condone hunger and malnutrition in our own country. And we can do more to help people in developing countries, especially children. I strongly support the initiative proposed by former Senators McGovern and Dole, and begun by President Clinton, to provide international food assistance that improves both nutrition and education.

"Again, I welcome Ms. Veneman to the Committee and look forward to today's hearing and to working with her in the coming months and years."

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News From
U.S. Senator
Barbara Boxer

112 Hart Senate Building ,Washington D.C. 20510
Communications Office 202-224-8120 http://boxer.senate.gov

STATEMENT OF SENATOR BARBARA BOXER
Senate Committee on Agriculture, Nutrition and Forestry
Nomination of Ann M. Veneman to be U.S. Secretary of Agriculture
Thursday, January 18, 2001

Thank you, Chairman Harkin, and congratulations on your new chairmanship.

I am happy to see Senator Lugar today and the other members of this Committee, who are all my good friends. Congratulations, Senator Lugar, in advance for the chairmanship you will assume in a few days. I would also like to welcome the new members who are here today, Senators Dayton and Nelson.

I am very pleased to be here to introduce Ann Veneman, President-elect Bush's nominee to be the next Secretary of Agriculture.

Ms. Veneman has a long list of "firsts" associated with her career. She was the first woman to head California's Department of Food and Agriculture. She was the first woman to hold the post of Deputy Secretary of the U.S. Department of Agriculture.

And, today Ms. Veneman sits before this Committee as the first woman ever nominated to be the Secretary of Agriculture.

I believe that Ms. Veneman is also the first peach grower to be nominated to be Secretary of Agriculture. This, of course, makes our peach growers in California very happy. In fact, Ms. Veneman's nomination makes farmers throughout my State -- who grow everything from avocados to almonds -- very happy.

Far longer than this list of "firsts" associated with Ms. Veneman is the list of praise and kind words her nomination has received.

My friend Leon Panetta has said that President-elect Bush could not have picked a more moderate, hardworking and intelligent candidate. The California Farm Bureau praised her nomination, saying she understands agriculture and knows where it needs to go.

Agriculture, as the members of this Committee know well, often breaks down along regional lines rather than party lines. Although Ms. Veneman does bring substantial California expertise to this job, she has drawn strong praise nationwide. The *Des Moines Register*, for example, praised her nomination calling her "talented, energetic, knowledgeable and personable." She has been broadly praised for her knowledge and hard work, for example, in the areas of trade and food safety.

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California's $27 billion per year agriculture industry is very pleased by Ms. Veneman's nomination. But I am confident that she will serve all of this nation's farmers well.

I trust her confirmation will be smooth going in the Senate, and that she will follow her colleague, mentor and fellow Modesto native, Richard Lyng, as the second Californian to assume the post of Secretary of Agriculture.

Thank you.

STATEMENT OF SENATOR TIM JOHNSON

BEFORE THE

SENATE AGRICULTURE, NUTRITION, AND FORESTRY COMMITTEE

JANUARY 18, 2001

CONFIRMATION HEARING FOR ANN VENEMAN
UNITED STATES DEPARTMENT OF AGRICULTURE SECRETARY NOMINEE

Mr. Chairman, thank you for conducting today's confirmation hearing to examine the record of Ann Veneman, President-elect Bush's nominee to serve as United States Department of Agriculture (USDA) Secretary. Two weeks ago Ms. Veneman met with me to discuss issues of importance to family farmers and ranchers in South Dakota. I enjoyed the opportunity to get acquainted, and I am pleased to point out that Ms. Veneman has a tie to South Dakota. Her Dutch ancestors homesteaded in Charles Mix County, near Platte, South Dakota, in 1892.

Mr. Chairman and Secretary Designate Veneman, now more than ever, the state of agriculture is at a crossroads. As this nation forges ahead in a new century, we must understand that the choices we make on agricultural policy will, in part, shape the future structure of agriculture and rural America. While some argue trends in American agriculture like vertical integration, industrialization, loss of farms and farmers, and the myth that bigger is better are a function of inevitability, I strongly disagree. Rather, the decisions made in this Committee and by Ms. Veneman as the new Secretary of Agriculture indeed contribute to each of these trends--one way or another.

So, we must decide whether the current economic and social fabric in rural America needs mending, or, if we will continue down the road of what I would call rural decline. Let's choose a path, a new economic vision, that prioritizes family farmers and ranchers, a free, fair, and competitive marketplace, a clean environment, a safe and nutritious supply of food, and a strong patchwork of rural communities. What choices can we make to ensure this new economic vision?

In the short term, immediate policy decisions must be made in Congress about the direction of the current farm program. As you know, since 1997, our agricultural economy has suffered a price crisis of enormous proportions. Surplus crops, weak global demand, agribusiness consolidation resulting in a loss of market access, and an inadequate farm safety net are prime reasons--in my opinion--for this price crisis. Moreover, given the input-intensive nature of production agriculture, many farmers and ranchers are having to pay more each year for critical inputs like fuel and fertilizer. This situates them in a price-cost squeeze making it nearly impossible to earn returns that cover expenses. As a result of a woefully inadequate farm bill, Congress has enacted multi-billion dollar disaster programs in the last 3 years--a record $28 billion in FY 2000. Clearly, the 1996 farm bill fails to provide a meaningful, fiscally responsible, safety net for farmers when prices are poor.

Consequently, I will once again introduce my Flex Fallow alternative to the 1996 farm bill, which permits farmers to annually conserve up to thirty percent of their total cropland acreage in exchange for higher loan rates on their remaining crop production. The voluntary, annual nature of this policy change finally enables farmers to become price setters in response to the marketplace. Simply put, my plan preserves the planting flexibility so popular in the current farm bill but also restores a safety net so lacking in Freedom to Farm. My approach also enjoys bipartisan support.

Rep. Doug Bereuter (R-NE) has already introduced a similar proposal in the House, and the Chairman of the House Agriculture Committee--Rep. Larry Combest (R-TX)--has publicly stated he will consider my Flex Fallow bill as the House Agriculture Committee reviews ways to re-write the farm bill this year.

The will to modify the farm bill this year must come from both Congress and the Administration. Ms. Veneman, I look forward to your viewpoints on farm bill modification and ask for your cooperation to achieve this goal now rather than later.

In conjunction with immediate farm bill reform, Congress and the Administration must collaborate to strengthen our competition and anti-trust laws. Concentration among agribusiness is sweeping across this country, changing the landscape of rural America. More specifically, vertical integration and industrialization in agriculture causes family farmers and ranchers to lose independence and become squeezed out of open markets. I have decided to sponsor legislation reestablishing a free, fair, and competitive cash market for independent livestock producers. I will be joined by a bipartisan group of senators including my friend on this committee, Senator Grassley (R-IA), to introduce legislation to forbid meatpackers from owning livestock prior to slaughter. This legislation is one step Congress can take to strengthen the Packers and Stockyards Act, which was enacted to fight off anti-competitive practices among meatpackers. Just consider the proposed Tyson - IBP acquisition, a merger of this magnitude would create the world's largest beef, poultry and pork processor. I am very concerned this merger could permanently damage fair and free competition in livestock markets, and I have called for an immediate federal-level investigation of this potential acquisition because a merger between these two giants would certainly ensure little or no bargaining power for independent livestock producers.

As Secretary, I encourage you to help Congress identify ways to either strengthen competition laws under the jurisdiction of USDA, or, to elevate coordination between USDA, the Department of Justice, and the Federal Trade Commission in investigating agribusiness mergers.

Short-term decisions to modify the farm bill and restore free competition to the marketplace will allow us to cooperate on a host of other long-term issues important to the future of food production in America. We should work together to create new opportunities for producers to join hands to form value-added cooperatives and other businesses that add value to raw agricultural goods and return those value-added profits directly to the farmer/rancher owners. We should prioritize building a bridge across the digital divide to ensure rural America is not left behind. Just as railroads, highways, and rural water are essential infrastructure for rural America, so will be the information superhighways of the future. In our rural development efforts, we should expand the criteria of existing programs to consider outmigration and under-employment as eligibility factors. We should lay the groundwork for a viable agri-energy and rural development policy in this country, where ethanol, soydiesel, and other renewable fuels are a central component to our fuel needs. We should identify how we can improve upon existing conservation programs to ensure a clean, biodiverse, and sustainable environment for future generations. We should also maintain the most stable, safe, and nutritious food supply in the entire world, and take steps to ensure that consumers have ultimate confidence in the food we supply them. Finally, we should break down barriers to free and fair trade, so our agricultural producers can access the global marketplace, and not fear the unfair dumping of goods into this country.

The choices we make, together, can help shape a brighter future for existing farmers and ranchers and those young people in America who may desire to enter the world of agriculture.

Ms. Veneman, I look forward to working with you on all of these important matters, and for the opportunity to query you about agricultural issues in this hearing. Thank you Mr. Chairman.

Statement of Senator Larry E. Craig
Confirmation Hearing for Ann M. Veneman to be Secretary for the USDA
Committee on Agriculture, Nutrition and Forestry
January 18, 2001

Thank you, Mr. Chairman.

I would like to thank the Chairman and Ranking Member for their prompt consideration of this nomination. As we all know, the productivity of American agriculture is the envy of the world. This industry is a critical part of our economy in the United States, especially in our many rural states, such as Idaho. President elect Bush has shown his support for rural America and agriculture by nominating such a fine individual for Secretary of the Department of Agriculture.

I would like to welcome Ann Veneman to the Agriculture, Nutrition and Forestry Committee and hope you will return to our committee often. Ms. Veneman, I enjoyed our meeting last month and the opportunity to discuss issues of importance to Idaho and agriculture in general. As you well know, Idaho is famous for its potato production, but livestock, dairy, sugar beets, wheat, dry peas and lentils and other fruits and vegetables are also very important to my states's agriculture industry. And because Idaho agriculture is very diverse, so are its problems. I look forward to working with you to address some of the challenges facing the agriculture industry in Idaho and across the nation.

It is my opinion that President elect Bush has made a fine choice in his nomination for Secretary of Agriculture. Ms. Veneman is highly qualified for this position and I believe she will bring hope and opportunity for agriculture and rural America.

Ms. Veneman, thank you for being here today. I believe you will make an excellent Secretary of Agriculture and I look forward to your confirmation - - and following that, I look forward to working with you to address the issues surrounding agriculture and rural America.

Mr. Chairman, thank you again for the opportunity to address these concerns here today. I am pleased we are finally hearing from our distinguished witness and anticipate this Committee will work together for a quick confirmation of Ms. Veneman for Secretary of the US Department of Agriculture.

STATEMENT OF
SENATOR MITCH McCONNELL
CONFIRMATION HEARING
Ann M. Veneman
Secretary-Designate of Agriculture
January 18, 2001

Thank you, Mr. Chairman. I am very pleased to welcome Ann Veneman to the Committee for her confirmation hearing as Secretary of Agriculture.

I have heard from many of Kentucky's agriculture interest groups and can tell you, and Ms. Veneman, that the comments about your nomination have been overwhelmingly positive.

Although Kentucky's agricultural interests are wide and varied – a few industries stand out as trademark "Kentucky Agriculture": horses and tobacco, being the prime examples.

We have had a tough few years in agriculture and our tobacco farmers have suffered the most. Over the last three years – Kentucky's burley tobacco farming families have had to endure a two-thirds cut in their quota, which, or course, means a two-thirds cut in their tobacco farm income. Those are real losses of real income.

We have been able to include tobacco in the last two agriculture disaster bills -- an accomplishment which makes me proud. Treating tobacco farmers fairly and equitably means a great deal to this Senator. Tobacco is a legal crop, and tobacco farmers just want to be farmers.

I would ask that you work with me on the problems that our tobacco farm families may be facing due to the adverse effects from forces beyond their control, such as the baseless federal lawsuit against tobacco companies. I also feel it is important that tobacco be included in the Export Enhancement Program and the Market Access Program. Tobacco is a legal crop and should be treated as such.

Our other great Kentucky product is horses. There's no race in the world as famous as the Kentucky Derby – and no racetrack as recognized as the twin spires of Churchill Downs. For the first time this past year thoroughbred race horses surpassed tobacco as Kentucky's number one agriculture moneymaker. A bittersweet fact.

The health of our domestic horses and the ability of Americans to import and export horses is very important. As an example, just two diseases, West Nile Virus and Contagious Equine Metritis, have dramatically affected the health and welfare of our horses and industry in the last few years -- basically resulting in shutting down the international movement of horses for breeding and competitions. Our first line of defense against such diseases is an effective quarantine system. The Department must ensure our import facilities and import regulations remain strong, but the system must also be efficient enough to allow the continued international trade in horses that has grown so strong in the last few years. I would recommend that there be more research into the causes of equine diseases and their cures. I want to make sure that the horse industry remains strong and vibrant.

I would also like to see a crop insurance program that is equitable to all regions of the country. We made changes last year, but in my opinion, the current crop insurance program is still unfavorable to the southern states. Southern states face many more risks in the areas of weather and pests, and we need a crop insurance program that will ensure that all producers in the country receive adequate coverage.

I also believe that we need to see some relief in the environmental area. Kentucky's agriculture interest groups, particularly the Kentucky Farm Bureau, believe that farmers should be held accountable for their environmental practices and are not opposed to the reasonable environmental regulation of agriculture. I would encourage you to work closely with the EPA, and all federal agencies, to ensure that our nation's farmers are not overly burdened by environmental regulatory schemes run amok.

I look forward to voting for you Ms. Veneman. Thank you.

Statement of Senator Max Baucus
Nomination Hearing for Agriculture Secretary Designee, Ann Veneman
January 18, 2001

Good morning, Chairman. Thank you for calling his hearing today to review what I hold to be one of the most important cabinet posts -- that of Agricultural Secretary. I welcome the testimony of our agriculture secretary designee Ann Veneman today. I was fortunate enough to have met with her in my office last week to emphasize the importance of agriculture to my state of Montana and America's overall.

Agriculture is my state's leading industry. More than 100,000 Montanans work in farming and ranching related jobs. That is nearly 20 percent of our state's total employment. But since 1997, our producers have faced historic price drops, natural disasters, surges in imports, declining profits from exports, and the deterioration of our rural communities.

[CHART]

As you can see, there is a direct correlation between the implementation of the 1996 Farm Bill and a significant decrease in farmers and ranchers net income as well as a significant increase in agricultural spending. It is clear to me that this policy has not met many of its original expectations.

We in the Senate have been fighting hard to install a safety net where the 1996 Freedom to Farm bill has fallen short. We're still working on it because annual ad hoc disaster assistance is simply unacceptable. Ms. Venenam, should you be confirmed I would urge you to make re-opening the Farm Bill, now, your highest priority. Farmers and ranchers across America cannot afford to wait for the bill to expire in 2002 before Congress begins its debate.

In addition to a safety net, we also need to address the issues of concentration and competition on the domestic front. I am worried that rural America is disappearing before our eyes. We cannot stand by while David fights Goliath. We must break the stranglehold that corporate farming has placed on our hard working farm families. I hammered the last Administration on this topic and want this administration to make an honest effort to study and get some control over the problem. Now, before it's too late.

Finally, I am very interested in your trade background. Overall US exports have decreased from $60 billion in 1996 to roughly $50 billion this past year. Nearly $10 billion lost annually. The key to recovery in the ag sector will be in part linked to market expansion. At the same time, I continue to be extremely concerned about trade barriers involving transparency, export subsidies as well as compliance with the Dispute Settlement body. I welcome your thoughts today about how these policy goals fit within your WTO ag round objectives.

Second, I certainly agree with, and support strongly, the President-elect when he stressed the importance of agriculture trade negotiations last week at the ceremony announcing Bob Zoellick as USTR. My concern is with the how. Many people talk about the need for a comprehensive new multilateral trade round that will include enough sectors and issues to allow for trade-offs. The result would then be significant agriculture trade opening around the world, especially in Europe and Japan. I am very skeptical about the likelihood of a comprehensive new round, certainly over the next few years. The issues are too complex. The number of countries that want to play a key role in such a round is too large. And I don't see how we could negotiate a Free Trade Area for the Americas, the FTAA, at the same time as we are negotiating a new multilateral round.

I think we will have to be much more creative about how we negotiate agricultural liberalization and an end to EU export subsidies. I would like to know your thinking on this.

Clearly, we have our challenges ahead. Ms. Veneman you have quite a job ahead of you. I urge you to spend as much time as possible in the countryside - talking to real producers and soliciting input from beyond the Washington beltway.

Leahy unable to attend because of Judiciary committee

Patrick Leahy

Statement of Patrick Leahy
Confirmation Hearing: Ann Veneman

Mr. Chairman: **I will be blunt. I was very pleased when I heard that President-elect Bush selected you as his choice for Secretary of Agriculture.**

You had a distinguished career at U.S.D.A. from 1989 through 1993, and as the Secretary of the California Department of Food and Agriculture.

You know the farm programs and have the trust and respect of those who have worked with you.

Ann, I look forward to working with you, and hope we can confirm your nomination soon.

I think that this nomination hearing will be a little different from the hearing in the Judiciary Committee which I am chairing.

Now that I have removed all the suspense from my statement by explaining my support for Ann Veneman – I want to briefly mention a few points that are important to me, and I think to the rest of this Committee.

this Committee.

I hope that you will work within the Administration to have the President's budget include significant increases in funding for the farmland protection program.

Second, I hope you will strongly support efforts to extend U.S. support for an international school lunch program such as that endorsed by Senator Dole and Ambassador McGovern.

Third, the 1990 farm bill contained a provision that I authored on organic farming. USDA has recently issued final rules on this matter – after working on them for more than 10 years they finally got it right. I hope you will diligently work to implement these rules.

Speaking of rules, we finally passed the rural loan guarantee program which will be administered by USDA. I hope USDA makes this a top priority so that rural Americans can receive broadband services such as local network television service and high-speed Internet access. At my home in

Vermont, I only receive one network station and thousands of Americans receive no network channels.

Fourth, I am very concerned about the increasing concentration of agribusinesses – and I think most members of this Committee share those views. We are seeing major consolidations in sector, after sector, after sector, which in the end will lead to higher prices for consumers and lower income for farmers.

Dairy processing is the latest target – and I am afraid for consumers. I ask you to carefully monitor this situation. I have singled out for special concern – as has a recent report out of the University of Missouri – Suiza Foods. That company now controls almost 70 percent of the fluid milk processing and distribution in New England – and controls almost 80 percent in Massachusetts. Suiza has purchased processing plants and then closed them down, eliminating competition.

I want you to investigate the adverse affects this

increasing concentration is having on farmers and ranchers throughout the nation, and to report back to this Committee.

I hope you will look with favor on my efforts to increase funding for programs which integrate farming and nutrition education into grade school curriculums. I am working to get modest funding for programs in New England which are similar to California's "Garden in Every School" program which you have supported.

Writing a farm bill is never an easy task. But I believe that Republicans and Democrats, in both the other body and this, will be able to work together with you to craft a great farm bill.

There is one more area that I need to discuss because it is crucial to the survival of dairy farming in New England, and to the survival of dairy farming in my home state of Vermont.

Without the Northeast dairy compact Vermont will lose most of its dairy farms – and in the end consumer prices of milk will skyrocket as fluid milk is imported from distant states.

Twenty-five states have ratified a dairy compact – modeled on the Northeast compact. The compact has worked like a charm – and without costing taxpayers a penny it increases dairy farmer income when their prices are low and they need the help.

Thus, it keeps them in business so that they can produce milk for Vermont, for Boston, for New York, and the rest of New England.

The Vermont Congressional delegation, Vermont's Governor, elected officials, and Vermont farmers

and consumers are joining together with representatives of many other states to work together for our farmers, and our future, to extend and strengthen the Northeast dairy compact.

I also must mention my strong support for nutrition programs. Note that the food stamp program is the most effective anti-hunger and child nutrition program that this country has every known. It will serve about 17 million low-income individuals in an average month this year, over half of them children.

Another 20 percent are elderly or disabled. And, food stamps help to encourage low-income working families. In 1999, over 40 percent of food stamp households with children included workers.

I want to work with you on strengthening our child nutrition programs, the WIC and WIC farmers' market programs, school feeding programs, and the other USDA nutrition programs.

RICK SANTORUM
PENNSYLVANIA

United States Senate
WASHINGTON, DC 20510-3804
202-224-6324

COMMITTEES:
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RULES
AGING
BANKING
VICE CHAIRMAN, SUBCOMMITTEE ON HOUSING AND TRANSPORTATION

Statement of Senator Rick Santorum
Confirmation Hearing of Ann M. Veneman
U.S. Department of Agriculture Secretary-elect
January 18, 2001

Chairman Harkin, Ranking Member Lugar, and distinguished guests, I am pleased to be here today to participate in the nomination hearing of Ann Veneman, Secretary-elect for the United States Department of Agriculture. As I hail from a state whose number one industry is agriculture, this nomination hearing is of great interest to me and the thousands of farm families throughout the Commonwealth of Pennsylvania.

I believe that Ms. Veneman is certainly the right candidate at this very important time for American agriculture. Her diverse professional experience, highlighted by her service as Secretary of the California Department of Food and Agriculture, makes her well poised to lead our nation's agriculture interests into the 21st century.

During her tenure as a state Secretary of Agriculture - as well throughout her career - a cornerstone of Ms. Veneman's work has been diligence in exploring and promoting trade opportunities for our nation's producers. Her hands-on negotiating in the international trade arena is an invaluable tool that I believe will serve American producers well.

Additionally, I believe Secretary-elect Veneman's intimate understanding of our nation's agricultural diversity is crucial to implementing farm policies that are balanced and equitable. In the 106th Congress, I along with several of my colleagues from the Northeast, were relentless in our pursuit of a level-playing field for non-traditional users of farm programs and underserved agriculture communities. While past successes - crop insurance reform and emergency assistance for specialty crops - are significant, we have a long road ahead that will require fortitude by the Legislative Branch as well a commitment and cooperation from the Executive Branch.

In a recent meeting with Secretary-elect Veneman, I discussed that very issue in addition to other concerns that are facing Pennsylvania producers. I would like to explore those in more detail.

First, and probably most contentious to this committee, is the issue of dairy policy. Representing a state where dairy production is the lead agricultural sector and fourth in terms of national production, the future of dairy policy is very much on the minds of Pennsylvania farm families.

One of the hallmarks of dairying is variability. Unlike many other businesses, dairy farmers must take the prices they are offered rather than set a price for their goods. And while the costs of capital and inputs have gone up over time, historically, milk prices have not. Two years ago, producers saw milk prices hovering near $14 per hundredweight. Last year, however, milk prices reached a thirty-year low. This kind of fluctuation presents great difficulty for any type of business to maintain a positive cash flow and stay ahead of the curve.

It has long been my contention that any reform to our national dairy policy cannot focus on price alone. There are many factors that contribute to the success of a business: the cost of regulation, taxation, cost of inputs and capital, and technological advancements. Accordingly, when Congress attempts to assist dairy farmers by providing emergency financial assistance - a temporary solution at best - it has been met with a lukewarm response.

One of the challenges this Administration will face is the issue of dairy compacts. The Northeast Dairy Compact is set to expire in September 2001 with farm bill reauthorization following in 2002. I am interested to hear from Secretary-elect Veneman her thoughts on the future of our dairy industry, and what if any policy goals she has in mind to assist our nation's dairy farmers.

A second priority that I hope the Bush Administration will focus on is the vitality of rural America. Pennsylvania has one of the largest rural populations in the nation. A large contributor to that rural lifestyle, particularly in Pennsylvania, is the presence of agriculture and natural resources - namely, small farms and a national forest.

In my earlier meeting with Ms. Veneman, we discussed the importance of small farms to the infrastructures of both agriculture and rural communities nationwide. It is fair to say that the success of small farms is inextricably linked to the well-being of the surrounding communities. The same applies to the lives and livelihoods of families living near a national forest.

Pennsylvania is home to the Allegheny National Forest (ANF), a 500,000 acre forest spanning four counties in the northern tier of the state. The ANF is one of the most well-managed, profitable forests in the nation. The forest's valuable stand of black cherry produces a veneer that is sought after worldwide. Over the past few years, however, the regrettable trend of managing forests through litigation made its way to Pennsylvania. Groups who oppose the multiple-use paradigm for our national forests have attempted to limit access to our public lands. The practical effect of such litigation has been compromised forest health. The other losers in this equation are local schools and townships who share in the collection of timber receipts.

As we consider setting priorities for agriculture policy in the 107th Congress, we must commit ourselves to advancing policies that will strengthen the backbone of rural America. Supporting small family farms and promoting access to our public lands are two concrete ways to achieve that goal.

Finally, let me mention a priority of mine that I hope Secretary-elect Veneman will take under advisement: farmland preservation. In the 1996 farm bill, I shepherded the authorization for a federal farmland preservation initiative. This program complemented state efforts, and provided added boost to limited local funds. The original $35 million was quickly depleted in three short years, despite a five year authorization, and we continue to search for available resources to extend and expand on this effort. I hope the Bush Administration will lend itself to this very important initiative.

Mr. Chairman, I appreciate you holding this hearing, and moving forward the nomination of Ann Veneman as Secretary-elect for the U.S. Department of Agriculture. American agriculture needs a dedicated leader and a strong voice to guide us through this time flush with change but full of opportunity. I believe Ms. Veneman will be that strong voice for **all** of America's producers, and I look forward to her confirmation.

UNITED STATES SENATOR • IOWA
CHUCK GRASSLEY

http//:grassley.senate.gov
press@grassley.senate.gov

Contact: Kimberley Cass 202/224-0484
Beth Pellett, 202/224-6197

Opening Statement of Sen. Chuck Grassley, of Iowa
Confirmation Hearing for Ann M. Veneman
Nominee for Secretary of the United States Department of Agriculture
Thursday, January 18, 2001

Mr. Chairman, I appreciate the opportunity to meet with the President-elect's choice for Secretary of Agriculture this morning. As Ms. Veneman already knows, the economic and cultural ramifications of federal agriculture policy are very important to me.

I'm a farmer, like my father was before me. I understand farming and how policy decisions from Washington impact hardworking farmers, like my son Robin. Before I ran for elected office and after I leave, God willing, I'll still be farming. There is little that I feel more strongly about than providing the agriculture community potential to survive and thrive.

Ms. Veneman, you recognize the complexity of the issues facing our farmers and ranchers. Due to your previous experience as the Secretary of the California Department of Food and Agriculture, and before that Deputy Secretary at USDA, I know that you understand many aspects of agriculture and what a strong agricultural economy means to my friends and neighbors in Iowa.

Your past service and knowledge of international trade policy is outstanding. Trade is one issue California and Iowa do have in common. Iowa ranks second only to California in farm exports. I believe by increasing our world market share we will improve the plight of the family farmer, and you are the right person for the task.

Agriculture is a broad and diverse field. For instance, the state of California is the leading producer of vegetables harvested for sale, tomatoes, grapes, and strawberries. In my home state of Iowa we lead the nation in production of corn, soybeans, and hogs. There are significant differences between agriculture production in California and Iowa.

While it's been a number of years since the Secretary of Agriculture has hailed from Iowa (Henry Wallace, 1933-1940) my home state and the Midwest have historically had strong representation within USDA.

I would also like to see a working farmers end up in one or more of the top spots at

USDA. I believe it's important for the Bush Administration seek farmers, not Washington insiders, to best represent the interests of our agriculture community.

I've been saying for awhile now that I want individuals with "dirt under their fingernails" for the top spots, but let me clarify this point, I want someone who uses schedule F to report the majority of their income. I would like to see top level decisions deliberated by people who have friends and neighbors on the farm. I want judgements made by people who understand what it meant to be a Midwestern farmer in the early 80's. This is a very important to me.

Ms. Veneman, I have faith that if you address my concerns you will do an outstanding job leading the Department of Agriculture. In addition to developing new and improved trade prospects, I look forward to working with you to provide new rural development opportunities through value-added ventures.

I hope that we also move quickly to address the issue of agribusiness concentration (through legislation like my bill which provides USDA the authority to challenge a merger in a similar fashion as DOJ, and the bill I will introduce Monday with Sen. Johnson limiting packer ownership of livestock for slaughter), and of course one of the biggest tasks in front of us all, shaping our next farm bill.

Mr. Chairman, it is my hope that today's discussion with the President-elect's choice for Secretary of Agriculture will result in better understanding, by both sides, of what we feel needs to be addressed to make the 107th Congress a success for the family farmer and our rural communities. Thank you for this opportunity.

Statement of Ann M. Veneman, Designee for Secretary,
United States Department of Agriculture
Before the Committee on Agriculture, Nutrition and Forestry
United States Senate

Thank you, Mr. Chairman, Senator Lugar and members of the committee. I am honored and humbled to be here as the President-elect's choice for Secretary of Agriculture.

I would like to thank the committee members for the gracious reception you have given me over the past couple of weeks. I have appreciated the opportunity to meet with you and discuss issues of interest. I would also like to thank the staff for their assistance and cooperation in preparing for this hearing.

The issues facing our farmers and ranchers today are complex and challenging. The hard-working men and women who provide our food and fiber have been tested by low prices, bad weather and other adversities. Government has appropriately lent a hand during these trying times, and it is important that we continue to focus our attention on trying to solve the challenges that face producers throughout the country.

In addition to assisting our farmers and ranchers in difficult times, we must also work together to help them seize market opportunities both at home and abroad. With 96% of the world's population living outside the United States, we need to expand trade and eliminate barriers to access for our products in what is an ever-expanding global economy. As we seek market growth, we should continue to search for new and alternative uses for our farm products and find ways to strengthen the competitive position of our producers.

Our producers also need help adapting to changing environmental demands. Regulations should be based on sound scientific principles, and government policies should help, not hinder, the ability of farmers to be good stewards of the land.

Working with Congress, the Department needs to be vigilant in protecting the safety of our food supply and in protecting our agriculture from unwanted pests and diseases. Our research programs should assist us in achieving these goals.

Technology is driving change in every part of the economy, including the food chain. Advances in technology are leading to new products, increased productivity and more environmentally friendly farming. Research should enhance such technologies and the programs should help farmers take advantage of these new opportunities.

The mission of the Department of Agriculture extends beyond production agriculture. From feeding hungry families and children, to assisting rural communities, to managing our majestic forests, to consumer protection, the Department's responsibility reaches the lives of nearly every American.

If confirmed, I intend to promote cooperative working relationships with other agencies

of government to ensure that the concerns of farmers and ranchers are understood and advocated throughout the government. As you know, many of the areas of the Department's responsibility overlap with other parts of government.

If confirmed, I will work to foster an atmosphere of teamwork, innovation, mutual respect and common sense within the Department and focus our delivery systems on quality service to our customers.

Those of you who know me also know that I believe in working cooperatively with Congress. If confirmed, I look forward to renewing old friendships and building new ones, particularly as we work together to craft farm policy in the new century.

As President-elect Bush has said, "The spirit of the American farmer is emblematic of the spirit of America, signifying the values of hard work, faith and entrepreneurship." This is the spirit I hope to bring to the Department of Agriculture and the position of Secretary. I look forward to working with you toward our common objective of helping America's farmers and ranchers continue to be the most productive, innovative and profitable in the world.

DOCUMENTS SUBMITTED FOR THE RECORD

JANUARY 18, 2001

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   Ann Margaret Veneman

2. Address: List current place of residence and office address(es). List all office and home telephone numbers where you may be reached.

   Residence: 700 Elmhurst Circle
   Sacramento, CA 95825
   (916) 925-9070

   Office: Nossaman, Guthner, Knox & Elliott
   915 L Street, Suite 1000
   Sacramento, CA 95814
   (916) 442-8888

3. Date and place of birth.

   June 29, 1949
   Modesto, California

4. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

   Unmarried

5. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

Sept. 1967 - June 1970 -	University of California - Davis, B.A. Political Science, June 1970
Sept. 1970 - June 1971 -	University of California - Berkeley, M.A. Public Policy June 1971
Sept. 1973 - May 1976 -	University of California. - Hastings College of Law J.D., May 1976

6. Employment Record: List (by year) all business or professional corporations, companies, firms or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

   See Attachment A

7. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

   None.

8. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service, grade levels and whether such positions were elected or appointed.

   See Attachment A - All Government positions listed were appointed positions.

9. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

   U.C. Davis Outstanding Alumni Award - 1995

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

    See Attachment B

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

    Copies of representative speeches are provided as an addendum to this form. Other speeches have been given from notes only.

12 Health: What is the present state of your health?

   Excellent.

EMPLOYMENT RECORD - ATTACHMENT A

1999-2000 Nossaman, Guthner, Knox and Elliott
915 L Street, Suite 1000, Sacramento, CA 95814

Attorney, specializing in food, agriculture, technology, environment, and trade related issues.

1995-1999: California Department of Food and Agriculture:
1220 N Street, Sacramento, CA 95814

Secretary of the California Department of Food and Agriculture, which oversees the largest agricultural economy in the nation

1993-1995 Patton Boggs, LLP
2550 M Street, NW, Washington, D.C. 20037

Attorney, specializing in food, agriculture and trade related issues.

1991-1993 United States Department of Agriculture
14th & Independence Avenue, SW
Washington, D.C. 20250

Deputy Secretary, with responsibility for USDA budget, reorganization and other departmental issues.

1989 -1991: International Affairs and Commodity Programs
(SES VI) United States Department of Agriculture
Washington, D.C. 20250

Deputy Undersecretary with responsibility for the Department's international issues including trade policy, trade negotiations and food aid. Oversees the Foreign Agricultural Service and the Office of International Cooperation and Development.

1987 - 1989: Foreign Agricultural Service
(SES IV) United States Department of Agriculture
Washington, D.C. 20250

Associate Administrator with direct responsibility for trade policy, international agricultural statistics and the agency's attache service.

1986 - 1987: (GM 15)
Foreign Agricultural Service
United States Department of Agriculture
Washington, D.C. 20250

Assistant to the administrator with emphasis on trade policy issues and trade negotiations.

1980 - 1986:
Damrell, Damrell & Nelson
Attorneys at Law
1625 I Street, Modesto, California 95350

Partner with law firm, which concentrated in business and corporate practice.

1978 - 1980:
Stanislaus County Public Defender's Office
1100 I Street, Modesto, California 95350

Deputy public defender with trial practice in municipal and superior courts.

1976 - 1978:
San Francisco Bay Area Rapid Transit District
Office of the General Counsel
800 Madison Street, Oakland, California

Associate attorney with primary areas of practice in labor, real estate and contract law.

1976:
Judge Mary Moran Pajalich
San Francisco, California

Law clerk in municipal court.

1975:
Public Advocates, Inc.
San Francisco, California

Law clerk in public interest law firm involved primarily in administrative law.

1974 - 1975: Office for Civil Rights
1972 - 1973 United States Department of Health, Education and Welfare
San Francisco, California

Prior to and during law school, served as an Equal Opportunity Specialist concerned with employment discrimination in institutions of higher education

1972: Office of Economic Opportunity
San Francisco, California

Temporary secretary while seeking alternative employment.

1971 - 1972: Ross Wurm & Associates
Modesto, California

Assisted in the preparation of various publications, including newsletters, advertising materials, political campaign materials and public agency annual reports.

1970: White House Conference on Children and Youth
Washington, D.C.

As a summer intern, assisted in the development of a preliminary working report for the Conference task force studying poverty and its effects on youth.

1969-1970: Assemblyman Pete Wilson
California State Assembly
Sacramento, California

Legislative intern for the Assembly Committee on Urban Affairs and Housing, chaired by then Assemblyman Pete Wilson.

Question 10: OTHER MEMBERSHIPS – ATTACHMENT B

Beeline Technologies – Board Member – appointed October 2000 to December 29, 2000

Farm Foundation – Board Member – appointed June 1999

Close Up Foundation – Board Member – appointed February 1993

Great Valley Center – Board Member – appointed July 1997

ACDI VOCA – Board Member – appointed June 1999

International Policy Council of Agriculture, Food and Trade – Member

Bennett Agricultural Round Table – Member

Food Foresight Member

California Polytechnic University, San Luis Obispo – Member, President's Advisory Cabinet

University of California, Merced – Member, Foundation Board of Trustees

University of California School of Medicine – Member, Board of Visitors

University of California, Davis, College of
Agricultural and Environmental Sciences – Member, Dean's Advisory Council

University of California, Berkeley,
College of Natural Resources – Member, Advisory Council

Joint Policy Council on Higher Education in Agriculture – Member

LEGAL AFFILIATIONS

State Bar of California – Member

District of Columbia Bar – Member

Sacramento County Bar Association – Member

Anthony M. Kennedy Inn of Court - Member

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   Law firm affiliation and Beeline Technologies board membership have been severed. Non-profit affiliations will be severed if confirmed, with the possible exception of Board membership on the Close-Up foundation.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incomplete contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients or customers.

   Retirement benefits and health insurance coverage from State of California. Retirement benefits annual income is $7740.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   No.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the last five years.)

   No.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past five years.)

   No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

   No.

7. If confirmed, do you have any plans, commitments or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

   No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

   No.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

   No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

    Investments and affiliations are being reviewed by appropriate ethics offices to determine any potential conflict of interest issues.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

    No.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

    Should any such conflict arise, I would of course move expeditiously to resolve it, either by divestiture of the financial interest involved, recusal from participation in any matter pending in the Department involving or affecting the interest in question, or by other appropriate means.

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

January 12, 2001

The Honorable Tom Harkin
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Ann Veneman, whom President-elect Bush has publicly announced he intends to nominate for the position of Secretary, United States Department of Agriculture (USDA).

We have reviewed the report and have also obtained advice from the USDA concerning any possible conflict in light of its functions and Ms. Veneman's proposed duties. Also enclosed is a letter dated January 11, 2001, from Ms. Veneman to the Department's ethics official, outlining the steps which she will take to avoid conflicts of interest. Unless a specific date has been agreed to, Ms. Veneman must fully comply within three months of her confirmation date with the actions she agreed to take in her ethics agreement.

Based thereon, we believe that Ms. Veneman is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Amy L. Comstock
Director

Enclosures

January 12, 2001

John Surina
Director
USDA Office of Ethics
Stop 0122 (Room 348W)
1400 Independence Avenue, SW.
Washington, D.C. 20250-0122

Dear Mr. Surina:

The purpose of this letter is to inform you of the steps I will take, if confirmed to serve as Secretary of Agriculture, to ensure that no conflict of interest, or appearance of conflict of interest, will exist between my personal financial interests and the official duties I will perform.

After a thorough review of my outside interests and holdings and the responsibilities that I know attach to the position of Secretary of Agriculture, I am confident there is little likelihood that a particular matter might cross my desk that could impact my present or recent past financial interests. Nonetheless, I share your concern that those occupying positions of high trust must make every effort to assure the public that their decisions are untainted by personal financial interest and are completely impartial. In that spirit, this letter specifies each of the specific parties or circumstances in which I will disqualify myself from taking official action.

I receive a small annuity under a defined benefits program from the State of California. I pledge that I will not participate in any particular matter in which the State of California is a specific party and that could affect the state's ability or willingness to honor its obligation to pay those benefits. The State of California will also continue to fund my health insurance. Therefore, I will not participate in any particular matter which could affect the state's ability or willingness to honor its obligation to pay those benefits.

I have small interests in two banking companies (Citigroup Inc. and West America Bank Corp.), both of which have subsidiaries that participate in the Department's guaranteed loan programs. In the unlikely event that a specific guaranteed loan matter might be presented to me for action, I pledge that I will not participate in considering or acting upon the loan guarantees that involve those subsidiaries. I also pledge that I will not participate as Secretary in any other particular matter that would have a direct and predictable effect on my financial interest in either bank.

I also have a small interest in a cable television company (Charter Communications) that could be impacted if a program is enacted or implemented to subsidize cable television or cable-based broadband telecommunications to currently un-served rural areas. If this comes to pass, I pledge that I will disqualify myself from any particular matter that would have a direct and predictable effect on my financial interest in that company.

I have a moderate holding in Oracle Corporation -- a vendor of large-scale data base systems. I understand that USDA has employed Oracle for some of its Internet applications and

that Oracle is likely to bid on future applications. I pledge that I will disqualify myself from acting in any particular matter having a direct and predictable effect on my financial interest in Oracle.

I am currently on the board of three non-profit organizations that have educational or policy advocacy roles in agricultural matters. As noted on Schedule D, Part I of my Public Disclosure Report, these are The Farm Foundation, The Great Valley Center, and ACDI VOCA. If confirmed, I will resign those positions. I fully appreciate that my service on those boards over the past year create "covered relationships" under 5 C.F.R. Part 2635, Subpart E; consequently, I pledge that I will disqualify myself from any particular matter involving specific parties in which any of them are, or represent, a party.

Finally, through my work with Nossaman, Guthner, Knox & Elliott, LLP, I provided legal and/or consulting services to a number of clients - - some of which had agricultural interests. Consequently, I pledge that I will disqualify myself from any particular matter involving specific parties in which any of them are, or represent, a party.

Upon my confirmation, I will develop specific instructions to the appropriate staff to ensure the proper implementation of these disqualifications. A copy of the instructions will be provided to you in accordance with 5 C.F.R. § 2634.804(a)(2).

Sincerely,

Ann Veneman
Secretary-Designate, USDA

cc: Amy Comstock
Director, U.S. Office of Government Ethics

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved:
OMB No. 3209 - 0001

Date of Appointment, Candidacy, Election, or Nomination *(Month, Day, Year)*	Reporting Status (Check Appropriate Boxes)	Incumbent ☐	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate ☑	Termination Filer ☐	Termination Date *(If Applicable) (Month, Day, Year)*
Reporting Individual's Name	Last Name: Veneman			First Name and Middle Initial: Ann M		
Position for Which Filing	Title of Position: Secretary			Department or Agency *(If Applicable)*: Agriculture		
Location of Present Office (or forwarding address)	Address *(Number, Street, City, State, and ZIP Code)*: 915 L Street, Sacramento, CA 95814			Telephone No. *(Include Area Code)*: 916 442-8888		
Position(s) Held with the Federal Government During the Preceding 12 Months *(If Not Same as Above)*	Title of Position(s) and Date(s) Held: None					
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Senate Comm.on Agriculture, Nutrition and Forestry			Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☑ No		
Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: [signature]			Date *(Month, Day, Year)*: 1/11/01		
Other Review (If desired by agency)	Signature of Other Reviewer			Date *(Month, Day, Year)*		
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/ Reviewing Official: [signature]			Date *(Month, Day, Year)*: 1/11/01		
Office of Government Ethics Use Only	Signature: Amy L Comstock			Date *(Month, Day, Year)*: 1/12/01		

Comments of Reviewing Officials *(If additional space is required, use the reverse side of this sheet)*

(Check box if filing extension granted & indicate number of days _____) ☐

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A -- The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of date of filing.

Schedule B -- Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D -- The reporting period is the preceding twocalendar years and the current calendar year up to the date of filing.

Agency Use Only

OGE Use Only
JAN 11 2001

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5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: Veneman, Ann M.

SCHEDULE A

Page Number: 2 / 11

Assets and Income — BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual amount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period. — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

Assets and Income (Block A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples: Central Airlines Common				X												X						X										
Examples: Doe Jones & Smith, Hometown, State																															Law Partnership Income $130,000	
Examples: Kempstone Equity Fund																																
Examples: IRA: Heartland 500 Index Fund																								X								
1 Nossaman, Guthner, Knox & Elliott, LLP (law firm), Sacramento, California	✓																														Income from law firm $150,000	
2 State of California (defined benefit plan) (value not ascertainable)																															Retirement income $7,740	
3 Rental Property Alexandria, VA						✓											✓								✓							
4 AIM Aggressive Growth Fund			✓										✓											✓								
5 AIM Constellation Fund			✓										✓											✓								
6 AIM Global Telecommunication & Technology Fund		✓											✓									✓										

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Prior Editions Cannot Be Used.

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5 C.F.R. Part 2634
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Reporting Individual's Name: Veneman, Ann M.

SCHEDULE A continued
(Use only if needed)

Page Number: 3 / 11

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period. — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Da Yr.) Only if Honorari
7	AIM International Equity Fund		✓											✓								✓											
8	AIM Weingarten Fund			✓										✓										✓									
9	Dreyfus Premier Virginia Muni Bond Fund			✓										✓									✓										
10	Fidelity Contrafund			✓										✓								✓											
11	Citifunds Cash Reserves Money Market Fund (IRA)			✓										✓								✓											
12	American New Perspective Fund (IRA)			✓										✓										✓									
13	Fidelity Contrafund (IRA)			✓										✓									✓										
14	Citigroup, Inc. (IRA)		✓														✓				✓												
15	Broadcom Corp. (IRA)		✓																		✓												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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U.S. Office of Government Ethics

Reporting Individual's Name: Vereman, Ann M.

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period. — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
16	Charter Communications (IRA)		✓																		✓												
17	Home Depot (IRA)		✓																		✓												
18	INTEL (IRA)		✓																		✓												
19	AG Edwards Cash Management MMF (IRA)		✓											✓							✓												
20	Wal-Mart Stores (IRA)		✓																		✓												
21	XILNX, Inc. (IRA)		✓																		✓												
22	Growth Fund of America (401K)		✓											✓									✓										
23	PIMCO Innovation Fund (401k)		✓											✓									✓										
24	Alliance Growth Fund			✓										✓										✓									

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: Veneman, Ann M.

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period. — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
25	Merrill Lynch Fundamental Growth Fund		✓											✓								✓											
26	Merrill Lynch Global Allocation Fund				✓									✓											✓								
27	Merrill Lynch Global Small Cap			✓										✓								✓											
28	Merrill Lynch Global Value Fund		✓											✓								✓											
29	Merrill Lynch Growth Fund			✓										✓										✓									
30	PIMCO Global Innovation Fund			✓										✓							✓												
31	PIMCO Innovation Fund		✓											✓										✓									
32	Seligman Communications Information Fund	✓												✓									✓										
33	Nuveen NASDAQ 100 - 5 year (IRA)		✓											✓							✓												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: Veneman, Ann M.

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period. — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
34	Seligman Henderson Global Technology Fund			✓										✓										✓									
35	Applied Materials Inc.		✓																		✓												
36	.Countrywide Credit		✓														✓				✓												
37	Lucent Technologies	✓															✓					✓											
38	Oracle Corp.					✓															✓												
39	West America Bank Corp.			✓													✓					✓											
40	Bank of America Checking		✓																✓		✓												
41	Citigroup Checking		✓																✓		✓												
42	Merrill Lynch Banking Advantage				✓														✓			✓											

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name: Veneman, Ann M.

SCHEDULE B

Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss.

Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None ☐

	Identification of Assets	Transaction Type (x): Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (x): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of Divestiture
Example	Central Airlines Common				2/1/99												
1																	
2																	
3																	
4																	
5																	

* This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than $260, and (2) travel-related cash reimbursements received from one source totaling more than $260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. **Exclude** anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth $104 or less. See instructions for other exclusions.

None ☐

	Source *(Name and Address)*	Brief Description	Value
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	$300
1			
2			
3			
4			
5			

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Reporting Individual's Name: Veneman, Ann M.

SCHEDULE C

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at **any time** during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors (Name and Address)	Type of Liability	Date incurred	Interest Rate	Term if applicable	$10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000 *	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.											
	John Jones, 123 JSt., Washington, DC	Promissory note	1999	10%	on demand											
1	Washington Mutual, Northridge, CA	Mortgage on rental property, Alexandria, Virginia	1989	variable	40				✓							
2																
3																
4																
5																

Category of Amount or Value (x)

* This category applies only if the underlying liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will recieve lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	Defined benefit plan and health insurance will continue to be provided by the Sate of California	State of California	06/99
2	Will continue to participate in 401k plan - - no additional contributions will be made by law firm	Nossaman, Guthner, Knox & Elliott, LLP	12/00
3			
4			
5			
6			

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Reporting Individual's Name	SCHEDULE D	Page Number
Veneman, Ann M.		9 / 11

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization *(Name and Address)*	Type of Organization	Position Held	From *(Mo., Yr.)*	To *(Mo., Y*
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Nossaman, Guthner, Knox & Elliott, LLP, Sacramento, California	Law firm	Contract Partner	03/99	12/31/0
2	Beeline Technologies, Fresno, California	Technology Company	Board Member	10/00	12/29/0
3	Farm Foundation, Chicago, Illinois	Non-profit ag policy	Board Member	06/96	Presen
4	Close Up Foundation, Alexandria, Virginia	Non-profit education	Board Member	02/93	Presen
5	Great Valley Center, Modesto, California	Non-profit regional policy institution	Board Member	07/97	Presen
6	ACDI VOCA, Washington, D.C.	Non-profit education	Board Member	06/99	Presen

Part II: Compensation in Excess of $5,000 Paid by One Source

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

None ☐

	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (Client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	Nossaman, Guthner, Knox and Elliott, LLP, Sacramento, CA	Legal services
2	Beeline Technologies, Fresno, California	Legal services
3	Tri Valley Growers Committee ikn Bankruptcy, Oakland, California	Legal services
4	Pebble Beach Company, Monterey, California	Legal services
5	International Dairy Foods Association, Washington, D.C.	Legal services
6	Tilda, Ltd., London, England	Legal services

Prior Editions Cannot Be Used.

SF 278 (Rev. 03/2000)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE D	Page Number
Veneman, Ann M.		10 / 11

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization *(Name and Address)*	Type of Organization	Position Held	From *(Mo., Yr.)*	To *(Mo., Yr.)*
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
7					
8					
9					
10					
11					
12					

Part II: Compensation in Excess of $5,000 Paid by One Source

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Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

None ☐

	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (Client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
7	SAMS Coalition, Fresno, California	Legal services
8	Nuffer, Smith & Tucker, San Diego, California	Legal services
9	Foothill Eastern Transportation Corridor, Irvine, California (1999 only)	Legal services
10	Premier Food Distributors, Stockton, California (1999 only)	Legal services
11	Great Valley Center, Modesto, California (1999 only)	Legal services
12	De Francesco & Sons, Inc., Firebaugh, California (1999 only)	Legal services

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18					

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None ☐

None	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (Client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
13	Iowa State, Ames, Iowa (1999 only)	Legal services - speaking fees
14		
15		
16		
17		
18		

Prior Editions Cannot Be Used.

Testimony to the Agriculture Committee U.S. Senate In Opposition To The Confirmation Of Ann M. Veneman As Secretary Of Agriculture

by Marcia Merry Baker
Executive Intelligence Review

Prepared Jan. 22, 2001
Submitted Jan. 24, 2001
Phone : (703) 777-9451
FAX : (703) 771-4106
e-mail: eirns@larouchepub.com

Chairman Lugar, and Members of the Committee,

The agriculture and food supply sectors of our economy—along with all other vital sectors and infrastructure, are presently in worsening crisis—**OF A SYSTEMIC, NOT A CYCLICAL NATURE**. What is required, is urgent intervention to restore traditional policies serving the general welfare—such as parity pricing, debt moratorium, anti-trust action, and specifically energy re-regulation, for which there are ample precedents.

The demand is growing rapidly for national-interest emergency measures. Specifically, *EIR*'s founding editor, Lyndon LaRouche—now a newly-announced candidate for Democratic Presidential nominee in 2004, has forewarned of today's crisis, and is mobilizing for return to the FDR-style approach to get out of disaster.

The opposite approach—sticking to the so-called "market forces," de-regulation, globalization, free trade policy, is now blowing up in California, in the food chain, and internationally.

The Bush Administration Cabinet nominations—especially John Ashcroft, as well as the economic team appointments, are all associated with commitment to these very policies which led to the current crisis. We oppose Ann Veneman as Agriculture Secretary for that reason. Below we summarize the scope of the crisis, and the necessity of replacing the destructive and disintegrating free-trade approach—which she has backed, with national-interest agriculture and trade policies.

There is one overall point to be stressed: This is no "ordinary" period of clash of policies regarding agriculture and all other economic policies. The financial and economic **SYSTEM ITSELF** is at the breakdown point, and insistence on the policies which contributed to that—and which won't work, presents the conditions for imposed crisis-management, with the threat of police

state emergency measures of the type of Hitler's 1933 *Notverordnung* (rule by emergency decree).

LaRouche: Financial System Is Disintegrating

Lyndon LaRouche described both the nature of the crisis, and what must be done, in a Jan. 9 memorandum to a policy conference in Milan, Italy, Jan. 14, on "Debt Forgiveness and the New Bretton Woods." He wrote:

"I emphasize that the present world financial and monetary system is now already hopelessly bankrupt in its present form. Only by putting that system, and most among its associated central banking systems into bankruptcy reorganization, could a viable form of monetary order continue to exist on this planet.

"This means that the following measures must be included as an absolute precondition for the existence of viable world monetary and financial order.

"1. The cancellation of claims to the most disreputable categories of nominal debt, such as financial derivatives and junk bonds, which are to be adjudged morally as claims of the same nature as gambling debts.

"2. The freezing of principal and accruals of interest on much of the world's total debt, and forgiveness of large portions of such debt, as practical and moral considerations dictate.

"3. The reorganization of the world's monetary and financial structures in a manner consistent with the lessons of the immediate post-war decades: a new monetary system whose design is pivotted upon a system of long-term credit and trade agreements in the range of twenty to twenty-five years, at prime interest costs not in excess of between 1% and 2% simple interest per annum in agreements between sovereign national states.

"4. A matching array of fixed exchange-rate parities among currencies, buttressed by capital controls, exchange controls, and financial regulation, consistent with the experience of the original Bretton Woods system's initial two decades of operation.

"5. The creation of large volumes of credit by sovereign nation-states, for the purpose of promoting those investments both essential forms of public infrastructure and related hard-commodity private investments needed to bring levels of employment and output up to levels of sustainable long-term physical-economic growth.

"The great danger today, is presented by the hysterical demand, especially from implicitly self-ruined financier interests, that their financial claims be honored promptly and in full, with disregard for the effects of such demands upon the victims of such usurious policies. If such demands are not resisted by aid of the kinds of reforms I have indicated, this planet will be plunged into a protracted new dark age for humanity as a whole. By submitting to hysterical demands of such as those self-ruined financier interests, great empires of the past have been left, shattered, in the sands of the desert their empires have become. In such matters, it is the common good which must prevail."

The Agriculture and Food Crisis

For the purpose of considering, what the policy direction should be, of the U.S. Agriculture Department, and of related government agencies, we here present three summary points about the U.S. and world agriculture situation: 1) world food supplies are short, and means of production, are declining; 2) the U.S. energy crisis, on top of the pre-existing farm crisis, threatens unprecedented food shortages; 3) the financial system breakdown, spells the end of the dollar-trade-system, and return to national-interest economics, or chaos.

1) **WORLD FOOD SHORTAGES**. As of the 1990s, world grain output per capita, has been in decline. This winter, the U.N. Food and Agriculture Organization, has issued appeals for emergency food aid for 1 million people in Afghanistan and Pakistan; and for millions more, from Ecuador, to Sudan, to Northern Korea. Most of these appeals are not met. Tonnage of grain annual food aid is declining. Total world grain output—which to meet per capita needs should be in the range of over 3 billions of tons, is still under 2 billion tons. There is no technology problem here; it is a policy crisis.

Apart from severe natural disasters, the overall shortages in output—such as in Africa and in South America, come from the degradation of the means of production—absence of infrastructure, inputs, water and equipment. During the GATT/WTO years since the mid-1980s, agriculture commodity cartels—centered mainly on Anglo-Dutch-Swiss financial interests, have imposed extensive networks of plantation and "industrial" agriculture—for commodities ranging from frozen vegetables, to flowers, to milk protein concentrate. These cartel networks reign over international trade flows in these goods, over and above the interests of nations and peoples.

In the United States, the degree of consolidation of control of the food chain is now notorious. Besides the mega-mergers leading to the domination of livestock production and processing, and the Cargill-Continental merger and other instances, there is the retail food trade control. As the National Farmers' Union latest report (Jan. 8) shows, five firms now take in 42 percent of retail food sales in the United States (Kroger, Albertson's, Wal-Mart, Safeway and Ahold USA).

Going along with this intense concentration, there has been a rapid decline in the farm states, of independent family-farm operations, supply stores, elevators, and all other farm community essentials, including railroads, hospitals, etc.

Thus we are seeing a situation where the farmer is underpaid for his commodity, and the family farm system is taken down, while the consumer pays more and more. We can see low grain prices to the farmer, while bread prices can go through the ceiling. This is the recipe for disaster.

2) **CALIFORNIA ENERGY CRISIS IMPACT ON FOOD-CHAIN**. When in 2000, the U.S. farm sector, had added onto its below-parity commodity price levels, the soaring energy costs of production (natural gas, propane, electricity, surcharges on rail, nitrogen fertilizers, etc.), a full-scale food supply crisis is automatically in the making. How this works is clear from the unfolding California situation.

California is the foremost state in value of agriculture output, accounting for some $25 billion, out of the nation's $189 billion in agricultural production in 1999. The state has a gigantic food-processing sector—ranging from dehydration plants, to canneries and yogurt factories. Most of these use natural gas, and many are simply shutting down. The national impact on the food chain, as well as on communities in the state, will be disastrous.

In Tulelake, Calif., for example, the potato-flake plant was closed on Jan. 20, for the second time in a month, because of the 16-fold increase in monthly natural gas bills, and then on top of that, the January 10% electricity rate hike. These dried potatoes go out of state to users such as Cincinnati-based Procter & Gamble, for processing into mashed potatoes, chips, and other products.

California is the biggest milk-producing state, accounting for 20% of all U.S. dairy products. The dairy industry accounts for some $4.3 billion a year. It is now in crisis. California Dairies, Inc., the nation's second-largest farmer-owned cooperative, expects farmers' power costs to rise at least tenfold this winter.

The Land O'Lakes Western Region milk plant—the largest in the United States, is in Tulare, California, and electricity stoppages there have resulted in milk dumping and disruptions. The same situation obtains at other plants, but concentration of food processing at ``industrial-sized'' centers, such as this facility, which occupies a six-block area, means that when such a center is hit, the food chain is automatically jeopardized. The Hilmar Cheese Co., in Hilmar, in the Central Valley, is the world's largest cheese factory. It now has been hit by power outages and operations disruptions. The company also faces December natural gas bills 475 higher than December a year earlier.

Besides the dramatic developments in California—especially in dairying—involving a highly perishable commodity, the direct impact of the energy crisis on basic grains is equally severe. Nitrogen fertilizer scarcity and high prices are now a national farming emergency. Coming on top of last fall's winter wheat crop being the smallest are since 1956, and needs for fertilization planning for corn and spring wheat, emergency intervention is required.

Yet, what has been the Bush Administration stated approach to "California" and the "energy crisis"? That so-called "market forces" must rule. Besides the stupidity of this reflex-reaction response, there is the scandal of the fact that the Bush campaigns themselves, and prominent Administration-related political figures, such as James Baker III, not merely Richard Cheney, are themselves directly benefitting financially from the energy companies (Enron, Dynegy, Reliant, and many others), and other commodity companies (food, minerals, etc.) making a killing off the economic breakdown. This is no garden-variety "conflict of interest." This is a policy threat to the nation.

3) **"DOLLAR ERA"-TRADE PATTERNS NOW AT COLLAPSE POINT**. One point deserves special attention, regarding Ms. Veneman's stated commitment to, "expand U.S. agriculture exports," and similar sentiments. The essential fact is, that the entire financial system is disintegrating. In this context, Ms. Veneman's views relate to a bygone era. Even worse, she is from California, and ought to be able to appreciate the degree of crisis, and not resort to reflex reactions.

What is the former era? Whereas, for many years, the U.S. became increasingly import-dependent for necessities (clothing, electronics, producer inputs, etc.), as shown in the whopping monthly trade deficits; and whereas, at the same time, the U.S. offered a casino of hyper-profits to be made on the stock exchanges, real estate, futures, derivatives, and all kinds of speculation. Now these bubbles are bursting. First the Nasdaq info-tech one; then the $670 billion category of junk bonds. And now the $400 billion category of U.S. utilities debt is teetering on blow-out. The biggest bubble of all—derivatives, some $29 trillions of which contracts are held by U.S. banks, is ready to burst. This will obliterate the financial system as it has been known. Going down with it, are currency values, trade patterns and all else.

In the face of this, many traditional trade partners, are viewing the United States with horror—especially hearing talk of "expanding exports" and such repetitions of from-another-planet nonsense. Some countries are moving to form new trade blocs in their own interests, such as the 13 nations called ASEAN+3 (South East Asia plus, Japan, China and South Korea).

Therefore, the only "realistic" approach in the United States, as Lyndon LaRouche is known-for around the world right now, is to set in motion internationally a set of new, stable currency relations, and other aspects of a "New Bretton Woods" financial system to serve national-interest trade and economic development. And domestically—as the food and agriculture sector proves dramatically, to recognize the crisis and act on that.

The kind of emergency measures required, include:

1) Act immediately on the energy crisis, through re-regulation, and launching of construction of new generating capacity. Right now, prioritize energy provision for farm, food and other essential operations.

1) Restore parity-based pricing, on the principle of the standing 1949 Agriculture Act; nullify the destructive 1996 "Freedom to Farm Act."

3) Take necessary financial relief measures, to revitalize conditions for family-based independent farms, and middle-sized manufacturing and business operations, through selective debt moratoria and relief, low-interest credits, and infrastructure projects.

4) Take steps to replace the free trade U.S. foreign policy (NAFTA, WTO, etc.) with mutual-interest national trade.

5) Act to launch expansion of rail, water-borne and other vital transportation systems, and water supply infrastructure.

6) Initiate anti-trust actions to end the commodities cartel control over the food-chain, and over seeds and other farm inputs.

National Federation of Federal Employees
Affiliated with the International Association of Machinists and Aerospace Workers, AFL-CIO
John Obst, President ***Forest Service Council*** *Mike Bunten, Sec-Treas.*

January 17, 2001

Senate Committee on Agriculture, Nutrition, and Forestry
Senate Russel Office Bldg. Rm 328A
U.S. Senate
Washington, D.C. 20510

Dear Chairmen Lugar and Harkin:

Please enter the following into the Senate confirmation hearings on Agricultural Secretary Select Ann Veneman.

The Department of Agriculture employs 110,000 people who perform jobs ranging from inspecting food and setting agriculture policy to work in research, trade, and managing the 192 million-acre National Forest system. Our union, the National Federation of Federal Employees (NFFE), representing 14,000 Forest Service employees, is the largest employee group in the Department.

Ms. Veneman, as a public servant whose past involvement with Forest Service has been limited, has a record that inspires optimism in considering her future as head of the Department of Agriculture. When she was California Secretary of Agriculture, Ms. Veneman addressed and confronted the crisis of the family farm, as more and more farmland became converted to non-agricultural uses. Closer to Forest Service issues was her involvement with California bio-diversity, which culminated in an agreement between diverse stakeholders and agencies on protecting vernal pools. These are examples of the kind of efforts that we hope will characterize her work in the Department of Agriculture.

We are looking forward to working with Secretary Veneman on issues that impact the environment, employees of the Department of Agriculture, and particularly the Forest Service. As Forest Service employees, we would like to respectfully submit some suggestions for the Secretary on her management of the Department, her appointments for Under Secretaries and possibly the leadership of the Forest Service.

1) Collaboration with employees through labor-management Partnership Council is critical for efficient government operation. The Forest Service Council has been very active in the Department of Agriculture and the Forest Service Partnership Councils, and we look forward to working with the new administration to achieve its goals.

2) Department administrators must be known leaders and consensus builders. In the Forest Service, it is critical to consult openly with all responsible Forest Service stakeholders--the Union, local communities, environmental groups, timber groups, recreation groups, and scientists such as ecologists and silviculturists. Together, we can make decisions that foster win/win situations.

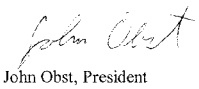
3) Management must actively support a workforce at the appropriate skill level and in numbers sufficient to facilitate change and effectively carry out the mission of the Department and the Forest Service.

4) The Department must facilitate decision-making guided by local conditions, rather than decision making solely from the perspective of the Washington Office.

5) All Department appointees must be persons of integrity who are civil service role models. They must facilitate decisions based on carefully weighing alternatives, rather than on catering excessively to special interest groups.

6) Forest Service appointees should be selected from inside the Forest Service. This will help to de-politicize the Forest Service, improve credibility and raise workforce morale.

We anticipate a mutually satisfying working relationship with the Department and the Congress toward a common goal of "Caring for the land and serving people."



John Obst, President
Forest Service Council
National Federation of Federal Employees
715-762-5112

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

JANUARY 18, 20001

RESPONSE TO QUESTIONS SUBMITTED TO SECRETARY DESIGNATE ANN VENEMAN BY SENATOR BLANCHE LINCOLN

1. Will you make completion of the required regulation and distribution of the assistance (disaster assistance) a top priority if/when you are confirmed?

Response: The disaster relief provisions passed by Congress last year were meant to respond to an immediate need in farm country. I believe that it is the obligation of the USDA to deliver such assistance in a timely, fair and responsible manner. If confirmed, I can assure you that I will work to deliver all disaster provisions as quickly as possible.

2. What would you do to move Japan and our other trading partners to eliminate trade-distorting import barriers and allow substantial market access to U.S. rice?

Response: As you know the Uruguay Round agreement provided access to countries' markets for agricultural commodities, including rice, in some cases for the first time. I believe that we can improve upon this record and the upcoming World Trade Organization agricultural negotiations provide such an opportunity. I believe that we must work together to help U.S. farmers and ranchers seize market opportunities around the world. We need to expand trade and eliminate barriers to access for our products, such as rice, in an ever-expanding global economy.

3. Will your department stand firm behind its science-based decisions, and how will it approach these non-tariff trade barriers?

Response: It is important in this ever-expanding global economy to ensure that countries abide by trade rules and use science as the basis for decisions regarding market access and other trade matters. If confirmed, it will be my intention to continue polices that ensure that decisions and rules are based on sound scientific principles. My intention, if confirmed, is to work closely with USTR on these and other trade matters that have an impact on U.S. agriculture.

I strongly believe that the Secretary of Agriculture has the responsibility to work for the success of our farmers and ranchers. Many issues facing U.S. agriculture are addressed by other federal departments. If confirmed, I intend to promote cooperative working relationships with other agencies and departments, such as USTR, to ensure that the concerns of U.S. farmers and ranchers are understood and advocated throughout government.

4. Will it be willing to reopen discussion of the EU's ban on poultry products?

Response: Trade agreements have opened markets, reduced unfair competition, and brought some discipline to import barriers. In addition, they have introduced dispute settlement procedures into world trade matters. Improvements can be achieved through continuation of agricultural negotiations and new trade agreements. I recognize that U.S.

poultry producers face trade barriers in key markets around the world. My intention, if confirmed, is to work closely with USTR on these and other trade matters that have an impact on U.S. agriculture.

5. How do you intend to protect our Agricultural interest during future WTO negotiations?

Response: With 96% of the world's population living outside of the United States, we need to expand trade and eliminate barriers for our products. As we seek market growth, we should continue to search for new and alternative uses for our farm products and find ways to strengthen the competitive position of our farmers and ranchers.

I strongly believe that the Secretary of Agriculture has the responsibility to work for the success of our farmers and ranchers. Many issues facing U.S. agriculture are addressed by other federal departments. If confirmed, I intend to promote cooperative working relationships with other agencies and departments to ensure that the concerns of U.S. farmers and ranchers are understood and advocated throughout government.

My intention, if confirmed, is to work closely with USTR on these and other trade matters that have an impact on U.S. agriculture.

6. If the legislation that was passed during the 106th Congress exempting food and medicine from sales to Cuba does not result in U.S. sales to Cuba, and with the feedback from ag organizations I've received so far my expectations are low....If significant sales do not emerge will the Administration work with Congress to address the issues that prevent such transactions and enhance our trading opportunities with Cuba?

Response: I understand that many feel very strongly that the sanctions reform achieved in the 106th Congress did not go far enough. They object to the continued restrictions on trade with Cuba and the prohibition on the use of USDA credit guarantee programs for all countries to which this sanctions reform applied. If there are efforts to continue agricultural sanctions reform in the 107th Congress, I will work with other departments and agencies and Members of Congress to ensure that that issues that affect U.S. agriculture are fully discussed.

7. What steps will your department take to modernize the food safety system, and how do you propose to deal with adverse court rulings and with the inspectors' union's resistance to modernize?

Response: Any discussion on food safety must begin with the premise that the United States continues to have the safest food supply in the world. This has been achieved primarily by cooperative efforts involving producers, processors, inspectors, retailers, government, and others who are united in their commitment to use the best available science, technology and processes to keep our food safe for consumers.

In spite of these advancements, however, there continues to be disagreements about what additionally should be done to further modernize and improve our food safety system. This creates a dynamic tension among parties who share common objectives, but differ in their views regarding how those objectives should be achieved. Effective modernization requires bringing the best science together with the best delivery systems. This is not best achieved in a courtroom. However, it can be effectively achieved in a conference room. If confirmed, I will work hard to ease tensions within the food safety community so that we can focus our attention away from legal battles and toward maintaining our position as the world leader in food safety.

8. In general, do you think USDA needs additional food safety enforcement authority and, specifically, do you think USDA should concentrate more of its efforts on science-based actions that will prevent food safety outbreaks or on post-outbreak enforcement actions?

Response: Clearly USDA has a significant responsibility to both prevent the spread of harmful pathogens in food and to respond quickly and decisively when outbreaks occur. From the perspective of protecting the health of people, the most effective long-term approach is to focus our best efforts in the prevention arena, developing new science and technology to ensure that our food supply is safe.

Occasionally there will be bad actors. When there are, federal agencies of jurisdiction have the responsibility to address violations, as the law requires. If Congress determines that current law is insufficient to deter bad actors or to protect public safety, then I would be happy to provide input on whatever proposals Congress might develop for improving or strengthening these laws. In the meantime, it will be my priority to use existing programs and resources to develop new technologies, methods and partnerships that will improve food safety and prevent crisis.

9. Do you believe such direct payments for specialty crops have a place in future agricultural policy?

Response: This is a more complicated question than is first evident. Aside from the substantial budgetary impact, there is debate inside the fruit and vegetable community as to whether it is in their long-term best interest to receive such payments. While some are eager to participate, others express concern that the market fundamentals that have been the engines of their commodity's economics could be distorted by infusions of federal dollars. The fear is that the disruption of their industry might outweigh any benefits derived from government payments. With this debate still underway, if confirmed, I would consider such a move only after extensive consultation with the affected commodity communities.

10. The revised U.S. Warehouse Act, approved at the end of the 106th Congress and signed into law, authorizes USDA to develop regulations which will allow the use of certain electronic documents for grains and oilseeds. Cotton already successfully uses

electronic warehouse receipts. Recognizing the significant efficiencies and cost savings that can result from the implementation of this, will you ensure that FSA issues the necessary regulations in a timely manner?

Response: I understand that the revisions to the U.S. Warehouse Act were the result of long negotiations among the interested parties and represent a consensus viewpoint in the industry. I will work to ensure that the necessary regulations to implement this law are promulgated in a timely manner.

11. Do you agree that a properly administered marketing loan should be the foundation of any future farm policy?

The marketing loan has become an integral part of farm commodity programs over the last decade and a half. Adoption of the marketing loan certainly addressed the question of forfeiture and government ownership of commodities that threatened to price the United States out of an ever more competitive world market in the 1980s. There have been serious questions raised about inequities arising from administration of the Loan Deficiency Payment system for some commodities, as well as other problems. If confirmed, I will certainly examine the marketing loan system thoroughly and stand ready to recommend any modifications that might be needed. I look forward to working with the Congress in exploring all suggestions to find the best possible future farm policy.

12. Will you work to support adequate budget funding to bring FSA's staff and computer resources back to the level necessary to deliver farm and conservation programs?

Response: The key to delivering programs in a timely and responsible way is having adequate resources to do so. If confirmed, I will work to assess needs and capabilities of the Farm Service Agency. I will also explore ways of managing FSA resources more efficiently. The FSA has a long and proud history of providing friendly, timely and meaningful assistance to our nation's farmers and ranchers. We simply must make the proper investments to continue that tradition.

13. Previous Administrations assigned a USDA liaison to EPA to serve as a contact for agriculture interests. Would you support re-establishing such a position?

Response: Farmers, ranchers and foresters are affected by more government agencies than just USDA. I believe strongly that the Secretary of Agriculture should represent the interests of farmers, ranchers and foresters to the other agencies of the federal government. I have already spoken to the President-elect's designees for the Environmental Protection Agency and the Department of Justice about issues within their jurisdiction that affect farmers, ranchers and foresters and will continue to do so. If confirmed, I will look into this issue and consult with others within the Administration, including those at EPA and the White House regarding bringing back the agricultural liaison at EPA.

14. How do you see renewable fuels, specifically those from the Ag Community, playing a role in the current energy crisis and addressing needs for the future?

Response: With increased energy prices, consumers are now looking to ethanol and other bio-based fuels not only for their environmental benefits, but for the economic benefit too. President-elect Bush has stated strong support for the ethanol tax incentive, and for increased investment in research and development of more cost-effective means of producing ethanol, bio-diesel and other bio-fuels. As Secretary of Agriculture, I would plan to take advantage of this vast market opportunity to promote biofuels as a sensible alternative energy source, and ultimately to help farmers realize a greater profit and share of the value of their product.

15. How do you view the weight and importance of private forests and their products in the development of US agricultural policy and what are our view on how private forest lands should be managed under federal law?

Response: Private forests play a vital role in maintaining the quality of our air and water, producing valuable wood and paper products and providing outdoor recreational opportunities. The ten million Americans who own and manage these forests are, for the most part, conscientious stewards of the land. Government policies should build on this foundation, providing information, technical assistance and incentives to help landowners constantly improve their forestry practices.

USDA plays a key role in providing this assistance. Extension services and programs administered by the Forest Service have been very successful and should continue. In addition, USDA must work with federal regulatory agencies to make sure that policies affecting private forest management are, to the greatest extent practicable, scientific, incentive-based and voluntary.

16. What do you see as the mission of the Forest Service?

Response: The mission of the Forest Service is to be a world-class steward of our national forests and grasslands and a premiere service provider to the millions of Americans who use and enjoy them. This demands that the agency manage the forests in a manner that appropriately balances environmental, economic and social objectives. It also requires the agency to rely heavily on the expertise of local professionals and communities to strike this balance.

17. One of my top priorities is to assist the rural areas of Arkansas to help close the digital divide and bring better technology to small towns across the nation. We finally passed a bill to create a new program at the RUS to help bring local television signals to such areas by providing loan guarantees. One of your first jobs as Secretary will be to promulgate the rules for this program. I hope that the rules will reflect the tech-neutral stance of the bill so that all technologies will be eligible for the loan guarantees. Do you agree that by allowing all providers—whether satellite or small cable systems or

others—to compete to provide this service, these underserved areas will receive service faster?

Response: Helping to improve the quality of life in rural America is an important responsibility of the Department of Agriculture. Access to new technologies is an important part of promoting economic growth in rural America. While I have not studied the language of the new law, my understanding is that the law is technology neutral. If confirmed, I will implement the new law in an even-handed manner that conforms to the provisions of the statute.

18. How would you address this issue? (Biotechnology)

Response: I agree with many Members that products produced through biotechnology have the promise to help farmers through lower input costs and improved productivity. They also have the promise of protecting natural resources and of feeding the world's growing population. Biotechnology products can promote improved human health by research that promises to boost the nutritional value of food using biotechnology. It can also combat animal disease through vaccines. Biotechnology can help farmers increase crop yields and feed more people and help the environment by reducing the use of pesticides.

If our farmers grow biotechnology crops and then cannot export them, serious problems exist. I am aware that the European Union's process for approval of these U.S. products is controversial and has resulted in delays for U.S. exports. It is my intention, if confirmed, to work with the United States Trade Representative on this matter. The process for the approval of biotechnology grains and food in the European Union should be discussed and alternatives to the present stalemate considered.

19. What is your position relative to a dairy safety net-such as the current price support system?

Response: As I have indicated previously, creating a national dairy policy is one of the most contentious tasks facing Congress and USDA. The wide regional differences in dairy make it very difficult to shape one policy to satisfy everyone. A dairy price support program that provides a purchase price acceptable to one region is either too low for another or so high that it artificially prompts production in some areas thus distorting production patterns. If confirmed, it is my intention to work extensively with all segments of the dairy industry to attempt to forge a workable dairy policy for the entire nation. This is a formidable task, but, in my view, it is the only sensible way to achieve an acceptable long-term policy.

20. Farmers use market orders, which are self-imposed, to aid in the orderly marketing of many of their products, particularly those that are perishable. What is your position towards Federal market orders?

Response: Federal marketing and promotion orders have a long history at USDA. Supporters of these orders credit them with the development of domestic and foreign markets for a whole host of commodities. These orders, however, are not without controversy. There have been several court cases seeking to overturn various orders. In addition, in a few promotion orders petition drives have been mounted to secure a new referendum on continuing the order. If confirmed, I intend to exercise appropriate oversight of marketing order activity and will address issues surrounding marketing and promotion orders as they arise.

21. Will you work with us to forge a fair agreement with Mexico that allows for an orderly transition to free trade sweeteners by 2008 as prescribed in the North American Free Trade Agreement?

Response: U.S. sugar producers and their agriculture program are under stress. Domestic prices have fallen dramatically over the last 18 months due to excessive supplies of sugar. The U.S. imports significant amounts of sugar. However, Mexico and the U.S. continue to disagree on the proper amount of sugar Mexico should be allowed to import to the U.S. under NAFTA. The issue of sugar imports from Mexico has been negotiated for several months by the U.S. Trade Representative's office.

I strongly believe that the Secretary of Agriculture has the responsibility to work for the success of our farmers and ranchers. Many issues facing U.S. agriculture are addressed by other federal departments. If confirmed, I intend to promote cooperative working relationships with other agencies and departments to ensure that the concerns of U.S. farmers and ranchers are understood and advocated throughout government.

My intention, if confirmed, is to work closely with USTR to continue to seek negotiated agreements on agricultural trade that will open markets around the world for U.S. producers, including sugar producers.

RESPONSE TO QUESTONS SUBMITTED TO SECRETARY DESIGNATE ANN VENEMAN BY SENATOR TIM JOHNSON

1. As Secretary, will you agree to not adjust commodity loan rates downward from their current levels?

   Response: Decisions on adjusting loan rates are highly dependent on the circumstances at the time the decisions are made. In fact, the reason that the law allows the Secretary discretion in adjusting loan rates is to provide the flexibility to deal with changing market conditions. If confirmed, I would carefully examine market conditions at the time a decision was needed and act to the best of my ability to carry out the purposes of the law.

2. As Secretary, will you work with us this year to identify options to re-write or modify the farm bill?

   Response: While the current farm bill does not expire until 2002, I believe the process of formulating a new farm policy should begin early in 2001. I have not prejudged the relative merits of any policy options, but look forward to marshalling the resources of the USDA to study and weigh all ideas and proposals. If confirmed, I will look forward to engaging with Senators and Congressmen and interest groups from around the country as we seek together to build a better farm policy for the future.

3. Do you see a need to head-off a 2001 crop year price crisis with a disaster program? If so, what components would you consider to be integral to such a program? Do you support the "bonus AMTA market loss" payments similar to those Congress has provided in the past? Would you prefer to modify the current farm program instead of pushing for ad hoc disaster bills?

   Response: I support and commend the action Congress has taken in the past three years to provide needed disaster and income assistance to our agricultural producers. The hard-working men and women who provide our food and fiber have been tested by low prices, bad weather and other adversities. Government has appropriately lent a hand during these trying times, and it is important that we continue to focus our attention on trying to solve the problems that face producers throughout the country. In the future, new challenges will certainly confront agriculture and our policy must be flexible to provide producers with the assistance they truly need. Already, for the 2001 crop year, we are seeing the likely continuance of low prices, and rising energy prices that will affect all sectors of the agriculture industry. As Secretary, I would intend to work with Members of both the Senate and House to assess the real needs of producers across the country, and to formulate a fair and meaningful response.

4. Can we expect that under your discretion, the USDA will make implementation of price

reporting within the next month a priority? Do you envision ways in which USDA can work with producers groups to help them use this pricing information in a way that helps them make better business decisions?

Response: Mandatory reporting of beef and pork prices have been mandated by Congressional action. If confirmed, I will instruct the relevant agencies at the Department to finalize implementation as rapidly as possible.

I am not yet familiar with the details of the information to be produced in the price reporting process. If confirmed, however, I will seek to integrate this information into a major education effort for all producers that will focus on ways to improve producers' marketing skills.

6. As Secretary, will you work to identify ways to either strengthen competition laws under the jurisdiction of USDA, or, to elevate coordination between USDA, the Department of Justice, and the Federal Trade Commission in investigating agribusiness mergers?

   Response: If confirmed, I will work with the Attorney General and the Chairman of the Federal Trade Commission to coordinate the three agencies' efforts to enforce the laws governing mergers where farmers and agribusiness are involved. It is my understanding that mechanisms are already in place to pursue such coordination. It would be my intent to examine these mechanisms carefully to determine the adequacy of existing coordination.

7. Currently, USDA is finalizing the regulation guiding implementation of this pilot project. The regulation is under review at USDA's Office of General Counsel, awaiting full department clearance. While I understand this program may be new to you, I would ask that under your leadership in the transition, this rule continue to work its way through USDA and the Administration in order for landowners to opt into this program in the spring.

   Response: I have not yet had the opportunity to review the regulations for implementing the CRP pilot project enacted for South Dakota. However, if confirmed, I expect to look at this and other draft rules pending within the Department and take appropriate action early in my administration.

   I am generally supportive of collaborative efforts to reach compromise at the local level, particularly in the area of conservation and the environment. If confirmed, I will work to ensure that both the intent and substance of such collaborative agreements are accurately and fairly reflected in any actions taken, or interpretive documents provided, by USDA to implement the South Dakota pilot and other similar conservation laws enacted by Congress.

8. As Secretary, I ask you to continue to support this policy decision made by USDA. In the unfortunate circumstance that the rule not make it through the final rulemaking

process, will you work with the new Administration to ensure the finalization of this rule?

Response: I understand that several Members are interested in this issue and that organizations, such as the National Cattlemen's Beef Association, petitioned USDA to stop the use of the USDA quality grade on imported beef carcasses. They believe that the Agricultural Marketing Act of 1946 was never intended to apply to foreign products and that, by doing so, U.S. consumers receive a false impression that the products are of U.S. origin. If confirmed, I will review this matter closely and discuss it with all interested parties.

10. What vision do you have for the future of child nutrition programs administered by USDA? Would you offer your views on how to ensure the future viability of accessible nutrition programs for children in the United States?

Response: Although some people are surprised that nutrition programs are administered by the Department of Agriculture, I believe that our feeding programs are a vital part of USDA's portfolio. As I mentioned during my confirmation hearing, I am a strong supporter of our nutrition programs such as the Women, Infants and Children (WIC) program. President-elect Bush has never proposed bock granting child nutrition funds. He believes, as I do, that federal child nutrition programs serve not just an important role, but an indispensable role, in ensuring that America's children are healthy, able to learn and ready to seize the countless opportunities our nation will offer in the next generation. The President-elect supports eliminating unreasonable barriers to participation in valuable child nutrition programs. He will look for ways to improve child nutrition programs by eliminating abuse, enhancing safeguards and reducing pointless bureaucracy and paperwork burdens at the state and local levels so more money can be freed up to serve needy children rather than to navigate burdensome red tape.

RESPONSE TO QUESTIONS SUBMITTED TO SECRETARY DESIGNATE ANN VENEMAN BY SENATOR KENT CONRAD

1. As Secretary, will you advocate an immediate farm bill rewrite and a policy that responds to the global agricultural marketplace and foreign farm and trade policy?

   Response: While the current farm bill does not expire until 2002, I believe the process of formulating a new farm policy should begin early in 2001. The hard-working men and women who provide our food and fiber have been tested in recent years by low prices, bad weather and other adversities. Government has appropriately lent a hand during these trying times, and it is important that we continue to focus our attention on trying to solve the problems that face producers throughout the country.

   In addition to assisting our farmers and ranchers in difficult times, we must also work together to help them seize market opportunities abroad. With 96% of the world's population living outside the United States, we need to expand trade and eliminate barriers to access for our products in what is an ever-expanding global economy. By the same token, when crafting farm policy, we must take into account these opportunities, our current trade obligations, as well as issues of fairness with respect to foreign farm and trade policy. As deliberations on future policy begin, I think these issues should be brought to the forefront and I would look forward to working with Members of both the Senate and House to determine an appropriate response.

2. Will you, as Secretary of Agriculture, give this investigation your full support and urge USTR to take tough action to curb the unfair trade actions of the Canadian Wheat Board?

   Response: I strongly believe that the Secretary of Agriculture has the responsibility to work for the success of our farmers and ranchers. Many issues facing U.S. agriculture are addressed by other federal departments. If confirmed, I intend to promote cooperative working relationships with other agencies and departments to ensure that the concerns of U.S. farmers and ranchers are understood and advocated throughout government.

   I understand that the United States Trade Representative announced the initiation of an investigation of trade practices of the Canadian Wheat Board (CWB) under the auspices of Section 301 of the 1974 Trade Act. Under Section 301, U.S. businesses, including farmers, can request the assistance of the government in seeking relief from foreign unfair trade practices that restrict commerce. My intention, if confirmed, is to work closely with USTR on these and other trade matters that have an impact on U.S. agriculture.

3. Will you as Secretary of Agriculture, follow Secretary Glickman's example and support efforts to close the stuffed molasses loophole?

Response: I understand that Canada is importing a product known as "stuffed molasses" into the United States in what many describe as an attempt to circumvent its tariff rate quota allocation. I also understand that litigation is continuing in an attempt to resolve the issue and there were unsuccessful attempts at the end of the 106th Congress to pass legislation to restrict access to the U.S. for stuffed molasses from Canada.

Please be assured that I will review this matter carefully and, if confirmed, discuss its impact on our sugar producers and seek a solution with other appropriate agencies. I strongly believe that the Secretary of Agriculture has the responsibility to work for the success of all of our farmers and ranchers. Many issues facing U.S. agriculture are addressed by other federal departments. If confirmed, I intend to promote cooperative working relationships with other agencies and departments to ensure that the concerns of U.S. producers are understood and advocated throughout government. In the case of stuffed molasses, primarily, discussions with the U.S. Trade Representative regarding the status of U.S. sugar producers on this and other important matters affecting the U.S. producers are in order.

4. Will you, as Secretary of Agriculture, support efforts to resolve these issues in a fashion acceptable to the U.S. sugar industry?

   Response: U.S. sugar producers and their agriculture program are under stress. Domestic prices have fallen dramatically over the last 18 months due to excessive supplies of sugar. The U.S. imports significant amounts of sugar. However, Mexico and the U.S. continue to disagree on the proper amount of sugar Mexico should be allowed to import to the U.S. under NAFTA. The issue of sugar imports from Mexico has been negotiated for several months by the U.S. Trade Representative's office, to no resolution

   I strongly believe that the Secretary of Agriculture has the responsibility to work for the success of our farmers and ranchers. Many issues facing U.S. agriculture are addressed by other federal departments. If confirmed, I intend to promote cooperative working relationships with other agencies and departments to ensure that the concerns of U.S. farmers and ranchers are understood and advocated throughout government.

   My intention, if confirmed, is to work closely with USTR to continue to seek negotiated agreements on agricultural trade that will open markets around the world for U.S. producers, including sugar producers.

5. As Secretary, will you support the U.S. proposals on agriculture in the WTO tabled in Geneva last summer? What will you do to help build the leverage of the U.S. to achieve a favorable result from these negotiations in light of EU intransigence?

   Response: President-elect Bush believes that trade is an ever more important

segment of the agricultural economy. He is committed to opening markets and to finding new avenues for American products. He has made it clear that he supports an ambitious agenda for the global trade talks and that these talks should level the agricultural playing field once and for all by eliminating agricultural export subsidies and tariffs worldwide. President-elect Bush supported efforts for a "single undertaking" in the next round of trade negotiations in order to ensure maximum negotiating leverage.

Improving the rules for worldwide agricultural trade is essential for the success of U.S. agriculture. Again, my intention, if confirmed, is to work closely with USTR to continue to seek negotiated agreements on agricultural trade that will open markets around the world for all U.S. producers.

6. As Secretary, will you carry out the Quality Loss Disaster Program per Congress' intent and will you see that it is implemented quickly?

   Response: The disaster relief provisions passed by Congress last year were meant to respond to an immediate need in farm country. I believe that it is the obligation of the USDA to deliver such assistance in a timely, fair and responsible manner. If confirmed, I can assure you that I will work to deliver all disaster provisions, including the quality loss provisions passed in the FY 2001 Agriculture appropriations bill, as quickly as possible.

7. As Secretary, will you quickly implement provisions contained in the Agricultural Risk Protection Act of 2000 and the Grain Standards and Warehouse Improvement Act of 2000 to allow producers to participate in the multiple-year disaster program if their tax ID number changed?

   Response: While I am not familiar with the particular provisions you have cited, I strongly believe that the disaster provisions contained in recent laws should be implemented as quickly as possible. Farmers and ranchers who have suffered a disaster deserve rapid implementation of relief measures passed by Congress. If I am confirmed, one of my first priorities will be to see to it that the disaster provisions contained in recent laws are implemented as fast as is practicable.

8. During Conservation Reserve Program (CRP) sign ups 14, 17, and 19, the Natural Resources Conservation Service (NRCS), working with the Farm Service Agency (FSA), offered landowners CRP contracts for acres converted to filter strips, a practice called "CP21." The landowners accepted the contracts. Recently, but as many as three years after USDA offered and accepted the contracts, the FSA declared the acres ineligible and canceled the contracts. The farmers are seeking relief. If a producer has complied with their contract in good faith, Section 755 of the recently-passed 2001 Agriculture Appropriations conference report requires USDA to allow producers to do one or more of the following: (A) retain payments under the contract; (B) continue to receive payments under the contract; and, (C) keep all or part of the

land enrolled. As Secretary, will you implement this section to ensure that no producers are adversely affected by the FSA-NRCS disagreement?

Response: I am not familiar with all the circumstances surrounding these contracts. However, my general view is that farmers and ranchers who rely and act on the advice of USDA personnel to their detriment are entitled to equitable relief. If confirmed, I will look into this situation regarding CP21 in sign ups 14, 17 and 19.

9. Will you work with us and others from North Dakota to ensure that when the management plan for the Grasslands is completed that it is fair to all the multiple-uses for those grasslands, including ranching, oil development, conservation, recreation and other uses?

   Response: It is the responsibility of the Forest Service to manage our forests and grasslands in a manner that appropriately balances environmental, economic and social objectives. This is best accomplished when local agency professionals work cooperatively with the communities they serve to develop management options that draw upon the best available science and expertise.

   If confirmed, I will encourage the Forest Service to work cooperatively with you and the communities of North Dakota to develop a management plan for the Grasslands that is fair and reasonable, and that is, to the maximum extent practicable, acceptable to the users of these federal lands.

10. Do you foresee the Department of Agriculture adjusting its budgeting priorities to begin to more adequately fund the programs of the nation's land-grant institutions, especially the 1994 American Indian Tribal Colleges?

    Response: I agree that land-grant institutions, like our nation's tribal colleges, provide valuable educational opportunities and important services to the communities in which they are located.

    I support the mission of these schools, and, if confirmed, will work to ensuring that the Department provides resources to continue the important work that they do. I will also work with you and other Members of Congress to fund the work of tribal colleges and other land-grant institutions in a fair and appropriate way.

RESPONSE TO QUESTIONS SUBMITTED TO SECRETARYDESIGNATE ANN VENEMAN BY SENATOR TOM HARKIN

1. What are your views on what we can do through USDA to help make more capital – equity capital especially – available in rural communities?

   Do you believe that we can work together to increase the availability of equity capital that will enable businesses to grow and succeed in rural America?

   Response: I believe we can and should work together to increase the availability of capital in rural America. Furthermore, I believe that USDA has a significant role to play in this matter as both a provider, and facilitator. If confirmed, I will look forward to working with you and other Members of both the Senate and House to find creative, yet responsible means of providing more opportunity in the nation's heartland.

2. Do you agree that we need to find ways to enhance the ability of the Rural Utilities Service to respond to the pressing infrastructure needs of rural America? What are your ideas on how we can make that happen?

   Response: The Rural Utilities Service plays an important role in building and maintaining the infrastructure of rural communities by helping them to obtain better and more affordable delivery systems for electricity, connectivity, water, waste disposal, and other vital services. Meeting the growing needs of rural communities is challenging, particularly in this period of rapid technological advances in electronics and telecommunications.

   Any approach to improving the infrastructure of rural communities must be attentive to the most basic needs of these communities – water, electricity, and other staple services. At the same time, one of the most emergent needs of rural communities is access to the tools of the information age. Internet connectivity, for example, can link more communities with a vast resource of information and programs that can help in nearly every aspect of rural development including education, technical assistance, contracting, and information processing. If confirmed, I will work to make this kind of access more available to more communities. I will also work to better integrate the benefits of this technology into the core services provided by the RUS.

3. What are your views on the OECD negotiations and how we can continue strong and effective GSM export credit guarantee programs?

   Response: With 96% of the world's population living outside of the United States, I firmly believe that we need to expand trade and eliminate barriers to access for our products in this global economy. Negotiations in the World Trade Organization (WTO) have the opportunity to improve trade rules for U.S. agricultural producers. I

hope to work closely with you and other Members to find ways to strengthen the competitive position of our producers.

As you know, the Uruguay Round Agreement on Agriculture required WTO Members to participate in negotiations on export credit guarantee programs at the Organization for Economic Cooperation and Development (OECD). Those talks have been occurring for more than four years without resolution. In addition, other issues, such as state trading enterprises (STE's) are a part of these discussions.

It appears that it is likely that the export credit guarantee program issue will be a part of the WTO negotiations no matter what is, or is not, resolved in the OECD. I also agree that the credit guarantee programs have been valuable to U.S. producers.

If confirmed, it is my intention to review this matter very closely within the Department, with my counterparts in other departments and also discuss it with other interested parties.

4. Will you ensure that the Department continues to work on these rules (Swine Contract Library rule, Non-reporting of Price rule, Contract Disclosure rule) so that they may be published as soon as possible?

   Response: If confirmed, I will work to ensure that rules to implement the statutory changes required by price reporting will be completed as soon as possible. Regarding the other rules that were mentioned, I look forward to learning more about them and discussing them with you.

5. What are your views regarding the several proposals for a new agricultural guestworker program or changes in the H-2A program?

   Will you commit to consulting and listening to all sides and considering all of the relevant information as you and other member of the new Administration address this issue?

   Response: The H-2A program provides for the temporary admission of foreign agricultural workers to perform work that is temporary in nature, as long as U.S. workers are not available. The H-2A program rules provide that there must be a search for available U.S. workers and a determination that bringing in foreign workers will not adversely affect the wages and working conditions of similar U.S. workers.

   I understand that there is concern that the H-2A program is marked by excessive administrative requirements and paperwork.

   I am also aware of legislative proposals to change this program and to establish a time-limited amnesty program for those working illegally in seasonal agriculture; to require the Labor Department to set up a system of registries of temporary agricultural

workers to provide for a listing of job opportunities and referral information; and to streamline the current H-2A program.

For many years I have heard complaints about the excessive paperwork and burdensome regulations that accompany this program. I also know that many farmers must rely on this program to harvest their crops. If confirmed, I intend to work with farmers and other federal agencies, including the Immigration and Naturalization Service and the Department of Labor, to see what can be done to make this a more effective program.

6. Please share your views regarding this legislation, and more generally, your views on additional incentives for conservation and environmental practices by farmers and ranchers. Will you agree to work with us and provide advice and technical assistance through USDA as we work to refine and develop this legislation?

   Response: I am not completely familiar with all aspects of your bill. In general though, I strongly support conservation programs that are voluntary and incentive-based. If confirmed, I would be pleased to work with you and your staff regarding this legislation.

7. Will you pledge that under your direction USDA will continue to work with EPA to achieve environmentally sound management of animal manure?

   Response: I believe that both the Federal government and the owners and operators of animal feeding operations have a common objective of maintaining a safe and clean water supply. That is why I have consistently supported water quality initiatives that maximize the use of voluntary, incentive-based programs and partnerships that bring government and operators together in a constructive, cooperative environment.

   I am committed to working within the framework of the Clean Water Act to meet our water quality goals. I am also committed to working closely with the EPA and other agencies of government which share jurisdiction in this important area. If confirmed, I will work to apply the law fully and consistently and ensure that the programs administered by USDA will effectively assist operators in meeting our nation's water quality standards.

8. Are you committed to be a vigilant defender of civil rights as Secretary of Agriculture, and what are your plans for how you will go about doing that?

   Will you support and push for full funding for this important program in USDA's budget request and the Agriculture Appropriations bill? (Outreach for Socially Disadvantaged Farmers)

   Response: I agree with you that discrimination within USDA is unacceptable in any form, place or time. I recognize the seriousness of this issue and know that USDA

has had longstanding problems with the issue of discrimination and the resulting backlog of pending cases. If confirmed, I will work to resolve both of these issues. I want to foster an atmosphere of teamwork and mutual respect within the Department.

As of this time I have not participated in the budget process. It is my intention to review the USDA budget, if I am confirmed, and all of the legislative needs that are expressed. The question will be how to balance those priorities.

RESPONSE TO QUESTIONS SUBMITTED TO SECRETARY DESIGNATE ANNE VENEMAN BY SENATOR PATRICK LEAHY

1. Would you agree to make implementing the rural satellite television and internet service loan guarantee provisions, which were enacted at the end of the 106th Congress, one of your top priorities? In addition, will you personally work on this to be sure that implementation gets off to a good start?

   Response: One of the most important duties of the Department of Agriculture is improving the quality of life in rural America. While I am not yet familiar with all the details of the law, I understand that the law had broad bipartisan support in the Congress. As I understand it, the law requires an appropriation before any loan guarantees can be made. Should the Congress appropriate funding, if confirmed, I will work to implement the law as quickly as is practicable. I look forward to discussing this issue with you and your staff further.

2. As Secretary, do you intend to actively support initiatives such as the farmland protection program?

   Response: In my home state, I have worked on similar programs to preserve the rural landscape. I am aware that the 1996 farm bill contained funding for farmland protection that was rapidly exhausted and that the Agricultural Risk Protection Act contained additional money for farmland protection. If confirmed, I will work to implement, as rapidly as is practicable, the new farmland protection program that was contained in the Agricultural Risk Protection Act.

3. Recent data from USDA shows that we are losing over 670,000 acres a year of private forestland to development. This is a 60 percent increase in the rate of development over the previous 5-year period. Ms. Veneman, the Forest Legacy Program is an incredibly popular, state-based conservation easement program that protects working forestland from development.

   Please tell me your views of this program that helps private landowners who voluntarily desire to protect their land from development.

   Response: I support voluntary, incentive-based conservation programs that help to improve land stewardship. I am also aware of the Forest Legacy Program's popularity among those who live in the northern forests and in other parts of the country as well as within Congress.

   If confirmed, I intend to continue the cooperation between USDA, states and individual landowners that has helped this and other conservation programs succeed. I will also work with Congress to secure and allocate appropriate resources for the Forest Legacy Program and the other conservation programs administered by USDA

4. In addition to forestland being lost outright to development, we are also seeing our large private working forests being fragmented into smaller parcels. Every two years, almost three million acres – acreage the size of the state of Connecticut – is being split into fragments less than

100 acres apiece. As working forests are fragmented, many long-term economic incentives to keep the land in private forestry disappear and development threatens the lands even more. In addition, the loss of contiguous forest acreage can increase the number of invasive species – many of which are devastating to wood and wood products – on working forestlands. Almost 67 percent of invasive species originate from developed sites and then move to forested lands.

Ms. Veneman, what leadership will you give the Forest Service to help keep working forests intact and fighting invasive species devastation?

Response: The Forest Service has a variety of programs that have been successful in addressing invasive species problems. The agency has, for example, responded vigorously and successfully to curb the spread of established exotic pests, like the gypsy moth and white pine blister rust. USDA has also made progress preventing the introduction and spread of new exotic species, like the Asian Longhorn Beetle, with the help of the Animal and Plant Health Inspection Service (APHIS). If confirmed, I will seek to continue and strengthen the good work done by these agencies.

With respect to keeping working forests intact, I will work through the Forest Service's State and Private Forestry program to continue existing partnerships with states, landowners and private sector organizations and explore new opportunities to sustain and manage our nation's private forest resources more effectively.

6. I am trying to get modest funding (around $200,000) for a program in Vermont (Food works, Common Roots program), which is similar to the "garden in every school" project, which exists in California. These two initiatives could be a model for a national program at a later date. Would you be willing to look at both of these existing projects in greater detail, and perhaps suggest to President Bush that at a later date he include modest funding in his budget and propose an initiative which links education and agriculture in the classroom?

   Response: I am a firm believer in the value of education and the importance of encouraging young people to develop an interest in agriculture. If confirmed, I would be pleased to examine both of these projects in greater detail and discuss my findings further with you at that time.

7. Would you agree to have the Agriculture Department carefully look at concentration in the fluid milk processing and distribution in New England and other agriculture competition issues and examine the adverse effect increasing concentration is having on farmers and ranchers throughout the nation and report back to the Agriculture Committees of the House of Representatives and the Senate?

   Response: Concentration issues have been the most frequently mentioned issues during my visits to Senators prior to my nomination hearing. I have spoken to Attorney General-designee Ashcroft about agricultural concentration and the role of the Justice Department in enforcing our anti-trust laws. If confirmed, I will use the powers under the jurisdiction of

USDA that are found in the Packers and Stockyards Act to foster fair and open competition and guard against deceptive and fraudulent practices affecting the livestock industry. Further, I will continue my discussions with the Attorney General regarding the actions of the Justice Department in the area of agricultural concentration.

8. Will you be supportive of the organic rule as it currently stands and seek additional ways to assist farmers in their transition to organic farming and the new National Organic Program?

   Response: The National Organic Standards Program was authorized in the 1990 farm bill. It is surprising that it took ten years to promulgate the rules to implement this program. Alternative production methods such as organic farming can create niche markets that can give farmers a means of receiving additional value for their products. At this point, I have not thoroughly studied the new organic certification rule. If confirmed, I look forward to looking more closely at the rule and discussing it further with you.

9. Do you share my appreciation, and the Chairman's appreciation, of food stamps as an economic stabilizer during times of, or in areas with, economic difficulty?

   Response: Yes, I understand the ability of the food stamp program, as a means-tested entitlement, to respond to changes in economic circumstances.

10. Do you agree that food stamp participation can play an important role in narrowing the gaps in income and government assistance between households in "higher benefit" states and those in "lower benefit" states?

    Response: In general, the food stamp program counts all sources of income, whether in the form of wages or in the form of cash welfare, in determining the amount of the food stamp benefit. Also, there is a uniform national benefit level. Thus, generally speaking, those individuals who have lower incomes, from whatever source, receive more food stamps than those individuals who have higher incomes, from whatever source.

11. Do you agree with the importance of the food stamp program being a food-voucher benefit?

    Response: Some people seem surprised to learn that the food stamp program is administered by the Department of Agriculture. They should not be surprised. The food stamp program is intended to help poor families put food on their tables. There is an important link between food assistance and rest of the responsibilities of USDA. A cash assistance program would not have those same linkages.

12. Do you share my strong support for recent changes to the food stamp program that have states new options for improving service to working poor families and would you encourage state efforts and administrative policies that enhance the food stamp program's accessibility and service to working poor families?

    Response: I am not completely familiar with all the recent legislative changes to the food

stamp program. However, I recognize that the working poor have different needs from those individuals who do not or cannot work. Generally speaking however, providing states with options, as you suggest, gives states the opportunity to test new ways of helping food stamp recipients is worth examination. If confirmed, I look forward to working with you and other Members of the Committee to further explore these ideas.

13. Would you work with the states and with the Health Care Financing Administration to forge linkages between food stamps and state health insurance programs?

Response: If confirmed, I intend to promote cooperative working relationships with other agencies of government that affect, or interact with, the constituents of USDA programs. As a former governor, President-elect Bush believes in working together with state and local government. If confirmed, I look forward to investigating your idea and discussing this issue further with you.

14. Would you please consider asking President Bush to include funding for this project in his budget request to the Congress? In return, I along with many of my colleagues would be pleased to work with you on this important project. (Global Food for Education Pilot Program)

Response: I am aware of this pilot program. In fact Catherine Bertini, the Director of the United Nations' World Food Program, and a former Assistant Secretary at USDA, called me recently about this program. It looks like a program that could be very beneficial to many people---including U.S. farmers and needy children.

As I understand it, U.S. commodity surpluses are provided to private voluntary organizations, and to programs like the World Food Program, to feed children in school so that they will stay in school and reduce the incidence of child labor. The hope is to raise the academic performance of these children, increase literacy rates and ultimately create a more skilled workforce.

This is a program, as it is currently designed, that is dependent upon surplus U.S. commodities. Any decision to make this a permanent program, one that does not rely only on surplus commodities, must depend on the budget that will be submitted and other needs in the international food assistance areas.

I will be happy to work with you and Members of the Committee on this matter and others related to international food assistance programs.

RESPONSE TO QUESTIONS SUBMITTED TO SECRETARY DESIGNATE ANN VENEMAN BY SENATOR PAT ROBERTS

1. How do you intend to ensure that this legislation (Agricultural Risk Protection Act of 2000) is quickly implemented and program run in a manner that will be farmer friendly, be a viable risk management tool for producers, and protect the actuarial soundness of the program?

   Response: The Agricultural Risk Protection Act of 2000 represents a significant commitment to, and investment in the need to provide better, more affordable insurance and risk management tools to farmers. This law not only provides immediate and very real benefits to those producers who currently purchase crop insurance, but it also establishes new authorities under which the program can grow to meet the diverse needs of more producers of more crops in all regions of the country. If confirmed, I will work with Members of Congress, industry and producer groups to encourage greater participation in the crop insurance program immediately, and to foster the development of new products that will provide more risk management options for producers in the future.

   A. Regarding the new product submission and approval process, I will work to finalize the regulations which provide structure to this process quickly, consistent with Congressional intent.

   B. Regarding the new role of FSA in reducing waste and abuse in the crop insurance program, I have not reviewed the plan that was recently put forth, but I can assure you that I will do my best to implement the law in a responsible way that reflects Congressional intent.

2. I believe that one of the biggest problems we have today in agriculture is that most Americans do not understand the story and modern day miracle that is U.S. production agriculture. What do you believe can be done to educate the American public on this issue?

   Response: I agree that this is a serious and often overlooked issue. The Department has had small programs designed to develop teaching materials for elementary and secondary students to teach them about agriculture. Several private agriculture and commodity organizations have sponsored similar efforts. If confirmed, I intend to broaden the USDA effort and increase coordination with private endeavors. I will also encourage those of us who serve agriculture in a public capacity, farm and commodity organizations and especially individual farmers to carry the message about farming to the media, local civic groups and schools at every opportunity.

3. As you know, the GSM program has been one of our most important tools for agriculture

exports in recent years. Several members of the WTO have indicated that they will "go after" these programs in the next negotiating round. In addition, some have argued that the additional income assistance payments provided to producers in recent years should be included in the amber box. I do not agree with this assessment, but the recent Administration has in fact "punted" this issue to you and the incoming administration. Could you tell us what your views are on these issues and agriculture trade policy and spending ay USDA in general. Particularly the budget of the Foreign Agricultural Service (FAS).

Response: I know there are several very troublesome problems facing U.S. agriculture and among them are issues related to worldwide trade. With 96% of the world's population living outside of the United States, I firmly believe that we need to expand trade and eliminate barriers to access for our products in this global economy. Negotiations in the World Trade Organization (WTO) have the opportunity to improve trade rules for U.S. agricultural producers. I hope to work closely with you and other Members to find ways to strengthen the competitive position of our producers.

As you know, the Uruguay Round Agreement on Agriculture required WTO Members to participate in negotiations on export credit guarantee programs at the Organization for Economic Cooperation and Development (OECD). Those talks have been occurring for more than four years without resolution. In addition, other issues, such as state trading enterprises (STE's) are a part of these discussions. I agree with you that it is likely that the export credit guarantee program issue will be a part of the WTO negotiations no matter what is, or is not, resolved in the OECD. I also agree that the credit guarantee programs have been valuable to U.S. producers.

You also asked about the issue of reporting domestic expenditures under the amber box. As you know the WTO Agreement on Agriculture required countries to cap certain domestic support spending and to reduce that spending by 2000. For the U.S., that meant a cap of approximately $24 billion reduced to $19.1 billion in 2000. I understand that there is a difference of opinion concerning how our supplemental market loss payments should be reported to the WTO.

If confirmed, it is my intention to review both of these matters very closely within the Department, with my counterparts in other departments and also discuss it with other interested parties.

Regarding the FAS budget issues you raised, as of this time I have not participated in the budget process. It is my intention to review the entire USDA budget, if I am confirmed, and all of the legitimate needs that are expressed by Senators. The question will be how to balance those priorities.

5. On March 13, 2000, I sent a letter to President Clinton regarding the recently opened Iranian market. While in the past year America sent 600,000 tons of corn worth about

$60 million to Iran, we can sell more to this very important market. In particular, Iran continues to purchase Canadian wheat, which uses its national wheat board as a tool to help move its commodities. In fact, from August 1999 to January of this year, Iran purchased 1.7 million tons of wheat from Canada worth about $200 million.

It is my opinion, Iran can be a larger market, especially for wheat. However, our farmers cannot compete with foreign subsidies, and they need the help of the U.S. government to use the tools at our disposal to facilitate the movement of our commodities into the market. Unfortunately, the GSM program is not available to Iran. Would you revisit the policy that the GSM program and export tools are not available to Iran?

Response: President-elect Bush has made his position on the importance of agricultural exports very clear. He believes that American farmers are without rival in their ability to produce and to compete. He is committed to free trade and vowed to tear down trade barriers. That is why President-elect Bush during the campaign supported several measures, including passage of fast track authority, an ambitious agenda for the World Trade Organization negotiations and elimination of trade barriers to safe food.

Access to markets around the world is important. The Trade Sanctions Reform Act, to which you refer, requires that Congress give its approval before any unilateral sanction is imposed to restrict agricultural or medical exports to a sanctioned country. It also requires the President to terminate most current unilateral economic sanctions that restrict the availability of food or medicine. This will apply to Iran, North Korea, Cuba, Libya, and Sudan.

Some restrictions still apply, including a requirement for one-year export licenses for any export of food or medicine for most countries. The Act also prohibits the use of U.S. assistance of any sort, including the USDA credit guarantee program, from being made available for commercial exporting to these countries.

I understand that many plan to seek changes to this Act. If confirmed, I plan to participate in these discussions and certainly hope to discuss this matter further with you.

5. While I realize that the Bush-Cheney Administration has not formed a formal opinion on climate change, can this Committee count on you to help to continue strengthening the USDA's role in carbon cycle research?

Response: Scientific data show average temperatures have increased slightly during this century. Changes in the Earth's atmosphere are serious and require extensive scientific analysis. The President-elect opposes the Kyoto Protocol; it is ineffective, inadequate and unfair to America because it exempts 130 countries (80 percent of the world), including major population centers such as China and India. We need more

information about the causes and impact of global warming. Efforts to improve our environment must be based on the best science. The U.S. must work with businesses and other nations to develop new technologies to reduce harmful emissions. More research is important to this effort. If confirmed, I will work to implement the carbon cycle provisions contained in the crop insurance bill. Also, I would be pleased to continue to work with you and your staff on the issue of carbon cycle research.

RESPONSES TO QUESTIONS SUBMITTED TO SECRETARY DESIGNATE ANN VENEMAN BY SENATOR MAX BAUCUS

1. What is your vision and time frame for a new domestic farm policy that benefits the nation as a whole taking into account the Northern Plains where diversity and value-added opportunities are not as readily available as California?

(a) Do you support lifting loan caps or another source of counter-cyclical payments to offset years of low prices?

(b) What about production and supply management?

(c) Do you believe that any farm policy should also include strong conservation and trade components?

(d) Finally, how will you take an aggressive stand against concentration?

Response: While the current farm bill does not expire until 2002, I believe the process of formulating a new farm policy should begin early in 2001. Farmers in each area of this great country face unique challenges and needs, and the challenge we have as those responsible for public policy is to craft a national farm policy that will serve all farmers of all types and in every region. I have not prejudged the relative merits of any policy options, but look forward to marshalling the resources of the USDA to study and weigh all ideas and proposals. If confirmed, I will look forward to engaging with Senators and Congressman and interest groups from around the country as we seek together to build a better farm policy for the future.

Regarding concentration, as Secretary, I will use the authorities of the Packers and Stockyards Act to their full extent to ensure our nation's agricultural producers are not unfairly disadvantaged in the marketplace. Furthermore, I will work with the Attorney General and the Chairman of the Federal Trade Commission to coordinate the three agencies' efforts to enforce the laws governing mergers where farmers and agribusiness are involved. It is my understanding that mechanisms are already in place to pursue such coordination. It would be my intent to examine these mechanisms carefully to determine the adequacy of existing coordination.

2. As Ag Secretary, you will need a full arsenal of tools, such as EEP and MAP, to open new markets and expand our export potential. What ideas do you have for regaining lost market-share and do you presently have enough leverage to accomplish these goals?

Response: I agree that U.S. agriculture must use all of the tools available to open markets around the world and expand current markets. The Export Enhancement Program and the Market Access Program are tools that are now available. I believe it is necessary for the Secretary of Agriculture to work closely with Members of Congress to help our farmers and ranchers seize market opportunities both at home and abroad. With

96% of the world's population living outside of the United States, we need to expand trade and eliminate barriers for our products. As we seek market growth, we should continue to search for new and alternative uses for our farm products and find ways to strengthen the competitive position of our farmers and ranchers.

3. With the 301 wheat case recently initiated and currently pending investigation, you now have the opportunity to take action to reach a solution that provides both short-term relief for US farmers and a longer-term solution to the problem of governmental monopolies in international trade. Can we count on you to work with USTR to investigate the offending practices in question and negotiate a remedy?

Response: I strongly believe that the Secretary of Agriculture has the responsibility to work for the success of our farmers and ranchers. Many issues facing U.S. agriculture are addressed by other federal departments. If confirmed, I intend to promote cooperative working relationships with other agencies and departments to ensure that the concerns of U.S. farmers and ranchers are understood and advocated throughout government.

I understand that the United States Trade Representative announced the initiation of an investigation of trade practices of the Canadian Wheat Board (CWB) under the auspices of Section 301 of the 1974 Trade Act. Under Section 301, U.S. businesses, including farmers, can request the assistance of the government in seeking relief from foreign unfair trade practices that restrict commerce.

My intention, if confirmed, is to work closely with USTR on these and other trade matters that have an impact on U.S. agriculture.

4. In your experience in California (as the leader in ag disasters) and at USDA, how do you intend to build a coordinated interagency strategy that will deal with disasters in a timely manner? And, in particular, can we work together to make specified revisions to certain disaster programs at the USDA (such as emergency feed and water) to ensure that the summer of 2000 does not occur again?

Response: Appropriate and timely disaster response requires careful coordination between federal, state and local governments. This is particularly true for rural communities, where distance and access can become significant hurdles to delivering emergency services.

As you point out, California is a national and world leader in disaster response. If confirmed, I would draw upon the experience of states, like California, as well as the expertise of FEMA and other federal agencies involved in disaster management, to more effectively tailor emergency plans to the needs of individual states and localities. I would also welcome specific input from Congress, particularly in the area of emergency feed and water, to apply what we have learned from tragedies in the past to prepare us to better manage crisis in the future.

5. The EU moratorium on any new biotech approvals, even for the importation of grains and food that their own scientific panels have found to be completely safe, is now a major problem for farmers here in America. In effect, it means the EU has veto power over what American farmers plant. In my opinion, this veto runs contrary to their international obligations and cannot be tolerated. What are you prepared to do to get the EU to lift its moratorium and approve pending products? Can I have assurance that this will be a high priority on your agenda?

Response: I agree with many Members that products produced through biotechnology have the promise to help farmers through lower input costs and improved productivity. They also have the promise of protecting natural resources and of feeding the world's growing population. Biotechnology products can promote improved human health by research that promises to boost the nutritional value of food using biotechnology. It can also combat animal disease through vaccines. Biotechnology can help farmers increase crop yields and feed more people and help the environment by reducing the use of pesticides.

If our farmers grow biotechnology crops and then cannot export them, serious problems exist. I am aware that the European Union's process for approval of these U.S. products is controversial and has resulted in delays for U.S. exports. It is my intention, if confirmed, to work with the United States Trade Representative on this matter. The process for the approval of biotechnology grains and food in the European Union should be discussed and alternatives to the present stalemate considered.

6. Are you, in cooperation with the Bush Administration, willing to support – and make a priority – partnership projects that enhance the efficiency and effectiveness of rural development efforts? In addition, are you willing to lend your support to "bridge funding" to the National Rural Development Partnerships and State Rural Development Councils so that you, the Bush Administration, and Congress will have the time to give thoughtful consideration to the best approach for dealing with the coordination of rural programs and policies?

Response: Enhancing the quality of life in rural America is one of the vital missions of USDA. If confirmed, I would obviously want to support ideas that enhance the efficiency and effectiveness of rural development efforts. I am not completely familiar with the activities of the NRDP and the SRDC's in recent years. If confirmed, I would look forward to investigating this issue thoroughly and discussing it with you and your staff at that time.

RESPONSE TO QUESTIONS SUBMITTED TO SECRETARY DESIGNATE ANN VENEMAN BY SENATOR GORDON SMITH

1. As you know, the Forest Service under the current Administration has failed to live up to its own stated goals for timber harvests under the 1993 Northwest Forest Plan. Many rural communities in the Northwest have suffered as a result of the current Administration's drift away from the multiple-use of public lands. Do you commit to moving the Forest Service back to a more balanced approach to resource management?

   Response: The Forest Service has a responsibility to manage our national forests in a manner that appropriately balance environmental, economic and social objectives. This is best accomplished when local agency professionals work cooperatively with the local communities they serve to develop management options that draw upon the best available science and expertise. If confirmed, I will commit to work with you, the Forest Service and the communities you represent to manage all of the national forests in Oregon, including those covered by the Northwest Forest Plan, in a balanced and reasonable way.

2. Another issue of concern that I have under the Forest Service is the valuation of private property to be acquired for the Columbia River Gorge National Scenic Area. Would you pledge to work with me, and others from Oregon and Washington, to ensure that the Forest Service develops an appraisal process that is fair for both the government and private property holders?

   Response: The Forest Service, as both a public service agency and a fiduciary of taxpayer dollars, has an obligation to ascertain the fair market value of any property it purchases. This requires, as you point out, a careful consideration of both what is fair to the taxpayer and what is fair to the prospective seller.

   I am willing to work with you, other members of the Oregon and Washington delegations and the Forest Service to examine the current appraisal process and determine what adjustments might be necessary to strike an appropriate balance.

3. The Department of Agriculture's Market Access Program has been tremendously helpful to specialty crop producers in Oregon. Do you share my belief that this program is critical to help specialty crop producers develop new market opportunities and should be maintained, if not expanded in the future?

   Response: I am familiar with the Market Access Program (MAP) both in my prior service at the Department and when I served at the California Department of Food and Agriculture. I know the benefits it can provide, especially to producers of specialty crops. I believe that in addition to helping our producers in difficult times, we must also work together to help them seize market opportunities around the world. If

confirmed, it is my intention to work with you and other Members to carefully review programs available to U.S. producers, with the goal of finding ways to strengthen the competitive position of our producers.

RESPONSE TO QUESTIONS SUBMITTED TO SECRETARY DESIGNATE ANNE VENEMAN BY SENATOR RICHARD LUGAR

1. Will you, as Agriculture Secretary, work to ensure that funding for the Initiative for Future Food and Agriculture Systems is available and that grants are awarded?

   Response: Both President-elect Bush and I strongly support agricultural research. Quality agricultural research can lead to new products, increased productivity and more environmentally friendly farming. Funding for the Initiative for FY 2001 was permitted by the agricultural appropriations bill. If confirmed, I will carry out the mandate of the 1998 agricultural research bill and the agricultural appropriations bill and award the grants in accordance with those laws.

2. The EU moratorium on any new biotech approvals, even for the importation of grains and foods that their own scientific panels have found to be completely safe, is now a major problem for farmers here in America. What are you prepared to do to get the EU to lift its moratorium and approve pending products? Can I have your assurance that this will be a high priority on your agenda? I would appreciate receiving a progress report on your efforts to address this serious problem by April 1.

   Response: I agree with many Members that products produced through biotechnology have the promise to help farmers through lower input costs and improved productivity. They also have the promise of protecting natural resources and of feeding the world's growing population. Biotechnology products can promote improved human health by research that promises to boost the nutritional value of food using biotechnology. It can also combat animal disease through vaccines. Biotechnology can help farmers increase crop yields and feed more people and help the environment by reducing the use of pesticides.

   If our farmers grow biotechnology crops and then cannot export them, serious problems exist. I am aware that the European Union's process for approval of these U.S. products is controversial and has resulted in delays for U.S. exports. It is my intention, if confirmed, to work with the United States Trade Representative on this matter. The process for the approval of biotechnology grains and food in the European Union should be discussed and alternatives to the present stalemate considered.

   I will be pleased to provide you with a progress report of the efforts to address this serious problem by April 1.

3. As you know, USDA has a long-standing problem with the issue of discrimination. The Department struggles with a growing number of civil rights complaints filed and difficulties in mediating or settling cases that have been on the books for a number of years. What steps do you intend to take to address the civil rights problems existing at USDA? How do you plan to resolve the backlog of pending cases and settle or mediate those further along in the process?

Response: I recognize the seriousness of this issue and know that USDA has had longstanding problems with the issue of discrimination and the resulting backlog of pending cases. If confirmed, I will work to resolve both of these issues. I want to foster an atmosphere of teamwork and mutual respect within the Department.

4. I am concerned that U.S. agriculture and the food supply system could be vulnerable to deliberate terrorist use of biological weapons that attack animals or plants or introduce diseases that could spread from animals to humans. I note that the U.S. Department of Agriculture has taken on a new role national defense in support of counter-terrorism and biological weapons defense programs. Will you commit to reviewing the Department's role on this important matter?

   Response: Yes. I understand the importance of this issue and, if confirmed, commit that I will review the role of USDA in this critical and sensitive area.

5. Will you continue the Department's goal of supporting the establishment of two million miles of conservation buffers (filter strips, riparian buffers, grassed waterways, etc.) by 2002? This initiative has bipartisan support from within government and industry and is almost half way to the goal.

   Response: I strongly support voluntary, incentive-based conservation programs that help farmers improve water quality. Establishing 2 million miles of conservation buffers by 2002 is certainly a commendable objective. If confirmed, I will work with you and others within Congress, the Administration and industry to continue the Department's work in this important area.

6. There is considerable interest in this Committee in the issue of fixing carbon through agriculture and forestry practices in order to help reduce the concentrations of carbon dioxide in the atmosphere. Will you ensure that USDA takes the lead in ensuring that U.S. "carbon sinks" are fairly credited in any international discussions regarding climate change?

   Response: I agree that, within the international discussion on climate change, there could be an important opportunity for the United States to take a leading role in using carbon sequestration to reduce atmospheric CO2. I also recognize the valuable role that farmers and foresters play in this process. As we engage the international community on climate change issues, I will work closely with the USTR and other agencies of government to ensure that America's farmers and foresters get fair credit for their contributions.

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