

TESTIMONY
Presented to the
U.S. House Committee on Agriculture
by
Walter Corcoran, Jr.
Eufaula, AL
March 30, 2012

Good morning. I would like to thank the Chairman Lucas, Ranking Member Peterson, and Members of the Committee for the opportunity to provide my views on U.S. farm policy. I would also like to express my gratitude to Congressman Rick Crawford for hosting this very important hearing. My name is Walt Corcoran, Jr. from Eufaula, Alabama. I along with my brother, nephew and our wives, operate a diversified family farm operation in both Georgia and Alabama. Our principal row crops include cotton, corn, peanuts, soybeans and grain sorghum. We also manage a 500 head cow-calf herd. The majority of my crop production is dry-land with about one third of my acreage using surface water irrigation.

A sound and stable farm policy is critically important to the economic viability of U.S. agriculture. I appreciate the dedication and diligent work of this Committee during last fall's attempt at a joint deficit reduction package. While that effort did not advance a farm bill to conclusion, I fully support the Committee's commitment to conclude a farm bill in 2012. It is critically important to provide certainty to those of us involved in production agriculture since we make long-term investment decisions based on federal farm policy.

The 2008 Farm Bill has worked very well for my operation. The combination of the marketing loan, Direct Payments and Counter-cyclical Payments has provided a good safety net, and in recent years, has required minimal federal spending. I appreciate the budget pressures facing this committee and all of Congress. Those pressures will lead to reduced funding for the next farm bill. I want to stress that agriculture is willing to contribute an equitable share to deficit reduction, but I encourage this committee to fight efforts to impose a disproportionate burden on farm programs. We support your

Committee's recommendation of \$23 billion in budget savings as an equitable contribution to deficit reduction.

In addition to budget pressures, this committee is well aware that the cotton industry faces the unique challenge of resolving the long-standing trade dispute with Brazil. Because of these challenges, the National Cotton Council has proposed an innovative revenue-based crop insurance program known as STAX. This product replaces the direct and counter-cyclical payments for cotton, thus directly addressing one of the programs found to be at fault in the WTO dispute. In the opinion of the U.S. cotton industry, this structure will best utilize reduced budget resources, respond to public criticism by directing benefits to growers who suffer losses resulting from factors beyond their control, and build on the existing crop insurance program, thus ensuring no duplication of coverage and allowing for program simplification.

The findings in the WTO case also require that changes be made to the marketing loan for upland cotton as part of the development of the 2012 Farm Bill. I also encourage this committee to follow the industry's recommendation to introduce a formula for determining the marketing loan level. That formula will allow the marketing loan to adjust lower in times of low prices. The loan rate for a crop will be determined in the fall prior to planting the crop and be set equal to the average of the AWP for the two most recently completed marketing years provided the 2-year moving average falls within a set maximum of \$0.52 and a minimum level of \$0.47.

Other existing features of the upland cotton marketing loan should be retained in the next farm bill. These include an effective determination of the Adjusted World Price for purposes of loan redemption in times of low prices, as well as the provision of storage credits should the loan redemption price fall below the loan rate.

The House and Senate agriculture committee proposal to the Joint Budget Committee recognized the fact that because of the diversity of crop needs, a one-size-fits-all approach is not practical. I encourage your committee to continue this approach in your

deliberations and tailor the various programs to fit the needs and constraints of the individual commodities.

Farmers understand that agriculture is an extremely risky endeavor, but they also understand that effective risk management is the key to long-term viability. While the goal of farm programs is not to completely remove the risk associated with farming, farm programs should strive to provide opportunities for effective risk management.

Like the vast majority of farming operations across the Cotton Belt, crop insurance and risk management tools are critically important to my economic livelihood. Given the diversity of weather and production practices, the menu of insurance choices should be diverse and customizable, thus allowing for maximum participation and the most effective coverage. I have crop insurance coverage on most of my crops. Last year, because of the severe drought conditions, it provided a measure of risk protection that was critical to the economic viability of my farming operation.

I strongly urge that crop insurance not be weakened during this farm bill. In today's environment of volatile prices and high input costs, effective risk management has never been more important.

In 2008, the introduction of enterprise unit pricing gave producers one more option for insuring against those risks that are beyond their control. I encourage the continuation of that option in the 2012 farm bill.

Mr. Chairman, my brief comments do not provide an exhaustive look at the many important programs included in the current farm legislation. That said, there are a couple of others I would point out. Assistance for our U.S. textile mills was introduced in the 2008 farm bill, and I encourage that program to be continued in the next farm law. In recent years, conservation programs have become increasingly important and I hope those programs will remain useful options. Thank you for the opportunity to offer these, and I look forward to the opportunity to answer questions at the appropriate time.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2009.

Name: Walter L. Corcoran, Jr.

Organization you represent (if any): Liikatchka Plantation

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2009, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2009, as well as the source and the amount of each grant or contract:

Source: _____ Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: X

Signature: Walter L. Corcoran, Jr.

* Rule XI, clause 2(g)(5) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

Committee on Agriculture
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Information Required From Nongovernmental Witnesses

House rules require nongovernmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Walter L. Coreoran, Jr.
2. Organization you represent: Likatchka Plantation
3. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:
Partner in Likatchka Plantation (a diversified Family Farm) in Southeast Alabama, producing cotton, corn, peanuts, soybeans, wheat and grain sorgham.
4. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee: B.S. in Agronomy from Auburn University. Alabama representative to ACP, Member Alabama Farmers Federation Cotton Committee and State support committee. Former Director Southern Cotton Growers, Board of Directors Staplecotn cotton marketing cooperative.
5. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.