low income housing tax credits, but rather than using the population of a State, we use the ex-offender population of the State to determine the number of credits that a State would be allocated or would be eligible for.

We think that there are innovative and creative ways of meeting the needs of those who are disadvantaged in our society, and we think that there are innovative and creative ways of helping structure reform of our public welfare system so that it does not recycle people on and off, but so that it develops people into solid, self-sustaining, self-developing citizens who themselves can reach the point where they can take care of themselves.

Mr. Speaker, I appreciate the opportunity to engage in this discussion, for the opportunity to express a position and a point of view that we have a great opportunity with TANF reauthorization. We have an opportunity to help demonstrate that America can become the America that it has never been, but yet the America that it can and must be, that we can lift even those boats at the bottom.

I have been told that a rising tide would lift all boats. If we can lift people out of poverty, get them off welfare, we also reduce the number of individuals in prison. We reduce the number of children who are walking and wandering the streets, we reduce the number of those who have not been able to experience all of the greatness and the goodness of what this United States of America, my country 'tis of thee, has the potential for being, has the potential to become. I believe, Mr. Speaker, that we will do that. It may take a little longer than we hope, but I think we are moving in that direction.

PROBLEMS WITH THE FARM SECURITY ACT

The SPEAKER pro tempore (Mr. BOOZMAN). Under the Speaker's announced policy of January 3, 2001, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes as the designee of the majority leader.

Mr. SMITH of Michigan. Mr. Speaker, I am going to spend some minutes talking about something that I think is very important to this country, certainly important to farmers. That is the new farm bill.

In 1996, we passed farm legislation that was called Freedom to Farm. It was actually a program that phased out government farm program payments, and the challenge that we are facing in this country, almost everybody wants some of those open spaces, almost everybody in America would like the opportunity to have fresh products. In America, we appreciate the fact that we have the most healthy, the most low-cost food in terms of a percentage of our take-home dollar of any country in the world.

The Freedom to Farm Act passed in 1996 gave farmers a farm payment in 1996. The total payout amounted to about $6 billion. It phased down the payment for each of the next 7 years, in a sense, telling farmers in the United States that they are going to have to start producing for the market, not for government programs. They are going to have to make their best guess on how much of what crop to plant based on the information they have for the marketplaces. That is the way that the system in America has always worked.

That is why we have surged ahead economically. We had a system when our Founders wrote the Constitution, that the people that work hard and try and are most efficient and learn, and put that learning to use end up better off than those that do not, and that has been part of the motivation in our economy. And it has also been part of the reason our farm industry has become probably more efficient than any other country, and we are competitive in almost every commodity. If there was an open playing field, we probably could compete effectively with most countries.

We are now making a dramatic change to make farmers dependent on government farm payments, and we do this in a couple of ways. We encourage more production which brings down the price of the commodity that they sell, and we say to the very huge mega-farms and large landowners with 20,000 acres of farmland or 80,000 or 120,000 acres of farmlands, the giants, the corporation-type farms, that we will give them a government price support check for every bushel of grain that they produce and every pound of cotton that they produce.

What reaction does that have in the marketplace? It is going to mean that there is going to be more production, and the challenges are that more production is going to result in lower prices. We now find ourselves in the midst in a battle for democracy. Even as the President works against the undemocratic axis of evil, he may want to take a few moments to counter some undemocratic currents in our own Congress.

At the conclusion of the conference on the farm bill reauthorization that was just completed, H.R. 2646, the conference report was filed earlier this morning and it is on the floor tomorrow, I think it is clear that the conferees have defied the will of both Houses of Congress by perpetuating these unlimited farmer subsidies which will allow farms to draw millions of dollars in price support payments. By giving these very large farms this kind of unlimited guarantee of a government price support, they can farm the program rather than farm the products of their soil in relation to the marketplace.

The purpose of subsidies since farm programs began back in 1933 has been to protect family farmers. It was a mistake to get into the business of subsidizing every single acre and subsidizing every single bushel and every single pound of production, regardless of the producer's size and income.

☐ 1600

By providing unlimited payments, we encourage farm operations to get bigger and bigger. About 82 percent, Mr. Speaker, 82 percent of all farm production subsidies now go to the largest 17 percent of farms.

I would like to take a moment, Mr. Speaker, to invite any of my colleagues, both who support unlimited payments and those that do not support unlimited payments, to come to the floor to talk about this issue, because tomorrow we are going to have a recommit vote of the agriculture bill. We are going to talk about the agriculture bill, and then there is going to be a motion to recommit with instructions that some of the provisions of limitation apply to that particular farm bill. So it is important that we talk about this today, because under the rules of the House, there will not be any debate or discussion tomorrow on that motion to recommit.

Mr. Speaker, this policy of giving most of the farm government payment subsidies to the largest farms also puts upward pressure on land prices and rents, and, as we mentioned, it contributes to overproduction because the largest farm operations can get a guaranteed government price on unlimited acres. The result is lower commodity prices, driving more family farmers off the farm.

I see the gentleman from Oregon (Mr. BLUMENAUER) has arrived in the Chamber. I want to yield to the gentleman. I was disappointed that the gentleman did not have a chance to present his motion to instruct because they very quickly brought to the floor their filing of the agriculture bill, which preempted your opportunity to give more suggestions to the conferees.

But, on the other hand, when 265 Members of this Chamber, almost two-thirds of this Chamber, voted the other week to instruct conferees to have some kind of real payment limitations, they disregarded it. It approaches arrogance when they say we do not care how most of the Members of this Chamber vote or, how many, it was 64 to 31 in the Senate, that said let us have real payment limitations. Maybe the gentleman's amendment would not have accomplished what we hoped it would.

Mr. Speaker, I yield to the gentleman from Oregon.

Mr. BLUMENAUER. Mr. Speaker, I appreciate the gentleman's courtesy and I appreciate his leadership in focusing America's attention on the tremendous lost opportunity that is represented by the agriculture bill that has been put before us for a vote tomorrow.

The gentleman is right, there are issues large and small that illustrate the problems with the mindset that we have been greeted with the Committee on Agriculture in the House in terms of its treatment of the desires of these Members.

I had one little tiny provision that I thought would not be particularly controversial that dealt with animal fighting, cockfighting, really a sort of barbaric practice, where people watch chickens that have been trained to maim each other, to fight to the death, where you just have a little pile of feathers and blood at the end.

It is cruel and inhumane to the animals, but it is also part of, in many States, illegal gambling operations. It leads to illegal activities and violence. That is why we had all sorts of law enforcement authorities that wanted it to move forward. It is illegal in 47 States. Identical provisions passed in the House and Senate to make it illegal to at least transport these creatures across State lines, and maybe help law enforcement.

Mr. SMITH of Michigan. Mr. Speaker, reclaiming my time, would the gentleman help me remember and understand. I thought we had provision in the farm bill at one time?

Mr. BLUMENAUER. We did. It passed on the floor to put felony provisions for people who would transport these fighting birds, and also to export fighting dogs.

What happened in the agriculture conference committee is that the penalty provisions that would have closed the loophole were gutted. It went back to a misdemeanor, so it would not be enforced, even though identical provisions passed both the House and Senate. Even these watered-down provisions are not going to go into effect for another year.

Now I use this just as one example, a little tiny example, that shows where the will of the House and the Senate, identical provisions, and something, frankly, that the American public would have even greater penalty provisions in, it would go farther, they read it in. They cut it back. They gutted it.

It is nothing in terms of the damage that would be done as far as the American taxpayer is concerned. The gentleman is absolutely correct, and I appreciate it and was pleased to join with the gentleman on the floor in his efforts to put a cap on those payments here in the House. The gentleman is right, 265 Members voted to instruct, to have the Senate's $275,000 payment limit.

Lo and behold, we get a bill back, it is the new $360,000 limit, and all sorts of problems and additional aspects to this that actually make that illusory.

We see example after example where this agriculture bill is a missed opportunity. We missed an opportunity, and, if time permits, I would like to talk in a few minutes about some of the environmental provisions. It is a missed opportunity for the American taxpayer to rein in costs. It is a missed opportunity in States like mine where there are huge problems with specialty crops, where there are people that would exercise better conservation practices if they had a little help.

Mr. SMITH of Michigan. Mr. Speaker, I would like to talk about that. The fact is if we had real limits that would include what is called the generic certificate, which is the end run, the huge megacorporation type farms used to have the million dollar payments, then there is no question that we would have a lot more money. The estimate is between 2 and 4 billion additional dollars to do some of those things.

I yield to the gentleman from Arizona, Mr. FLAKE, for he has had some concern about the tremendous expansion of government programs.

Mr. FLAKE. Mr. Speaker, I thank the gentleman for yielding. I appreciate the gentleman from Michigan's leadership on this issue and the others that have spoken.

This, it has been said, is the largest expansion of the Federal Government domestic program since the 1960s, aside from military issues. It is a huge expansion of the Federal Government and little is being said about it.

We are expanding the commodity programs to include for the first time apples, peanuts, onions, with little discussion about it at all. It simply increases dependency out there among our farmers and it goes simply the wrong direction, away from the free market.

I find it ironic that this bill, at a time that we are supposedly embracing free markets around the world, this replaces the Freedom to Farm Act, it repudiates it, it sets it aside and replaces it with the Farm Security Act. We are trading freedom for so-called security that is often illusive.

We need to know who is receiving these subsidies. That is why I appreciate the gentleman from Michigan's leadership on this issue, to know that most of the subsidies are actually going to well-off farmers, or some who are not farmers at all.

We know, for example, that Scottie Pippen, that well-known farmer from Arkansas, when he is not posting up for the Portland Trailblazers, apparently he is digging post holes around his farm in Arkansas. He received thousands of dollars in subsidies for either growing or agreeing not to grow certain crops. Sam Donaldson, Ted Turner, that pauper David Rockefeller is also getting subsidies. We know this because people are posting on their web sites, getting through Freedom of Information those who are receiving subsidies. Now, we had to fight back an attempt this year to actually keep that information public. It is so embarrassing that a lot of people want it private again so nobody can point out how absurd it is that individuals like this are getting subsidies from government.

We have to recognize that the average American family over the next 10 years will spend about $1,800 in higher taxes simply to pay for the subsidy programs in this bill. Worse than that, that same family will pay another $2,500 just in the case of increased food prices because of the price supports in this system. That is a total of over $4,000 that the average American family will spend because of this bill. That simply is wrong and we should not go forward with it.

I appreciate the opportunity to be here and speak on it.

Mr. SMITH of Michigan. Mr. Speaker, I hope the gentleman from Arizona (Mr. FLAKE) can stay a little longer so we can talk about some of these things.

I just have a chart here following up on the gentleman's mention. Farm subsidies to 12 Fortune 500 companies rose by 82 percent, and here are farm payments from these big companies that probably bought some extra land, and then they sign up this land to get government farm payments. Farm policy should be designed to give these to family farmers, not John Hancock Mutual Life Insurance, Westvaco Corporation, Caterpillar, Chevron, Georgia Pacific, the Mead Corporation, International Paper, Archer Daniels Midland, Boise Cascade, Kimberly Clark, Eli Lilly, Navistar. These are the kind of companies that are making millions of dollars in their venture as a corporation, but still in effect robbing some of the money that otherwise could go to some more substantial programs, whether it be environmental and conservation, whether it be more money for agriculture research, whether it be more money for the small farmers that really need help.

The gentleman from Wisconsin (Mr. KIND) has been a leader in trying to have a farm bill that better protects the environment, the conservation effort. I would ask the gentleman from Wisconsin (Mr. KIND) to give us the latest word on whether he is going to have a motion to recommit tomorrow.

Mr. KIND. First of all, I thank my friend from Michigan for yielding to me and securing time the night before one of the most important pieces of legislation affecting rural America and our farmers, the agriculture sector, will be coming before us.

I want to commend my other colleagues here, too, the gentleman from Arizona (Mr. FLAKE) and the gentleman from Oregon (Mr. BLUMENAUER) for the leadership they have shown on the issue and the particular insight they have brought to this debate.

In the past, farm bills have been a tricky proposition to put together. First of all, half of the Members of Congress, when you think about it, do not have a farm in their entire congressional district. So it is hard to engage individual Members of Congress on what constitutes the farm bill and the impact it is going to have on budgetary, fiscal policy and also rural programs, and, ultimately, support for our family farmers across the country.

We have had a conference now that has been meeting for a period of time, and they are reporting out a bill. I, as a member of the Committee on Agriculture, and the gentleman from

Michigan (Mr. SMITH) is a member of the Committee on Agriculture as well, understand how terribly difficult the process is in a place like Congress to formulate a coalition to develop a farm bill given the competing interests, the different perspectives from different regions of the country, each with their own experiences, each with their own interests and insight on what should constitute a farm bill.

But as someone who has been involved in the process now since all of last year, the markup in the committee and watching the conference committee do their work, I am a little disenchanted in the way the process has ultimately worked. Yes, we are in a political season, an election year. That has affected the outcome of the decisions being made on that.

But when you look at the details that are just now emerging, the actual letter of the law being proposed, and even a lot of that is still unclear, and I think USDA should be very concerned that a lot of the provisions have not been clearly defined to enable them to implement what is in this conference bill, let alone whether it makes good policy, but you are talking about a bill that is going to have a huge impact on fiscal policy for this Nation for at least the next 10 years. We are talking about an additional $73 billion of new money on top of the roughly $100 billion that has been spent on farm bill programs under the old bill. Yet with these $73 billion of new money, roughly 75 percent of that is going to get sucked up in just a few commodity crop programs that will only benefit less than, less than, 30 percent of our American farmers in this country.

Yet it is being hailed as this great safety net for our family farmers across the country. But any bill that comes forward that only affects roughly 30 percent and excludes, for all practical purposes, 70 percent of the American producers in this country hardly constitutes a safety net, in my book.

But there are also very troubling implications, too, with the payment limitation caps that are alleged under this bill. Those of us on the floor here today brought forward a motion to instruct just a week ago, setting a payment limitation cap of $275,000 in a given year for an individual entity receiving these type of payments. Unfortunately, even though it passed with over 260 votes in the House and it received majority support in the Senate, the conferees basically ignored the wishes of the majority of Members of Congress in regards to the payment caps that we passed on a motion to instruct.

Not only did they ignore it by increasing that to $360,000, but they carved out exceptions that would basically blow the lid off of any practical cap or limitation. These are mandatory spending programs that we are talking about here that are going to explode in the out years and have a devastating impact on fiscal policy in this Nation, not to mention distorting the marketplace, because we are paying producers not based on market conditions, but based on acreage and what they produce, which creates an incentive for them to produce more and more and more, which leads to oversupply and then a plummeting of these very same commodity prices and us getting in this vicious cycle of these mandatory payment programs going out, or, even worse, of having to deal with multibillion dollar farm relief bills because of an incentive program being created encouraging overproduction.

□ 1615

So the motion to instruct that we passed with 260 votes would place a real payment cap of $275,000, which is still pretty generous in regards to these subsidy payments, but also using some of the money that would be freed up to go into these voluntary and incentive-based conservation programs, a little bit more into the agriculture research programs.

So we are talking about some value added in creating wealth in the farm bill, rather than just direct subsidy payments.

Mr. SMITH of Michigan. Mr. Speaker, let me just briefly review, or sort of give the skinny on what I see happening in the farm bill.

Senator BYRON DORGAN, a Democrat of North Dakota and CHARLES GRASSLEY, a Republican of Iowa, were the leaders over in the Senate that said, look, for the long run, long-term good of farmers and farm programs, let us put a cap on these multimillion dollar payments that are going out to some of these huge mega-farm and landowners. They said that there is enough votes in the Senate to recommit with instructions that we go back to the original Senate language on payment limitations. However, the rules are that if the House passes a farm bill prior to the Senate having the opportunity to recommit, then the Senate no longer has that opportunity to make a motion to recommit if the House passes the bill.

I suspect that that is some of the reason that our leaders in the Conference Committee on Agriculture, our chairman, our ranking member, decided to bring this up even before CBO has completed their cost estimates to file the bill, to bring the bill to a vote tomorrow.

In the process of recommitting this bill back with specific instructions, that first option goes to the Democrats. Normally, the ranking member of that particular committee has a lot of decision-making ability as to how that works.

The gentleman from Wisconsin (Mr. KIND) has his motion to reconstruct that puts payment limitations on. Can the gentleman give us the latest? Will we find out later tonight whether or not the gentleman's motion is going to be offered?

Mr. KIND. Mr. Speaker, if the gentleman will yield, I do have some additional information. In fact, I was just recently informed by our leadership on this side that we will be offering the motion to recommit based on the payment limitation caps. So we will have another chance tomorrow to effectuate the end product of this debate, so to speak. So I think this is going to be a very important motion.

Mr. SMITH of Michigan. Mr. Speaker, did the gentleman say that he will not?

Mr. KIND. Mr. Speaker, we will be offering the motion to recommit, based on, by and large, the motion to instruct, again that passed by 260 votes just a little over a week ago.

Because what we have now is a product that is greased to go. It was just filed a couple of hours ago. We are trying to pour through the details. We all know the devil is in the details in a lot of legislation. It is really in the wording, and what exceptions are thrown into these bills that can have a tremendous effect on policy. So we are trying to pour through that as quickly as possible.

But given the fact that the Members of the House and now the Senate are on record of supporting a 275 payment cap that has already passed, I think we have an opportunity with this motion to recommit to send it back to the conferees with these instructions again that this is really the will of the majority of Members of Congress, and that they need to treat it seriously this time, rather than brushing it off as merely an advisory type of motion. So we are going to have to get the word out between tonight and tomorrow.

PARLIAMENTARY INQUIRY

Mr. SMITH of Michigan. Mr. Speaker, I wonder if it is appropriate, during a Special Order, to have a parliamentary inquiry. Is there even reproductions of the farm bill that are available for the Members to read?

The SPEAKER pro tempore (Mr. BOOZMAN). There is not a printed copy at the desk currently; the conference report is being printed by GPO.

Mr. SMITH of Michigan. I thank the Speaker.

So here again is a real problem of asking us to vote on something that we are not even going to be able to read. If they give it to us at the last minute tomorrow morning, it is my guess that we are looking at a bill that is 3 or 4 inches thick, almost impossible, even with a group of staff, to try to wade through to find really what was stuck into this bill at the last minute for whatever reason.

Mr. KIND. Mr. Speaker, if the gentleman would yield for one final point. I want to be perfectly clear on this point. I represent over 10,600 family farmers in my congressional district alone. What we are proposing here should not be perceived for a second to be antifarmer. It is rather how can we help effectuate good farm policy for basically the next 10 years.

There is one crucial aspect in regards to these subsidy payments that I think a lot of our colleagues have ignored or just overlooked, and that is the trade implications. I mean historically, a round of trade discussions have usually dealt their fatal blows over disputes over farm policy. Now we are starting to hear the rest of the world in a single chorus cry out against the tremendous amount of subsidies that we are piling on in this next farm bill and encouraging retaliation on their part, but even more than that, encouraging bad faith negotiation in the next round of trade discussions which are important to our family farmers, but also important for economic growth in this country.

So if we do not get this aspect of the farm bill right in regards to our WTO obligations and setting up the next round of trade discussions for success rather than failure, this is something that is going to come back and haunt us for a very long time, not just on agricultural exports, but on a whole range of products that we need market access to, and it is going to be very hard to accomplish if this is the message that we are sending to the rest of the world, that we are going to pile on the subsidies here, virtually unlimited, and yet we expect them to open up their markets to our products.

I thank the gentleman again for this time.

Mr. SMITH of Michigan. I thank the gentleman. Of course, with the rush on this bill, there is a lot of work to do in informing our Members of what the gentleman's amendment is, and I think most of us in this room are cosponsoring it.

Mr. Speaker, I yield to the gentleman from Arizona (Mr. FLAKE).

Mr. FLAKE. Mr. Speaker, I thank the gentleman for yielding. Just to the point of the conferees ignoring the will of the House, there was another issue that was brought up. There was a vote on a motion to instruct which would instruct the House conferees to accept the Senate version with regard to private financing of agriculture exports to Cuba. One can argue about the policy there, but the House overwhelmingly, 2 years ago, said that food and medicine sales to Cuba were fine. All this would say is that private banks here in the U.S., if they want to take the risk, then they can lend. Right now it has to be done on a cash basis. We had a vote, 272 Members supported it, yet the conferees ignored that, and they ignored the Senate as well, and that provision is out.

So I appreciate what the Members here have done, and I just wanted to point out that that was another issue where the conferees simply ignored what the House felt as a whole.

Mr. SMITH of Michigan. Mr. Speaker, maybe sometimes too much control and ability to have it their own way instead of having it the people's way. So hopefully in the future it will change. Earlier I used the word ''arrogant'' in describing the disregard of conferees to seriously consider and look at and, at least in part, put in the will of the delegation. I saw in one of our leading newspapers a quote about two brothers producing sugar benefit in excess of $400 million, I think that was a year, from the production program that we have for sugar. Here again, we want our sugar beet farmers to survive and our sugarcane farmers to survive, but when it goes to $400 million to a set of brothers probably does not help our average farmer very much.

The gentleman from Florida (Mr. MILLER) has been a leader in trying to get some equity in trying to keep some industry that is related to sugar in the United States, and I yield to the gentleman.

Mr. DAN MILLER of Florida. Mr. Speaker, it is a pleasure to be here with my colleagues today, and I commend the gentleman from Michigan, someone who is a real farmer here in Congress, and on the Committee on Agriculture, to be able to stand up and say, this is a bad bill. Each of us come from different districts, whether it is from Wisconsin, where there is a lot of small family farmers, and in my area, we have a lot of tomato farms, and citrus is a big area. But even though we do not know too much about this bill because it is basically a secret bill that we will find out about tomorrow, basically it just helps a limited number of people in a limited number of States.

The problem is that this bill is a total reversal of a philosophy that those of us that came together, the gentleman from Michigan (Mr. SMITH), when we came together with a conservative philosophy to say, we need to reduce the size and scope and government, and actually in the 1996 Freedom to Farm bill, we started to do that. It was a glidepath to reduce the role of government and to open up the agriculture market. I voted for that bill, but this is a total reversal. Not a total reversal in the amounts of money and the programs, but the targeting of other specialized programs.

We got rid of the wool, mohair and honey programs back in 1996. They are back. Why are we subsidizing wool, mohair and honey? The peanut program is going to cost us billions of dollars. Now, I like peanuts, but the problem is we do not need to spend billions of dollars on peanuts. I do not grow peanuts in my district and I do not think my colleagues here on the floor grow peanuts. But if you grow peanuts, you will support this bill. So there is bipartisan support, but there is also bipartisan opposition.

We do not really know the full cost of it. I have been trying to find that out, and some are saying it is $171 billion, but we really do not know. When we passed Freedom to Farm in 1996, it was projected to cost $47 billion. It turns out to be costing $123 billion.

Now, this bill is supposed to be $171 billion to start with, so it is a huge increase over what we passed in 1996, and what happened in 1996 is any indication, we are into a $350 billion bill and program; $350 billion. Here we are up here getting ready to go through the appropriation process figuring out how to get enough money for Pell grants, for prescription drugs, how to have enough money for homeland security and taking care of the war on terrorism, and here we are going to spend $350 billion on these farm programs over the next year.

Now, the gentleman mentioned the sugar program. The gentleman is correct. This program is getting worse. It was a bad program to start with and they made it even worse. It is so bad that last year, the Federal Government had to buy $500 million worth of sugar and then had to store it. Now we are paying to store the sugar, and we are creating a program that is going to have an incentive to produce even more sugar and the Federal Government is going to buy more sugar. I do not know how we are going to store all of this sugar that is going to be bought by the Federal Government over the next years.

Under trade regulations, Mexico is going to be allowed to sell more sugar than the United States. So we are going to be flooded with sugar. This bill encourages overproduction, and sugar is just one of the programs that they claim does not really cost very much money. They claim it was not going to cost anything until last year when they had to buy the $500 million worth of sugar. Because what it does is it costs jobs. The sugar program, what it does is, it sets an artificially high price for sugar in the United States, and what it does is, it drives jobs out of this country. The gentleman from Michigan, for example, talked about the Lifesaver plant in, I think, Holland, Michigan.

Mr. SMITH of Michigan. Mr. Speaker, the Lifesaver plant over in Holland, Michigan, producing pretty much all of the Lifesavers produced in the world, has now made the decision, because of the price of sugar, that they are going to go to Canada.

Mr. DAN MILLER of Florida. Mr. Speaker, so they are going to Canada for jobs. Sugar is a third of the price in Canada than it is in the United States.

So if someone is, especially in the hard candy area and uses a lot of sugar, why not move your production over into Canada, and that is exactly what is happening.

Mr. SMITH of Michigan. Mr. Speaker, that might hit our family farmers that are producing sugar even more aggressively than the tariff rate quotas that we tried to develop to protect them.

Mr. DAN MILLER of Florida. Mr. Speaker, the gentleman is right. The cane growers are some very, very large corporations like the brothers the gentleman mentioned. The beet farmers are smaller farmers up in the Midwest and the Dakotas and such, and they really are more family farmers, but the big farms, these plantations in Florida, they also control, for example, most of the sugar in the Dominican Republic. But the Dominican Republic, and this is how crazy the program is, they sell sugar around the world for maybe 6 cents a pound, but they sell it to the United States for the United States price, which is about 20 cents a pound. Absolutely crazy, and it is still controlled by the same family that grows it in Florida.

So, you know, in 1996, one of the classic, most important bills we passed was welfare reform, and I think it has been a success. We are going through the process of reauthorizing it this year. But what we are creating is a welfare program for farmers, and that is unfortunate. We want to support the small farm; we want to have the life of the farmer to continue as we have known in previous generations, but it is becoming big business, and what this bill does is just making it harder for the family farmers to survive.

Mr. SMITH of Michigan. Mr. Speaker, the statistic I think, at least for last year, is 40 percent of the net income of farmers came in government checks. If farmers do not like it, our goal has to be to increase production.

□ 1630

Mr. Speaker, I yield to the gentleman from Oregon (Mr. BLUMENAUER) for an ''out West'' opinion.

Mr. BLUMENAUER. Mr. Speaker, I thank the gentleman for yielding to me.

One of the things that I wanted to spend a moment on deals with the environmental aspects. The gentleman has been speaking earlier, and I think very forcefully, and focusing on how bad a deal this is for the taxpayers, the costs that are associated with this. We are going to hear in the course of this discussion that this 10-year bill represents a quantum increase in conservation.

Well, we are going to find that virtually all the major environmental groups are going to come out opposed to this legislation. Yes, it is true that there will be a dollar increase over the next 10 years, and it will be a significant increase over the next 10 years.

But this, put in the context of how great the need is and how much money we are going to be throwing at all aspects of the agricultural program, this actually represents a retreat. We are going to find that as a result of this bill, it will represent a lower percentage of the total Federal commitment to agriculture than the farm bill of 1996.

It has been stated, I think very well, by the Defenders of Wildlife: ''All the talk of the importance of conservation work has, in the end, amounted to a hollow shell of the conservation budget that came out of the Senate. The conference report will shrink conservation spending as a percent of total farm spending.''

I would like to talk for a moment, if I could, about some of the specifics. We have the Environmental Quality Incentives Program. This is very important. It is a way to help deal with the real environmental problems that are faced by agricultural producers.

Under current law, the Environmental Quality Incentives Program, the EQIP, is limited to small- and medium-sized producers and restricts payments to $50,000 over multiple years. When the House and Senate opened this to corporate livestock producers, they argued that, well, these payment limits would restrict the large factory farms from receiving large payments to clean up their waste and from draining money out of the program.

Well, it was not just the overall caps that the negotiators turned their backs on. They turned their backs on the small and medium producers when they multiplied the current limit nine times over to $450,000 for multiple years.

The current program has a backlog of almost 200,000 applications for small and medium producers. The average payment last year was $9,000. Now we are opening the door to large factory farms. We are waving large checks in front of Smithfield and Tyson Foods, and we are going to have the small producers squeezed to the back of the line. It is going to put more and more pressure on them to have to either sell out or consolidate. It is an important step backwards.

Mr. SMITH of Michigan. Mr. Speaker, that is sort of a cue to allow me to talk a little bit about how we are putting pressure on the small, traditional crop farmer in the United States.

We passed my amendment to put real limits on and get rid of the loophole on a vote of 265 to 158, and we did that on April 18. At the time the House motion passed, the chairman of the Committee on Agriculture was quoted as saying, ''It will have no bearing on the conference,'' and true to his word, with the apparent consent of the Senate agriculture committee chairman, the conference report that came out yesterday keeps that loophole and bows to the interests of mammoth farms and giant grain and cotton dealers who want unlimited price supports and the resulting increased production.

If we asked a grain trader such as Cargill, Archer Daniels, any of them, they tend to make their money based on the amount of product going through their system, so the more product they have, the more money they have.

So these conferees were under tremendous pressure not only from the huge farmers in the megafarms, but also from the grain traders and cotton traders that have an advantage with having unlimited payments and unlimited price support.

Now, let me tell Members briefly how the loophole works. Nonrecourse marketing assistance loans allow a farmer the choice of repaying commodity loans at low local market prices. As an alternative, a farmer can forgo loans entirely and simply take the difference between the loan rates and the low market prices as a direct cash payment. That is called a loan deficiency payment, an LDP.

Both marketing loan and the LDP benefits are capped in current law. They are capped in this bill. Many in the agricultural community, I will use the word ''hoodwink,'' hoodwink many in this Chamber and many Americans by saying, look, we have a cap on payments. But the fact is that there is a loophole. That loophole lets the farmer get around the limits through the use of commodity certificates.

Here is how it works: the generic commodity certificate was initially an innovation aimed at preventing a buildup of forfeited commodities in government warehouses, so with a nonrecourse loan, a farmer can give title of that commodity to the government. The government will give a loan to that farmer, and the loan will represent the price support that is offered through the LDP, or a marketing loan program, so there are the same benefits in terms of the money that farmer now has.

Where we can limit the amount of cash that can be given to the farmer with the marketing loan or the loan deficiency payment, we do not limit; and the law allows USDA, the U.S. Department of Agriculture, to give that farmer a generic certificate to buy other commodities that will result in the same price support benefits as if they got a loan deficiency payment. So it is a loophole.

That is why we have so many of these farm operations receiving millions of dollars in payments every year at the same time that some brag that there are payment limits and payment caps in the proposal.

The conferees said, well, we will put in language where we will study it. Here is what the study is supposed to analyze.

Number one, what kind of effect will it have on the grain trade and the cotton trade? Well, the effect is going to be if we do not encourage more production, there is probably going to be less production. That means the grain trade is going to have a few less bushels and pounds going through their system, so it is probably going to have a little negative effect on their trade.

But what happens to the price farmers get? With lower production, the price farmers get goes up, and we can help many of those family farms around the United States and that green and open space, as we talk about the environment. We can preserve that land and keep it in agriculture, instead of paving it over for development and housing projects.

Our goal and our policy in this country should be to help family farms, the traditional family farms. It should not be to give a disadvantage to those family farms.

That is what we are doing. We are saying to this huge farmer that has a lower cost of production, we will guarantee you a payment that more than covers your variable costs. So that farmer says, well, look, I have this protection, so I am going to farm the farm program as much as I farm the market and the soil, so they end up overproducing.

That overproduction is getting us into real problems because that is part, with our current ability to distribute that food around the world, that is part of our problem in bringing prices down to the farmers. That is why we are working in the bankruptcy bill to make it a little easier for farmers to try to re-form their farmland and have the provisions of section 12 in the bankruptcy code.

Mr. Speaker, I yield to the gentleman from Florida (Mr. DAN MILLER).

Mr. DAN MILLER of Florida. Mr. Speaker, as the gentleman was talking about the fact that we are really helping the big farmers, there are some interesting numbers that came out of the Heritage Foundation, I see today. It says, the top 10 percent of the recipients now get 73 percent of the money. That has increased from 67 percent of the money that goes under the agriculture program.

The bottom 80 percent, and this is where all our family farmers are, now instead of getting 16 percent are going to get 12 percent. The money overwhelmingly goes to this top 10 percent, which are the very large farms, the ones that make the most money. We want to encourage the family farm and support that family farm, but all this is going to do is make it more difficult for the family farm to compete with the big giants, the agriculture giants in this country.

Mr. SMITH of Michigan. Mr. Speaker, I see also that this is a problem of the survival of the future of farm programs. With all of this publicity that is going out, and it does not matter what paper we pick up, they now realize that there is a loophole; and the Environmental Working Group has passed out the information that a lot of these big corporate-type farms are getting a lot of the money.

I think that is going to come back to hurt the average family farm in terms of the kind of programs that we can offer here in Washington, D.C., because it is bad publicity, so a lot of people start thinking, well, farmers are already rich. They are getting these million-dollar payments.

The fact is exactly as the gentleman suggests, that in our efforts to appease these large, influential farms, these large landowners, the large grain and cotton dealers, we have come up with a program that allows those big farmers the incentive to have unlimited production, overproduction, really, if you will. That means that the prices are going to go down for everybody else, with more pressure on those farmers.

When push comes to shove in the next 10 or 15 years, when we are looking at the survival of Social Security and the survival of Medicare, and we say, well, are we going to have to cut off some of the farm programs because a lot of people in America say we are giving too much money to these rich farmers anyway, what do Members think is going to happen?

What is going to happen is we are going to cut down on farm programs. At that time, probably we will cut down on the big, large million-dollar payments to the big farmers, too. But probably it is going to jeopardize the effectiveness of the farm programs for the survival of the agriculture industry in the United States. That is one of my main concerns.

Mr. BLUMENAUER. If the gentleman will continue to yield, Mr. Speaker, I could not agree more. As someone who comes from an agriculture State and somebody who is concerned about the relationship of prime agricultural land to our cities, this interface, the urban-rural interface, is critical to be able to maintain some of the most productive farmland in America.

Right now, we do not have the tools to help preserve it; and sadly, what we have been given from the conference committee makes this situation worse. It cuts critical conservation programs by almost $3 billion from the Senate bill and left out national conservation priorities. Even though the number of farmland acres lost to sprawl doubled, doubled over the last 6 years, the negotiators, in their wisdom, cut $1.25 billion out of the only Federal program to help farmers curb sprawl.

The tension between landowners and Federal agency and conservation interests over the endangered species issues have split communities all over the country. Yet the Wildlife Habitat Incentives Program was cut in half, from the Senate level of almost $1.5 billion to $700 million.

They dropped key language to address national environmental priorities, like reducing runoff to the Chesapeake Bay, and, in my region of the Pacific Northwest, missed an opportunity to reduce the water use in the Klamath Basin, which has been brought to national attention.

These farmers were promised more by the Federal Government over the last century than nature can produce. This was an opportunity to help solve the problem and protect the farmers. They turned their back. It tilted the new grasslands easement program towards short-term contracts instead of permanent easements, even though the overwhelming demand for producers is for permanent easements.

They also failed to adopt Senate language that would have ensured conservation programs work in every State and do not discriminate against farmers and ranchers in areas with high land values. I just find it tragic that our conferees turned their backs on a good product that came from the Senate that would have helped farmers in all of our communities.

I would just conclude my portion, Mr. Speaker, to commend the gentleman from Michigan (Mr. SMITH) and the gentleman from Florida (Mr. DAN MILLER), with whom I look forward again to working on the sugar issue.

But this legislation that we are going to have before us tomorrow represents a sad missed opportunity. It was a lost opportunity for the environment, as I have outlined. It was a lost opportunity in areas like animal welfare, the fighting birds that I mentioned, or being able to take downed animals out of the food chain. It is a food safety, as well as a humane, issue.

This is a lost opportunity for those of us who practice agriculture in the West. This is not a good bill for Oregon, Washington, and California. It hurts, it hurts the majority of farmers who, as the gentleman pointed out, need our help.

I am hopeful, I am hopeful that this House tomorrow will support that motion to recommit to reinstate those limits, to redirect the priorities so that we can make a little progress on this important bill for the future, not just of American agriculture, but for communities from coast to coast, border to border.

□ 1645

Mr. SMITH of Michigan. Well, I would just call to all our colleagues and all staff that might be watching. There is not going to be any debate allowed on this motion to recommit that sets real limits that this House and the Senate has voted for. That motion will come up tomorrow. The failure to include real payments limits in the farming bill, I think, is an example of entrenched special interests frustrating the will of the majority. The conferees, generally the most senior Members of the House and Senate Committee on Agriculture have chosen to ignore public sentiment and congressional sentiment in both the popular vote in both the House and the Senate in favor of serving the largest corporate farms and major grain traders.

They have also slighted I think our President, President Bush, who last August noted the plight of medium-sized farms, and he promised, and I quote again the President, ''One of the things that we are going to make sure of as we restructure the farm program next year is that the money goes to the people it is meant to help.''

Limiting subsidies for any single farmer is an idea whose time has come. If we continue with unlimited government payments under the farm bill for another 6 years, we will see increasing concern among the American people as farmers with huge land holdings with a lower marginal cost of production, pocket an ever-increasing share while more small and medium-size farms go out of business.

The decision for extra production by the very large farmers should be based on the market, not on a guaranteed government price. The public expects farm policy to focus on helping average traditional size family farms. Congress should respect that.

Mr. Speaker, I understand, the gentleman from Florida (Mr. MILLER) is considering leaving Congress after this next term. He has been a strong voice in an area that usually has not had a voice, and so he certainly has the appreciation of me and many Members of this Congress in his willingness to speak out on some of these tough issues.

Mr. DAN MILLER of Florida. Mr. Speaker, let me repeat some numbers I said just to confirm what you said about not helping small farmers, 88 percent of the money will flow to the top 20 percent. The bottom 80 percent of the recipients that receive subsidies will only get 12 percent of the money. It is overwhelmingly going to the large farmers. And really, basically, 90 percent of the money goes to wheat, corn, cotton, rice and soy beans.

So it is very targeted. Obviously, to get votes they throw in the peanut program. A few billion here, a few billion for sugar. They also have added in small chick peas. I do not know what they do with big chick peas, but small chick peas they will now be subsidized, lentils and dry peas. Well, I am really excited. We do not do a lot of small chick peas business. We get them in cans in my district. Lentils, lentils makes good soup. But why is the Federal Government getting into the subsidy business? It makes no sense to keep expanding the size and scope of the federal government.

The Heritage Foundation estimates that this bill will cost entire taxes to households $1,805, $1,805 per household is the cost to every tax-paying household in this country.

Mr. SMITH of Michigan. Really, that is essentially through taxes, but an increase in the cost of their food. If you add to that maybe some production that the market is paying more than it otherwise would, than there is even additional costs.

Mr. DAN MILLER of Florida. It is targeted. And I admire these States for having the gumption to go out and fight for it, the Dakotas and such.

Florida does not benefit. But I am not saying we should get it because I am a fiscal conservative.

The tomato people do not get it. The cucumber people, the bell pepper people in my district, the orange and grapefruit people, they do not get any subsidy check. This is an entitlement they are creating for the click pea people and the honey people. It is an entitlement. It is not even the discretionary appropriations process.

Now there are some good things in this bill. I support agricultural research. When we look at pests that are brought into this country, that we need to find ways to solve those problems and we have that challenge in our citrus industry. But the problem we have in this bill is it is targeted to big rich farmers and to certain crops in Texas where they get cotton and rice, and Mississippi benefits from it. So for those few States that is their sugar daddy, but it is wrong for the American taxpayer.

Mr. Speaker, I commend the gentleman from Michigan (Mr. SMITH) for taking a leadership role in trying to let the American people know that this is bad for Congress. This is bad as a Republican and it is just bad for the taxpayers of this country.

Mr. Speaker, I insert in the RECORD the following article entitled ''Harrowing U.S. Taxpayers with Ill-Designed Farm Bill.''

HARROWING U.S. TAXPAYERS WITH ILL-DESIGNED FARM BILL

Committees of Congress last week reached an agreement on a farm bill that could cost as much as $100 billion in the next six years and would increase farm subsidies to $191 billion in the next decade.

The reconciled farm legislation, which still must pass the full House and Senate, is an abandonment of the policy established in the Freedom to Farm bill passed six years ago, designed largely to end farmers' dependence on subsidies and allow free markets to determine what and how much they planted.

But every year since 1996 as the economy slowed and prices fell, Congress passed special ''emergency'' measures to keep farmers afloat. Subsidy payments swelled last year to $20 billion.

What's most insulting to taxpayers about the new legislation is that the vast majority of the money the government will pay out does not go to save the fabled family farm, but to increase the profits of big agricultural companies, owners of huge tracts of land that will then use the subsidy payments to buy up the little farms next door.

In December, President Bush told Congress he wanted to see legislation that provides farmers with a safety net based on savings accounts. He wanted fiscally responsible legislation based on free market principles that would expand international trade. The new legislation fails on all counts.

The subsidy payments contemplated for commodity crops like wheat, corn and cotton will be based on production—the more you grow, the more money you receive. So of course the farms with the largest number of acres under cultivation will benefit most, receiving money to buy the small farms the law is supposed to protect.

Think of it. The legislation represents an agreement to subsidize farmers' income at a time when grain and cotton prices are at record lows and production is at an all-time high. Not surprisingly, these crops are grown primarily in 10 Midwestern and Southern states that are considered key to the midterm elections as well as the presidential race in 2004. The plan amounts to a renewal of corporate welfare to achieve a quick bump in farm state politicians' fortunes.

Although the Congressional Budget Office estimates the cost of the measure at $171 billion over 10 years, we don't really know the total cost because it depends greatly on the performance of the farm sector. As the Heritage Foundation's Brian Riedl points out, ''If historical patterns hold and actual agriculture spending ends up double the forecasted level, the farm bill's final cost would increase to $342 billion.''

Consider 1996. As Congress contemplated scaling back the subsidies, lawmakers estimated it would cost some $47 billion between 1996 and 2002. But when commodity prices plunged between 1998 and 2000, Congress instead added $27 billion in emergency payments to farmers. The 1996 law ultimately cost $123 billion.

Despite these scary numbers, consumers are unlikely to feel the cost, spread out as it is among millions of taxpayers. Nevertheless, it is disgusting to contemplate paying out billions to rich farms owned by agricultural companies. It is reckless to contemplate subsidizing already thriving industries.

ENCOURAGING YET MORE PRODUCTION

The farm bill is based on the premise that a surplus of crops caused prices to drop so low that farmers need subsidies to recover lost income. Yet under the legislation the amount of money handed to a farmer depends on how much he grows—thus encouraging yet more production. Inevitably, that will lead to increased subsidy payments.

Although the conference bill contains a $360,000 limit, there are so many exceptions that the number is little more than symbolic.

To be sure, there are some worthy aspects of this legislation. Of importance to Florida is a provision that within two years would require a country-of-origin label to mark meats, fish and fruits and vegetables raised or grown in America. And environmental groups should be pleased with the $17 billion earmarked for conservation.

But those provisions don't justify a bill that perpetuates misguided and outdated policies. If the reconciled measure reaches the president's desk, he should veto it.

Mr. SMITH of Michigan. Mr. Speaker, and that is bad for farmers. The question is how big is a family farm and Members can get into that argument. But the average-size farm in the United States is 460 acres. The average size commercial farm that does not have other outside income has been reported to be 960 acres.

How big would it be if we reached the limits that we are calling for in this motion that we are passing tomorrow? Using average prices for the 2002–01 crop year, it would take 27,392 acres of corn to reach the payment cap without the loophole. It would take 11,195 acres of cotton, 2,683 acres of rice, 5,261 acres of soybeans to run up against the limit in the House and Senate bills. Wheat and sorghum farmers could harvest an unlimited amount of acreage without reaching the limit because average harvest prices exceeded the loan price last year.

The Congressional Research Service, CRS, also calculated the acreage needed to branch the proposed cap based on the lower harvest period prices. What farmers do is they try to farm the program. So they get the largest government benefit when that daily reported price is the lowest. So when the market is the lowest, that is when they want to go to their USDA office and say this is the day that I want the difference between today's local price and the price that you are guaranteeing me for this product.

So that is going to increase the amount that they get from government. And then, of course, they try to sell their commodity either on contract or a forward pricing arrangement where they try to maximize the market price that they get for that product. So most every farmer in the United States ends up receiving more per bushel or per pound of that commodity than is called for in the loan price, the price support subsidy that is given for commodities.

Limits on payments are popular with both the public, with this House. We need to move ahead and pass this motion to recommit tomorrow. I hope my colleagues will study this issue. Call any of us on the House floor. Call any of the 265 members that voted for an identical provision in our motion to instruct on April 18.

Mr. Speaker, I thank my colleagues for participating.

Mr. Speaker, I also submit for the RECORD at this time some additional details and language of the price limitation provisions.

REPUBLICAN STUDY COMMITTEE,
May 1, 2002.

QUICK FACTS ON THE FARM SECURITY ACT CONFERENCE REPORT

1. Cost: Condenses the approximately $75 billion, 10-year cost of the House bill into 6 years.

2. Future Deficits: The high loan rates will stimulate overproduction, lead to lower prices and force excessive government outlays. This bill will quickly surpass budget estimates and lead to dramatic deficits.

3. Farm Income: Government payments already represent more than 40 percent of net farm income.

4. Food Stamps for Legal Immigrants: Reinstates benefits (which many states are already providing) for legal immigrants who have lived in the U.S. for at least five years. Also restores benefits for legal immigrant children and disabled individuals without minimum residency requirements.

5. TANF: Provides five months of transitional benefits for households leaving Temporary Assistance to Needy Families (TANF).

6. Across-the-Board Increases in Subsidies: Direct subsidy support payment rates are raised (relative to current law) for all crops and soybeans, and minor oilseeds are established as new contract crops eligible for direct payments.

7. Milk: Makes permanent the Milk Price Support Program currently set to expire at the end of May 2002.

8. Dairy: Creates a new 3½-year National Dairy Program to provide monthly and certain annual payments to all U.S. dairy producers. Not one producer has requested this federal manipulation of the private market.

9. Country-of-Origin Labeling: Implements a costly, mandatory, country-of-origin labeling program for meat, fruits, vegetables, fish, and peanuts.

10. Wool and Mohair: Permanently re-institutes the marketing loans and LDPs eliminated in 1996 and only partially and temporarily implemented since then.

11. Honey: Permanently re-institutes the marketing loans and LDPs eliminated in 1996.

12. Peanuts: Establishes new fixed payments and counter-cyclical payments for peanuts (in the same fashion as such payments for grains, cotton, and oilseeds). There is no such provisions for peanuts in current law. ‘‘Buys out’’ peanut farmers at 55 cents-per-pound over five years in exchange for the elimination of peanut quotas.

13. Apples: Creates a new commodity program.

14. Onions: Creates a new commodity program.

15. Sugar: Eliminates the loan forfeiture penalty in current law and the House bill.

16. McGovern-Dole: Authorizes $100 million to the George McGovern-Robert Dole International Food for Education and Child Nutrition Program, which would permit the President to direct a selected federal agency to provide U.S. agricultural commodities and financial and technical assistance for foreign preschool and school feeding programs to reduce hunger and improve literacy (particularly among girls), and nutrition programs for pregnant and nursing women and young children.

17. Violations of trade agreements: U.S. trade agreements limit domestic farm supports most likely to distort production and trade to no more than $19.1 billion per year. There is little doubt that under this bill we will exceed these limits: 96 percent of the world's consumers live outside of the United States; agricultural trade is vital for our farmers, and this bill will surely spur our partners to retaliate. For proof, just look at how some of our trading partners are reacting to the new steel tariffs.

18. Grasslands Reserve Program: Creates a new program to enroll up to two million acres of virgin and improved pastureland at a cost of $254 million over six years.

19. Farmland Protection Program: Implements a 20-fold increase in the funding for this program committed since the last farm bill.

20. Wildlife Habitat Incentives Program: Implements a 10-fold increase in the funding for this program committed since the last farm bill.

21. Conservation Security Program: Creates a new national incentive payment program for maintaining and increasing farm and ranch stewardship practices at a whooping cost of $2 billion over six years. If you wanted to walk one mile for every dollar committed to this untested program, you could walk between Washington, DC and Los Angeles almost 667,000 times!

22. Market Access Program: More than doubles (to $200 million annually) the funding for this program.

23. Target prices: Re-institutes ‘‘target prices’’ eliminated in 1996. [Target prices are the prices per bushel or other appropriate unit of a covered commodity used to determine counter-cyclinal payment rates.]

24. Loan Deficiency Payments: Expands authority for loan deficiency payments (LDPs) to grazed wheat, oats, barley, triticale, small chickpeas, lentils, and dry peas. [Currently, LDPs can only apply to grains, upland cotton, and oilseeds.]

25. Nutrition Programs: Increases funding for several nutrition programs, including the Emergency Food Assistance Program and the WIC Farmers' Market Nutrition Program.

26. Free Food: Implements a pilot program through which fresh fruits and vegetables will be provided for free in schools.

27. Rural Development Programs: Creates and increases funds for rural development programs, including programs that fund high-speed Internet access and the training of local emergency personnel.

28. Initiative for Future Agriculture and Food Systems: Gives a 67% increase in funding for this research program. Reauthorizes and establishes new agriculture research programs.

29. Forest Management: Creates a new $100-million program to assist private, non-industrial forest landowners in adopting sustainable forest management practices.

30. Bioenergy Programs: Creates 126 million-dollars-worth of new bioenergy programs, including a program to educate government and private fuel consumers about the benefits of biodiesel fuel use.

31. Opposed by Conferees: Vice Chairman of the House Agriculture Committee, Rep. John Boehner (R-OH), and Rep. Cal Dooley (D-CA)—both conferees on this farm bill—have released statements opposing the conference report.

THE HERITAGE FOUNDATION,
Washington, DC, April 30, 2002.

[From Backgrounder, No. 1542]

STILL AT THE FEDERAL TROUGH: FARM SUBSIDIES FOR THE RICH AND FAMOUS SHATTERED RECORDS IN 2001

(By Brian M. Riedl)

Members of Congress who are poised to spend at least $171 billion on direct farm subsidies over the next decade would be wise to examine newly released statistics detailing who actually receives these subsidies. In 2001, fortune 500 companies and large agribusinesses shattered previous farm subsidy records, while small family farmers saw their share of the subsidy pie shrink.

These subsidy programs tax working Americans toward millions to millionaires and provide profitable corporate farms with money that has been used to buy out family farms. The current farm bills would provide even greater subsidies for large farmers, costing the average household $4,400 over the next 10 years, while facilitating increased consolidation and buyouts in the agricultural industry.

HOW FARM SUBSIDIES TARGET LARGE FARMS

Legislators promoting subsidies take advantage of the popular misconception that farm subsidies exist to stabilize the incomes of poor family farmers who are at the mercy of unpredictable weather and crop prices. If that were the case, the federal government could bring the income of every full-time farmer in America up to 185 percent of the federal poverty level ($32,652 for a family of four in 2001) for just $4 billion per year. In reality, however, the government spends nearly $20 billion annually on programs that target large farms and agribusinesses.

Eligiblity for farm subsidies is determined not by income or poverty standards but by the crop that is grown. Growers of corn, wheat, cotton, soybeans, and rice receive more than 90 percent of all farm subsidies, while growers of most of the 400 other domestic crops are completely shut out of farm subsidy programs. Further skewing these awards, the amount of subsidies increase as a farmer plans more crops.

Thus, large farms and agribusinesses—which not only have the most acres of land, but also, because of their economies of scale, happen to be the nation's most profitable farms—receive the largest subsidies. Meanwhile, family farmers with fewer acres receive little or nothing in subsidies. In other words, far from serving as a safety net for poor family farmers, farm subsidies comprise America's largest corporate welfare program.

With agricultural programs designed to target large and profitable farms rather than family farmers, it should come as no surprise that farm subsidies in 2001 were distributed overwhelmingly to large growers and agribusiness, including a number of Fortune 500 companies. The top 10 percent of recipients—most of whom earn over $250,000 annually—received 73 percent of all farm subsidies in 2001.

The main losers in 2001 were the bottom 80 percent of farm subsidy recipients, including most family farmers, who saw their collective share of the subsidy pie shrink from 16 percent throughout the previous five years to 12 percent in 2001. This represents a decline of 25 percent in the share of subsidies received by these farmers.

At the same time, the number of farms receiving over $1 million in farm subsidies in one year increased by 28 percent to a record 69 farms in 2001. Topping the list was Arkansas' Tyler Farms, whose $8.1 million bounty was 90,000 times more than the median farm subsidy of $899—and nearly equal to the total of farm subsidies distributed to all farmers in Massachusetts and Rhode Island combined.

WHY FARM SUBSIDIES WILL CONTINUE TO TARGET LARGE FARMS

Although farm subsidies have been of greater help to large farms for decades, the evolution of farm subsidies into a corporate Welfare program has accelerated in recent years for 3 reasons: Congress has siphoned record amounts of money into farm subsidies since 1998; and Farm subsidies have helped large corporate farms buy out small farms and further consolidate the industry.

The big grain and cotton traders benefit from programs that encourage more production.

Despite an attempt to phase out farm programs in 1996, Congress reacted to slight crop price decreases in 1998 by initiating the first of four annual ''emergency'' payments to farmers. Subsidies increased from $6 billion in 1996 to nearly $30 billion a year in the new farm bill. Predictably, as subsidies increased, the amounts of subsidies for large farms and agribusinesses also increased.

Although increased subsidies help explain why large farms are receiving more money, however, they do not explain why they are receiving a larger portion of the overall farm subsidy pie. Since 1991, subsidies for large farms have nearly tripled, but there have been no increases in subsidies for small farms. Large farms are grabbing all of the new subsidy dollars from small farms because the federal government is helping them buy out small farms.

Specifically, large farms are using their massive federal subsidies to purchase small farms and consolidate the agriculture industry. As they buy up smaller farms, not only are these large farms able to capitalize further on economies of scale and become more profitable, but they also become eligible for even more federal subsidies—which they can use to buy even more small farms.

The result is a ''plantation effect'' that has already affected America's rice farms, three-quarters of which have been bought out and converted into tenant farms. Other farms growing wheat, corn, cotton, and soybeans are tending in the same direction. Consolidation is the main reason that the number of farms has decreased from 7 million to 2 million (just 400,000 of which are full-time farms) since 1935, while the average farm size has increased from 150 acres to more than 500 acres over the same period.

This farm industry consolidation is not necessarily harmful. Many larger farms and agribusinesses are more efficient, have better technology, and can produce crops at a lower cost than traditional farms; and not all family farmers who sell their property to corporate farms do so reluctantly.

The issue of concern is not consolidation per se, but whether the federal government should continue to subsidize these purchases through farm subsidies and whether multi-million-dollars agricultural corporations should continue to receive welfare payments. When President Franklin Roosevelt first crafted farm subsidies to aid family farmers struggling through the Great Depression, he clearly did not envision a situation in which these subsidies would be shifted to large Fortune 500 companies operating with 21st century technology in a booming economy.

MILLIONS FOR MILLIONAIRES

A glance at some of the recipients of farm subsidies in 2001 shows that many of those receiving these subsidies clearly do not need them. Table 1 shows that 12 Fortune 500 companies received farm subsidies in 2001. Subsidies to the four largest of these recipients—Westvaco, Chevron, John Hancock Mutual Life Insurance, and Caterpillar—shattered their previous record highs.

Table 2 lists other rich and famous ''farmers'' who received massive farm subsidies in 2001. David Rockefeller, the former chairman of Chase Manhattan and grandson of oil tycoon John D. Rockefeller, for example, received a personal record high of $134,556. Portland Trailblazers basketball star Scottie Pippen received his annual $26,315 payment not to farm land he owns in Arkansas. Ted Turner, the 25th wealthiest man in America, received $12,925. Even ousted Enron CEO and multi-millionaire Kenneth Lay received $6,019 for not farming his land. Chart 4 shows how these amounts tower over the amount received by the median farm subsidy recipient, who has received just $899 per year since 1996.

The Heritage Foundation concludes: The farm bills currently being considered by a House-Senate conference committee would further accelerate the transformation of farm subsidies into corporate welfare programs. Most of their enormous $171 billion cost would subsidize highly profitable Fortune 500 companies, agribusinesses, and celebrity ''hobby farmers'' and help fund their purchases of small family farms, and the average American family would be left paying $4,400 in taxes and inflated food prices to benefit millionaires—unless Congress or President George W. Bush finally puts and end to this counterproductive waste of taxpayer dollars.

EDUCATION TAX CREDITS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 60 minutes.

Mr. SCHAFFER. Mr. Speaker, I am attempting during this next hour to discuss an important issue, the issue of education, and to discuss it within the context of education tax credits which is a new kind of exciting idea that is being considered here in Congress.

It is, of course, something that many States know a lot about, but in Washington, it has just been under discussion on pretty serious terms, specifically by our President who has committed his support and pledged his assistance in helping us get a tax credits proposal through the House of Representatives and through the Senate, and ultimately on his own desk.

I want to start off by issuing an invitation to our colleagues who may be monitoring these proceedings that if they are, at any point in time, compelled to come down here on the floor and join in this discussion, I want to leave that invitation open and encourage our colleagues to join us on this important matter.

I know there are many, many people who care with improving education throughout the country. And that is a sentiment that extends to both sides of the aisle. I just returned last night from a trip overseas. I spent the weekend in Ukraine. I was invited by an organization called the East West Institute. In fact, they were the ones that paid for the trip. I was a speaker at a meeting an international conference on Saturday dealing with diplomacy and issues in the Ukraine.

I do not to talk about that as much as something I did on the two extra days that followed this international conference on regional politics and some diplomatic matters. Those next two days, Sunday and Monday, I went out to some of the most remote and rural areas of Ukraine and I visited a few orphanages. And I want to talk about those just for a second, because there is a comparison to be drawn between the way these orphanages work in Ukraine and the way our public school system here in the United States operates.

And the similarities come down to a matter of funding. But first for those children who are in some of these State-owned orphanages in Ukraine, if anybody has any concern or compassion for that part of the world, I would urge you to take a knee at some point in time and say a few prayers for those kids that I saw and others like them that did not have a chance to meet.

These kids have nothing. Of course, they have lost their parents and are in orphanages for a variety of reasons, but even hope is a difficult thing to muster for some of them. I saw kids whose feet were sticking out of their shoes, who were wearing clothes that maybe they walked out of those old pictures that we are used to seeing of those old Nazi concentration camps. The clothing looked exactly like that.

I saw a kid with, oh, he must have been 10 or 11 years old, he had a football shirt on that said 1977 Superbowl on it. It obviously was a piece of clothing that made its way through some kind of humanitarian assistance program. This kid must have been wearing that shirt for quite a long time, and probably other children before him. It had holes in it and so on and he was wearing it anyway.

Just to give you an idea of the conditions. These children were stacked up in their dormitories. These beds are side by side, just lined up just fairly deep into the room. Just narrow beds, narrow walkways between them. These kids had hardly anything of their own in the way of possessions. It is a tough existence.

So we went and met with them and they were asking us to take them home, and they were tugging on my coat and wanting to know if I needed a son. I remember one little boy saying in Ukrainian, I will be no trouble. I am good. I will work and so on.

The reason I went to see these orphanages is because there is a bit of struggle in Ukraine between state-run orphanages and the new emerging orphanages in the country. And those new orphanages are run by churches and charities through the contributions and donations from caring people throughout the world.

These orphanages tend to be smaller. There tends to be a little more contact between the care providers which are often nuns or people involved in various religious organizations and holy orders, and they are good orphanages. The kids are clean. They have lots of things to do. They have a learning opportunity and so on.