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Senate

The Senate met at 10 a.m. and was called to order by the Honorable MARK DAYTON, a Senator from the State of Minnesota.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

“Gracious Lord, You have taught us, ‘If you have faith as a mustard seed, you will say to this mountain, ‘Move from here to there’ and it will move; and nothing will be impossible for you.’—Matthew 17:20.

Is Your promise applicable to us in our circumstances? Will You give us power to remove the mountainous differences that often divide us if we have faith in You—even as small as a mustard seed? We dare to claim that You will. Give us the gift of faith to trust You completely.

Therefore, we ask You to guide us to resolve our present concerns. Bring us together in unity around what is most creative for our Nation. We place our trust in You. Nothing is impossible for You. Help us Lord; we need You. Amen.

PLEDGE OF ALLEGIANCE

The Honorable MARK DAYTON led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, May 8, 2002.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby

appoint the Honorable MARK DAYTON, a Senator from the State of Minnesota, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. DAYTON thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

FARM SECURITY AND RURAL INVESTMENT ACT OF 2002—CONFERENCE REPORT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the conference report accompanying H.R. 2646, which the clerk will report.

The legislative clerk read as follows:

Conference Report accompanying H.R. 2646, a bill to provide for the continuation of agricultural programs through fiscal year 2011.

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 6 hours of debate on the conference report, to be equally divided between the chairman and ranking member of the Committee on Agriculture, Nutrition, and Forestry.

The Senator from Iowa is recognized.

Mr. HARKIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Kansas.

Mr. ROBERTS. Mr. President, I rise today to discuss the conference report on the Farm Security and Rural Investment Act—the farm bill of 2002.

We must have a strong and solid commitment to our family farmers, and we must have a farm bill that provides this foundation. Simply put, through the miracle of modern day agriculture our farmers and ranchers provide significant and mostly unappreciated support for trade, jobs, our Nation's balance of payments; they serve as a catalyst for our Nation's economy and provide American consumers with the most plentiful, inexpensive, and safe food supply in the history of the world. So a good farm bill is essential to every American citizen. The authors of the pending bill have tried to do this with myriad commodity, conservation, nutrition, research, and many other programs. I thank them for their efforts.

Throughout my career as a Senator, Congressman, and congressional staffer, I have had the privilege to work on no less than six major farm bills and numerous pieces of smaller legislation. I must say that from a policy and process standpoint, this farm bill has certainly been unique.

I have always believed we should not play politics with a bill that directly affects the daily lives and pocketbooks of our farmers, ranchers, our consumers, and, yes, even the taxpayer, and those who are hungry and malnourished. That is why I have supported bills written by both Democrats and Republicans.

In my view, a farm bill should have two primary goals:

First, to provide assistance when needed to those who produce the food for our Nation and a troubled and hungry world. That assistance is needed now given the near revolutionary and dynamic changes we face in agriculture today. Put in Dodge City language, the farmer and rancher today are not in very good shape for the shape they are in. These are tough times in farm country.

Second, the bill should provide this assistance through a realistic, reasonable, and predictable farm program

• This “bullet” symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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policy consistent with the harsh realities of what we face in the global marketplace. I regret to say that I fear this bill fails on both counts.

There are other very important goals that should be and are addressed in this farm bill. These include dealing with the environment, nutrition, research, and the new threat of agriterrorism. But my concern is with the commodity title.

In this bill we have a real paradox. Those who have seldom or never voted for farm bills in the past during their long years of distinguished service and have made it a practice to regularly criticize previous farm bills have written this bill and have proclaimed it to be the best bill ever written and they are going to vote for it.

On the other hand, some who have voted for farm bills in the past, this Member included, knowing no farm bill is perfect or written in stone—knowing that the final product is never the best possible farm bill but the best bill possible—will vote no.

I make these comments without questioning the intent of any Senator or House Member who believes this bill is the “best ever” and, I might add, who worked very hard through great difficulty to produce this bill. I salute their hard work and tireless efforts but respectfully disagree with their conclusion.

However, due to what I consider serious flaws in the bill, I cannot vote for final passage of this conference report. I do not believe the bill before us gets the job done for farmers and ranchers in Kansas and in other parts of the country.

In saying this, I pledge to my colleagues and my farmers and ranchers that whatever concerns I have with this bill, I will work with my colleagues on both sides of the aisle to help make improvements when they are needed. In fact, this bill is a fate accompli, it will pass today and the President will sign it. As least for now, the support for a supplemental is not there. The bill should not be delayed any further.

Now, there are some good things in this legislation—including some initiatives I have supported.

These include: Equalization of the sorghum loan rate to the corn rate; permanent authority for LDPs on grazed out wheat; a beneficial interest fix for LDPs on the 2001 crops; expanded funding for the environmental quality incentives program, a most important program for our livestock producers; more equitable food stamp benefits; and most importantly, research program authorizations that will allow us to develop the tools needed to protect agriculture and our food supply from terrorist threats and to expand carbon sequestration research to enable the farmer to be a partner in the challenge to reduce global warming.

However, as I said, it is the commodity title that raises serious concerns for this Senator.

First, there is the timing of this bill and the proposed assistance. We are spending nearly \$48 billion in new funding over the next 10 years for our commodity programs.

Some argue this investment is supposed to “restore the safety net” for our farmers and ranchers and eliminate the need for supplemental assistance in the future.

In fact, all programs considered, this legislation will add \$73.5 billion to the agriculture baseline which now totals an estimated \$183 billion with the new Congressional Budget Office scoring.

To say this represents a significant investment in our commodity, conservation, nutrition, and research programs is an understatement, to be sure. I will leave the debate of how much is appropriate—given our budget challenges and given the world farmers face; the world price depression, lack of exports, market interference, unfair foreign subsidization, weather, value of the dollar, and all of the other vagaries beyond the control of the farmer—to another time.

Mr. President, what is ironic is that due to the timing of payments in this legislation, the probability is—and I predict—we will be back here later this year with Members and farm organizations asking for an additional supplemental payment or disaster money.

My colleagues, we did not have to go down this road. Back in March I introduced legislation that would have provided supplemental assistance within budget for this year's crop. It also would have provided conservation funding for several programs.

I introduced this package for two reasons: Our producers and our lenders needed some kind of certainty on the assistance they would receive for this crop year, and second, virtually all planting and lending decisions had already been made for the 2002 crop, this year's crop, and it did not make sense to change the rules of the game in the middle of the 2002 crop year. It made more sense to do an assistance package this year and have the new bill apply to the 2003 crop after our producers and the Department of Agriculture had time to digest the details of the new bill.

The second concern: this is a complex bill, to say the least, and farmers and ranchers and lenders and the USDA are going to feel and act like a bear in a briar patch. We are going to do a new farm bill that will require producers and USDA to work through a paper trail of recalculated loan rates for every commodity in every county in the country, base updates, yield updates, and the list goes on.

Mr. President, the name of this bill should be the “Farm Service Agency Full Employment Act”—exactly the opposite of the direction we have been moving in recent years. As a matter of fact, sensing the paperwork and regulatory storm ahead, the USDA actually requested 100 million new dollars to enable the Farm Service Agency folks to

come to grips with and administer the new program. They got \$55 million by the way. There are going to be some long lines at the Farm Service Agency.

Third, and this is a primary concern, when producers find out the final details regarding the so-called safety net, it will not be what they expected due to the form of assistance and the timing. That is not good.

Let's walk through an example:

We grow a tremendous number of crops in Kansas—wheat, corn, sorghum, soybeans, and even a projected 80,000 acres of cotton this year. When it comes to actual planted acres, wheat remains king in Kansas.

Under the supplemental package I introduced, wheat producers would have received 59 cents a bushel on this year's crop. This payment would have occurred before the end of September. We need this money. We are in the midst of a drought in wheat country and we need the assistance now.

If a wheat producer receives the maximum countercyclical payment available under this proposed farm bill, he or she would receive additional, combined direct and countercyclical payments on the 2002 crop of 60 cents—about the same thing. But they would not receive the final payment until at least 13 months from now on June 1, 2003.

Let me say that again: wheat producers would not receive their final assistance on the 2002 crop until June 1, 2003. For cotton, it would be August 2003 and for corn, soybeans, and sorghum it would be September 2003—a full 16 months from now.

How can this happen?

Under this proposed legislation, the maximum level of decoupled payments for this year's crop would be 60 cents provided as follows: six cents for an additional direct payment as soon as practicable by the Secretary; up to 19 cents—35 percent of the countercyclical payment—by October 31; assume an additional 19 cents—the difference between 70 percent of the total projected payment and the October payment—to be paid after February 1, 2003; and the remainder, approximately 16 cents—after June 1, 2003. Now, does that sound just a bit confusing? That is because it is.

It will take four checks from the Government for producers to receive what they could have received from one check under a supplemental this September.

This is not market driven; it is mailbox driven.

They will not receive the last payment for this year's crop, the 2002 crop, until they are harvesting next year's crop, the 2003 crop.

Just as important, the bill fails to provide assistance to producers when they need it most—when there is no crop to harvest.

We have gone back and checked the average marketing-year prices for wheat, according to USDA, on every crop from 1982 to 1999; some 17 years in Kansas.

In 9 of those years there would have been no countercyclical payment for wheat had this bill been in effect. These dates would have included the following crops: 1982, 1983, 1984, 1988, 1989, 1994, 1995, 1996, and 1997.

Unfortunately, 1995, 1996, and 1989 represent what were basically our worst wheat crops in the past 20 years in Kansas. And the other 6 years represented some of our most marginal crops and difficult financial times.

The question is, why on earth should anyone from Kansas or a similar State support a bill that would not have producers of their State's number one crop in nine out of the past 17 years! A farm bill that would not work over half the time in the last 17 years, why support that?

Some will argue that producers may actually receive more assistance this crop year under this proposed legislation because of higher loan rates. That may be true—if a producer has a crop to harvest.

But the producer who has no crop to harvest gets no benefit from a higher loan rate. Again, this is a major concern for many of my Kansas producers suffering from drought conditions.

We have had many reports that this year's Kansas wheat crop has the poorest condition rating since the 1996 crop year. Producers are saying they have already destroyed or will destroy 200 acres, 500 acres, 1,000 acres, even 2,000 acres of wheat.

Let me report to my colleagues I have just returned from Dodge City and wheat country this past weekend. I checked the country around Dodge with a long-time friend and farmer and that is precisely what is happening.

The only thing you saw was the dust rising behind the tires because there was no crop left.

These farmers are begging that we give them the supplemental package because the increased loan rate is going to provide them nothing when they have been wiped out.

In addition, there are long standing policy concerns with the loan rate as well. And that brings up an additional concern, that of our trade and export policy. The increase in loan rates is not market-oriented. We are moving down a road that will drive production, lower prices, and reduce our negotiating leverage in international trade negotiations.

I realize, appreciate and understand the advocates of higher loan rates always argue they will bring higher prices. However, as they lead to increased plantings and production, they will actually drive prices lower. I would remind my colleagues that the highest loan rates of the last 20 years for wheat were from 1982 to 1986—during the height of the farm crisis of the 1980s.

Additionally, a few questions need answers on this issue of loan rates. Why did rice and cotton get to keep their current loan rates, and why do loan rates for the other crops drop in

2004? Does this represent just a tad bit of politics? I hope not.

The risk of retaliation and reduced leverage in international trade negotiations is real. For years we have argued that the walls and barriers to trade be torn down by our international competitors.

With a "free trade straight face" in the past 2 months we have imposed tariffs on steel, we will pass a farm bill that increases the likelihood of surpassing our spending limits under WTO rules, and we are going to pass country-of-origin labeling requirements that will upset many of our largest trading partners and just to make this whole business really topsy-turvy, the majority is holding up expanding trade authority for the President—the only way I believe we can regain market share price and income recovery over the long term. This does not add up. This does not make sense.

I understand we do not write farm bills for Brazil, for the European Union, or Canada, or any other country. But we should not write farm bills that guarantee trade retaliation either.

Let me stress another concern, and that is what we are robbing from in order to raise loan rates and expand farm program payments to new commodities. We are paying for part of this bill by cutting spending of \$2 billion from the major crop insurance program reform that we passed 2 years ago, the Kerry-Roberts bill. That, too, just does not make sense.

As a final concern and comment on the commodity title, let us not forget all the promises we have made to farmers, to farm and commodity organizations—everyone in farm country—with regard to the need for a farm savings account. Every farm and commodity organization has supported this concept in resolution after policy resolution. I do not understand how we can include \$94 million for payments to apple producers and \$10 million for onion producers—neither payment was in the House or Senate bill—but we could not even include the pilot project for a farm savings account that had bipartisan support from numerous Senators.

Finally, giving credit where credit is due, this farm bill does emphasize conservation more than any other previous bill. Again, there may be a conservation devil in the details. While we have increased spending for the Environmental Quality Incentives Program—EQIP that is called—to the benefit of many livestock producers, we are spending \$2 billion for a new conservation security program that no one truly seems to understand or can explain exactly how it will work. I hope it does work.

With all the questions surrounding this proposal, an argument can be made that this money could have been better spent through the EQIP program, additional research funding, or by designating more funding to the trade title of this bill.

As we persevered through this farm bill debate over the past year, it was my contention, voiced probably more than many wanted to hear, that we should give some attention to policy and not just to dollar amounts. With all due respect to my very dear friends and colleagues in the House and Senate, I just do not think we have considered all the long-term ramifications of this legislation.

Farm bill policy and politics are never easy. We have strong disagreements, but we all have the same goal in mind: Doing what is best for our farmers and ranchers.

I had hoped as we wrote this bill and looked in the rearview mirror of the past, we would resist the temptation to return to those policies. Sadly, we seem to have done a U-turn in the middle of our farm policy road while other nations are moving more towards income protection for their farmers and away from market-distorting price supports. We are moving back again to price supports and away from income protection, and none of us knows where that is going to lead.

This has been one of the most difficult decisions of my congressional career, but I cannot vote for a bill that would have provided no countercyclical assistance to Kansas wheat producers in 9 of the last 17 years, that will provide an additional direct payment of only 6 cents a bushel for wheat, 1.9 cents a bushel for corn, and 3.6 cents a bushel for sorghum, when Kansas producers, suffering from drought in many areas, could have received payment of almost 60 cents, 33.4 cents, and 40 cents, respectively, on those crops if we had included a supplemental assistance package for this crop.

I cannot vote for a bill that will not provide more than two-thirds of its badly needed countercyclical assistance for the 2002 crop until 13 or 16 months from now, until 2003; a bill that increases loan rates when they do not benefit Kansas producers with no crop to harvest; a bill that cuts \$2 billion from the Crop Insurance Program and that will greatly increase the odds of the United States violating its world trade agreements and entering into an agricultural trade war with some of our biggest competitors.

Despite these concerns, and my vote on this legislation, I pledge to my farmers and ranchers, I pledge to my colleagues and those soon to be beleaguered USDA employees, my assistance to work through these difficult issues on a bipartisan basis. When this farm bill needs fixing—and it will—I will want to be part of the answer as opposed to sitting on the sidelines as a critic.

I ask unanimous consent a summary of questions I have received from Kansas farmers, and answers my staff and I have prepared, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FARM BILL COMMODITY TITLE QUESTIONS AND ANSWERS

1. Why did you vote against the Farm Bill?

Answer. I opposed the bill due to many concerns associated with the commodity title. Specifically:

We are very dry in many parts of Kansas this year, and producers may have little if any crop to harvest. Producers need assistance now to meet their cash flow and pay their bills;

I wanted to attach a supplemental package for the 2002 crop to the Farm Bill that would have provided assistance quickly while allowing USDA and producers time to implement and understand the bill;

Instead of receiving the full level of assistance for the 2002 crop, producers will now have to wait 13 to 16 months, and receive four different checks, to receive the same amount of assistance;

A final counter-cyclical payment in June 2003 or even September 2003 does not help you pay your bills in 2002;

A counter-cyclical program should provide assistance to producers when they need it most. However, an analysis of average marketing year prices for wheat in the 1982 to 1999 crop years shows there would have been no counter-cyclical payment for wheat had this bill been in effect. This situation would have occurred for the crops in 1982, 1983, 1984, 1988, 1989, 1994, 1995, 1996, and 1997. This means Kansas wheat producers would have received no counter-cyclical payment in 9 of the last 18 years;

Higher loan rates do not provide assistance to producers with no crop to harvest. Furthermore, they are market distorting and impact planting decisions. We should provide the money in guaranteed, direct payments;

The bill does not provide 70 percent more money for payments to producers. First, the advertised increase in funding represents the total increase above budgeted funding for all USDA programs. Second, this figure does not include a comparison to the supplemental assistance packages of the last four years;

The average level of supplemental assistance in recent years was \$7 billion. This bill provides less than \$5 billion a year in additional assistance. Or, about \$2 billion less than we've been providing;

The bill cuts \$2 billion from the bipartisan crop insurance reforms we passed in 2000;

The bill significantly increases the odds the U.S. will be found in violation of its WTO agreements; and

The bill provides direct payments for apples and onions but eliminated a pilot project for the creation of Farm Savings Accounts.

2. Will there be a supplemental AMTA payment this year?

Answer. No. There will be a very small additional direct payment and new counter-cyclical program in its place. Both are described below.

3. How much would I have received under Senator Robert's supplemental proposal, and when would the payments have been made to producers? What will the actual, additional, direct payment for 2002 be under the new Farm Bill since there will be no supplemental?

Answer. Under my supplemental proposal you would have received a payment equal to the 2000 AMTA payment, and it would have been made prior to September 30, 2002.

The payments for the 2002 crop under the supplemental proposal would have been: Wheat—58.9 cents; Corn—33.4 cents; Sorghum—40 cents; and Cotton 7.33 cent/lb.

Actual additional payment producers will receive in 2000 under the new Farm Bill: Wheat—6 cents; Corn—1.9 cents; Sorghum—3.6 cents; Cotton—95 cents; and Soybeans—44 cents.

4. When does this bill go into effect and how long does it last?

Answer. The bill replaces the 1996 Act and applies to the 2002 through 2007 crops.

5. I see that loan rates have been increased. Does this mean my loan rate on wheat will now be \$2.80/bu, \$1.98 for corn, etc.?

Answer. Not necessarily. Under the previous bill, the national average loan rate for wheat was \$2.58. However, the key words were national average. Some Kansas counties were below the average while some were above. Loan rates will still be calculated on a national average. Thus, we could still have loan rates that are both above and below the \$2.80 national average in Kansas.

6. What will the loan rate be in my county this year?

Answer. USDA will have to recalculate the loan rate for every commodity, in every county, prior to this year's harvest. That means they have around 6 to 7 weeks to get the job done for Kansas wheat producers. It also means this is an opportunity for USDA to address discrepancies in rates across state and county lines.

7. Are there any changes in the operation of the LDP and marketing loan programs under this bill?

Answer. This program will still work as it has in the past.

The bill also includes a Roberts' provision that addresses the best beneficial interest problem for producers of the 2001 crop. This will benefit approximately 350 Kansas producers.

8. Does the bill include LDPs for 2001 crops harvested on non-AMTA acres?

Answer. Yes.

9. Does the bill include eligibility for LDPs on grazed out wheat?

Answer. Yes, this provision has been made permanent for the life of the bill. Eligibility also continues for barley and oats. One important addition for Kansas producers is eligibility for grazed out triticale.

10. What are the national average loan rates for the individual commodities we raise in Kansas?

Answer. Wheat is \$2.80 in 2002 and 2003, falling to \$2.75 in 2004; Corn and Sorghum are \$1.98 in 2002 and 2003, falling to \$1.95 in 2004; Soybeans are \$5.00 for the duration of the bill; Cotton is 53 cents/lb for the duration of the bill; and Oats \$1.35 in 2002 and 2003, falling to \$1.33.

11. How does the counter-cyclical program work, and is it coupled to production?

Answer. The counter-cyclical program is calculated on a target price system and on base acreage, just like direct payments, instead of production.

A producer may be able to get a counter-cyclical payment on his base acres for a crop he did not grow in a particular year, while he may not get a payment on a crop he actually grew.

For Example: Assume a producer has a corn and wheat base but grows cotton on 200 acres this year. If a payment is triggered, the producer could collect a counter-cyclical payment on wheat and corn, but not cotton.

12. What are the target prices for each crop and how is the counter-cyclical program calculated?

Answer. Target Prices for Kansas commodities are as follows: Wheat—\$3.86/bu in 2002 and 03, rising to \$3.92/bu in 2004; Corn—\$2.60/bu in 2002 and 03, rising to \$2.63 in 2004; Sorghum—\$2.54/bu in 2002 and 03, rising to \$2.57/bu in 2004; Soybeans—\$5.80/bushel for the life of the bill; and Cotton—72.4 cents/lb for the duration of the bill.

The payments are calculated as follows: The higher of the national avg. loan rate or the 12 month avg marketing price, plus the direct payment level, subtracted from the target price. The difference is the amount of

the counter-cyclical payment rate that will be received.

Example for wheat: Assume loan of \$2.80, avg. market price of \$2.75, direct payment of 52 cents, and target of \$3.86. Since price is below \$2.80, we use the loan rate in the calculation.

The calculation is as follows:

$$(2.80) + (.52) = \$3.32$$

$$(3.86) - (3.32) = 54 \text{ cents}$$

Thus, the maximum counter-cyclical payment rate on wheat is 54 cents. If price goes above \$2.80, the total amount of this payment will fall.

13. What is the maximum counter-cyclical payment available on each crop?

Wheat = 54 cents, Corn = 34 cents, Sorghum = 21 cents; Soybeans = 36 cents; and Cotton = 13.73 cents.

14. What is the direct payment rate for each crop?

Payment rates for 2003 to 2007: Wheat = 52 cents; Corn = 28 cents; Grain Sorghum = 35 cents; Soybeans = 44 cents; Cotton = 6.67 cents; and Minor Oilseeds = .8 cents/lb.

15. Since the direct payment on wheat is 52 cents for 2002, does this mean I get that payment on top of the 36 cents I already received this year under the 1996 Act?

Answer. No, You will receive the difference between the two, i.e., 6 cents. It will work the same for other commodities. A producer that adds soybean or oilseed base will receive the full payment because these crops have not received payments in the past.

16. How much will I receive, and when will the payments be made

Answer. You should receive your additional direct payment as soon as possible. You will receive your counter-cyclical payment as follows: Elect to receive up to 35 percent by October 31. Receive the difference between 70 percent and the October payment by February 1, 2003. The final portion of any assistance will come at the end of the 12 month marketing year for the crop. Wheat is June 1, 2003, Cotton is August 1, 2003, and corn, sorghum, and soybeans are September 1, 2003.

If USDA over estimates the early counter-cyclical payments and the actual marketing year price is higher than they projected you will have to repay the overpaid amount.

17. Will direct and counter-cyclical payments be made on 100 percent of my base acres?

Answer. No. Payments will be made on 85 percent of your base acreage.

18. Will I have the option to update my base acres?

Answer. Yes. A producer will have three options for base acres.

1. Maintain existing base acres.

2. Maintain current acres, but add your average oilseed acres for 1998 to 2001 and reduce existing acres by a like amount.

3. Do a complete update for all crops that will be the average of your 1998 to 2001 planted or prevented from planting acres. Key point here is that base update is based on planted and/or prevented from planting acres, not harvested.

Example of how this works:

Assume Kansas producer currently has 1000 acres of base divided as follows: 600 acres wheat, 300 acres corn, 100 acres grain sorghum. However, his 1998 to 2001 average planted acres were: 400 wheat, 200 corn, 100 sorghum, and 300 soybeans.

This producer can:

1. Keep the existing 1000 acre split.

2. Keep the existing 1000 acre split, but add soybeans. Could be done as follows: Reduce the wheat acres by 150, corn by 100 and sorghum by 50. Then add in 300 acres of soybeans. He still has 1000 acres of base.

3. Update the entire farm to the 1998 to 2001 average for the four crops.

19. Will I have the opportunity to update my base yields?

Answer. Yes. But only if you choose option 3 above, option 2 is not considered a base update, and the yield will only apply for purposes of the counter-cyclical program. You must keep AMTA yields for the purposes of calculating the base.

For the purposes of yield calculations a producer can:

1. Keep AMTA yields.
2. Take AMTA yields and add 70 percent of the difference between existing yields and the average yield for 1998 to 2001.
3. Take 93.5 percent of the average yield for 1998 to 2001.

Example under option number 2: Assume producer has an existing average yield of 25 bushels/acre for wheat and 100 bu. for corn. Then assume that his 1998 to 2001 average yields were 50 bushels for wheat and 200 bushels for corn.

Thus, the 1998 to 2001 average is 25 bushels higher for wheat and 100 bushels higher for corn.

70 percent of each of these numbers is: (25 bu) (70 percent) = 17.5 bushels; (100 bu) (70 percent) = 70 bushels.

Thus, by applying 70 percent of the difference, the new yields for the producer under this option would be 42.5 bushels for wheat and 170 bushels for corn.

Example for Option 3. Use the same assumptions for yields in the example above.

Take average yields for 98 to 01 times 93.5 percent; (50 bu)(93.5 percent) = 46.75 bu, wheat; (200 bu)(93.5 percent) = 187 bu, corn.

These would be the new yields for that producer if he chooses this option.

20. Can I update my base or yield for one crop, or do I have to do it for all crops?

Answer. If you choose to update base and/or yield, it must be done for all crops on the farm. You can not cherry pick.

However, you do not have to do it for all your farms if you do it for one. Each individual farm will be treated separately. If you have 5 farms you could do the following: Farm 1—Keep current base and yield with no update; Farm 2—Keep current base but add oilseed acreage; Farm 3—Update Base, but keep current yields; Farm 4—Update Base, update yields using 70 percent option; and Farm 5—Update Base, update yields using 93.5 percent option.

If a producer has 30 farms, he will have to pencil it out for each of the 30 farms and figure out what the best option is for each farm.

Yes, producers and FSA are going to love this.

21. What happens if I want to update yields but I suffered a crop loss in one of the years from 1998 to 2001?

Answer. In any year that your production fell below 75 percent of the average county yield, you can insert this plug into the equation for the purposes of your yield update calculation.

22. What happens if I update my base using the 1998 to 2001 average plantings of a crop(s) that I did not grow in 1981 to 85 when current direct payment yields were figured?

Answer. For all crops other than oilseeds, you would take the yield of a similar farm in your area. In other words, if your neighbor has an existing corn yield, you may be assigned his yield, or something very similar.

Oilseed yields for direct payment purposes only are figured by: Taking the 1981 to 1985 avg national yield of 30 bu/acre for soybeans, divided by the 1998 to 2001 national average yield of 38.2 bushels an acre. This basically equals 78.5 percent. Multiply this number by your actual 1998 to 2001 to get your yield for direct payment purposes.

Example: Assume producer has 1998 to 2001 average of 40 bu/acre. Thus, using the cal-

culation above his yield is: (40bu)(78.5 percent)=31.4 bushels an acre.

23. Can you explain the actual timing of payments for the next year or so?

Answer:

1. Additional direct payment on the 2002 crop as soon as possible.

2. Up to 35 percent of counter-cyclical payment by October 31.

3. Producer option to take up to 50 percent advance of the 2003 direct payment on or after December first.

4. Difference between October payment and 70 percent of counter-cyclical payment after February 1, 2003.

5. Remainder of counter-cyclical after end of 12 month marketing year for each crop.

6. Remaining 50 percent, or full direct payment, for 2003 crop after October 1, 2003.

24. When do I have to make a final decision on updating base and/or yield?

Answer: The bill gives the Secretary flexibility in this regard but indicates it should be done as quickly as possible.

24. If I make one decision regarding updating, can I make a change next year?

Answer: No. The decision made this year will stand for the remainder of the life of the bill.

26. I want to try planting peanuts in western Kansas. How will the new bill affect this decision?

Answer: The old peanut quota system is eliminated by this bill. It is replaced by a marketing loan program that is very similar to that in place for other program crops. All producers will be eligible to participate in this program regardless of where they are growing their peanuts.

27. Are there any payment limit changes in this bill?

Answer: Yes. A \$2.5 million gross income limit will apply to eligibility for the 2003 crop. A producer or entity is only ineligible for assistance under this limit if less than 75 percent of their gross income comes from farming.

Beginning in 2002, the payment limits will be \$40,000 for direct payments, \$65,000 for counter-cyclical payments, and \$75,000 for LDPs. The combined limits for a husband and wife will be \$360,000. Generic certificates remain in place for the marketing loan program and the 3-entity rule remains in place.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. HARKIN. Mr. President, we are endeavoring to get a list together in order of prospective speakers on the farm bill, to go back and forth. It is my intention, after I make a few comments, to recognize the Senator from North Dakota. I assume then we will go over to the Senator from Arkansas. Then we will go back and forth as the day progresses.

I feel constrained to respond, at least somewhat, to the comments just made by my friend from Kansas. I listened to his well-written speech, and well-delivered speech. Frankly, I wonder if the person who maybe had some input in writing that had been around over the last few years.

I want to point out some of the errors that I believe were just mentioned. First of all, in the commodity section of the bill that we have under the Freedom to Farm bill that was passed in 1996 there was no countercyclical payment, every year we had to rush in with emergency supplemental payments, and it also capped loan rates. The only things it had basically were a

capped loan rate and these AMTA payments.

The AMTA payments were based on unreal, optimistic assumptions that prices were going to be high forever and ever. Thus, every year we had to come in, rush in here, with emergency supplemental payments—every single year—because we had no countercyclical payments under that bill.

I just heard the Senator from Kansas say that in 9 of the last 17 years somehow his Kansas farmers would not have gotten a payment under the conference report we are debating. I do not know how that happens because the target price under this bill for wheat is \$3.86. The only way that would happen in 9 of the 17 years would be if prices were very strong. So in 9 of the last 17 years, if prices were high—the Senator is right, we do not give Government money if the prices are high. That was the failure of the “freedom to fail”—the Freedom to Farm bill, because what it said was: If prices are high, we are going to pay farmers money, and if they are low, we are going to pay them the same amount of money. That was the fallacy of Freedom to Farm.

What we are saying is, if prices are high, God bless you, that is what we want, the market is where the farmer should get his money.

I do not know the data of the last 9 of 17 years. But if his argument against this bill is that because of the commodity section, his farmers, in 9 of the last 17 years, would not have gotten a countercyclical payment, that can only mean then that in 9 of the last 17 years prices were high, or at least higher than \$3.86 a bushel minus the fixed payment. I have my staff checking that right now because I don't think that is the case.

I just looked here at the income protections. In the last farm bill, for wheat, the income protection was \$3.24 per bushel, including emergency supplemental payments. Under this conference report, it is \$3.86 per bushel.

Let us take a look at the bill we are trying to replace, the 1996 farm bill.

The prices paid by farmers for their inputs is this green line. The prices farmers have received for their crops is this red line.

When the 1996 farm bill was passed, the price farmers received was going up. Evidently, those in charge of passing that bill assumed the prices farmers received would continue to skyrocket.

After enactment of the 1996 farm bill, look what happened. Down it came, and it is continuing to go down. That is the price farmers have received. The gap has widened between what they have to pay for inputs and what they get for their crops.

That is why this conference report is so necessary. I can only assume that in urging the defeat of this conference report, the previous speaker wants to keep on with the 1996 farm bill, fails to address the gap between cost of producing a crop and the price for that crop.

That is the choice we have today. Either adopt this conference report or stick with Freedom to Farm. That is the choice we have.

I think this graph illustrates why we have to turn the corner. Our farmers can't continue to exist with the present Freedom to Farm bill any longer.

I wish to point out wheat growers, who are so prominent in the Plains States.

Last year the loan rate was \$2.58. The Secretary of Agriculture has the authority to lower that level. Under this bill, the loan rate will be \$2.80 for wheat for 2002 and 2003. And the Secretary has no authority to lower that.

I can't see how a wheat farmer will be better off with a lower loan rate compared with the \$2.80 loan rate. It doesn't seem to make sense to me.

The other failing of the 1996 farm bill is that it really didn't do anything for conservation. This bill does a lot for conservation.

Look at the Conservation Reserve Program in the 1996 farm bill. It is capped at 36.4 million acres; we go up to 39.2 million acres.

The Wetlands Reserve Program: 975,000 acre cap; we go up to 2.275 million acres.

Farmland Protection: \$35 million for the life of that bill; we go up to \$985 million.

The Wildlife Habitat Incentives Program, which is so necessary and wanted by our sportsmen—our hunters and fishermen: We preserve our Nation's wildlife habitat. The 1996 farm bill had a measly \$50 million for the entire United States. We go up to \$700 million over 6 years in this bill.

For the Environmental Quality Incentives Program, the 1996 farm bill had a total of \$1.93 million for 7 years. We go up to \$11 billion over 6 years to help our livestock producers and crop producers meet environmental standards.

Again, those who would vote against this conference report would say let us go back to the 1996 farm bill.

We have done so much more for these existing conservation programs in this bill than was done in the 1996 farm bill.

Lastly, I point out that we have a new conservation program that wasn't in the 1996 bill: the Conservation Security Program, funded at \$2 billion.

We also provide \$600 million for Ground and Surface Water Conservation. And the Small Watershed Rehabilitation Program is so important in Plains States. It wasn't in the 1996 farm bill.

Agricultural Management Assistance wasn't in the last farm bill.

Desert Terminal Lakes was not in the last farm bill.

In terms of conservation, this bill takes a giant step forward in conservation, which is another reason why it should be supported.

The last farm bill that we are trying to replace basically had one leg. That leg was AMTA payments. No matter

whether we have good prices, there were AMTA payments.

This bill, in terms of commodity for farmers, has four legs: a target price program; we have a loan rate which the Secretary cannot lower; we have the direct payments; and we have conservation payments. So we have four legs to the stool for our farmers, producers, and ranchers.

Lastly, I am amazed at how many people who supported the Freedom to Farm bill said it was the best thing ever and are now telling us they can't wait to get rid of it. They can't wait to get a new farm bill. How many times have I heard from those who supported the Freedom to Farm bill that we need this new farm bill, we need it now, we are waiting too long, and we have to have it now?

This bill was before us 5 months before the Freedom to Farm bill expired. I point out that the Freedom to Farm bill didn't pass until 6 months after the previous Freedom to Farm bill expired.

We have done our work in a manner that I think benefits this whole country. As I have said many times, can I defend everything in this bill and say it is perfect? No. But when you look at this country, at the South, the Northeast, the West, the Midwest, and when you look at nutrition programs, the last farm bill didn't even have a nutrition program. Yet we have put in \$6.4 billion in new spending for nutrition programs in this bill. The last farm bill didn't even have one.

We have covered those who need help and who need food to make sure they do not go to bed hungry at night. We have covered that.

We have a new energy program in this farm bill.

We need this farm bill now. We need it now, and we can't send this back to conference. If this bill fails today, there will be uncertainty for our farmers. They need this bill, and they need it now.

I yield to the Senator from North Dakota 20 minutes.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

Mr. HARKIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, after consultation with the ranking member, I ask unanimous consent that the following Senators be recognized in this order and for the amount of time stipulated: Senator DORGAN be recognized for 20 minutes; after that, Senator BROWNBACK for 10 minutes; after that, Senator HUTCHINSON for 15 minutes; then Senator HOLLINGS for 10 minutes;

Senator FEINSTEIN for 10 minutes; and Senator THOMPSON for 15 minutes.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I thank the chairman and ranking member for the work they have done. I know there are differences of opinion on the floor of the Senate about this farm bill.

Let me say that I intend to vote for this farm bill. It is not a perfect piece of legislation by any means. I will talk about some of the shortcomings. But it is far better than current law.

The current Freedom to Farm law is a very flawed piece of legislation. It was always a flawed piece of legislation. It required us every year to come in with an emergency piece of legislation to try to deal with the problems in Freedom to Farm.

Is what is brought to the floor of the Senate today a much better approach than Freedom to Farm? The answer is clearly yes.

But it is always interesting to me that people in dark suits who shower before they go to work will come to the floor of the Congress and talk about the economic future of people who wear work clothes and who shower at the end of the workday. These are family farmers. They work hard. They live on hope—hope that they will be able to raise a crop, have some livestock, survive a season, and go to market and make some profit. They live on that hope. Most of all, they work very hard. And they live in a world in which more and more people are hungry.

We are told half a billion people go to bed every night with an ache in their belly because it hurts to be hungry. Our farmers take their grain, in a 2-ton truck, to an elevator, grain which they had planted in the spring and nurtured, which they go to sell in the fall.

After they planted those seeds, they worried that it would not rain enough, they worried it might rain too much, they worried it might hail or that disease would come or the insects would eat that crop up. If they are lucky enough to survive all of those things that nature puts in the way of a good crop from time to time, then they put this grain in a truck and drive it to the elevator. They are then told: Oh, by the way, this food you produced isn't worth anything. And the family farmer scratches his or her head and says: But we have a hungry world. Most of the people in the world need food. Why is our grain a product without value? And the grain trader says: It is worth what the market says.

Farmers would much sooner get their money from the marketplace than from a safety net proposed by the Federal Government. But the fact is, the marketplace has collapsed. Almost immediately after passing the Freedom to Farm bill, the marketplace collapsed, and stayed collapsed. Family farmers are not able to survive with the current price structure in the market, so

we are trying to build a bridge over those price valleys.

That is what this is about: for family farmers to get from here to there. I mentioned, they survive on hope. All of us who have a lot to do with family farmers understand that hope. Against all odds, they put all they have into the ground in the spring, hoping they will be able to harvest a crop in the fall and get a price for it. Increasingly, in recent years, the answer has been, they have not gotten a price for it.

They know, and we know, that we add one New York City in population to this world's population every 30 days. Let me say that again. Every 30 days, we add the equivalent of the population of New York City to this Earth. Those are mouths to feed, people who need food. Yet our farmers are told that which they produce in such great abundance is without value. They understand, and I understand, there is something fundamentally wrong with that.

The question for our country is not whether we produce the food, the question is how we produce it. Corporations could produce food for our country by having corporate farms stretching from California to Maine. They could start with a big tractor in the morning and plow until the Sun goes down, and then plow in the other direction back the next day. Yes, they can do that. They can produce food. And what you would do is take all those family farms off the land and change the culture and change the economics of what we do in this country.

So the question for this country is, Do we want family farmers in our future? Do family farmers provide value to our country? Well, I think they do.

In this age of terrorism, we worry about bioterrorism in our food supply. What better way to defend against that than to have a broad network of family producers producing America's food? How easy would it be to introduce an agent of bioterrorism in a feedlot with 100,000 cattle? How much more difficult would it be with a broad network of food producers, families out there living under the yard lights who are running their operation, to provide livestock and grain for the marketplace? So, for food security, to combat bioterrorism—yes, this makes sense. Preserving a network of family farms is an investment in this country's future. There are also cultural and economic reasons for us to care about whether we have people in this great country of ours out there living under the yard lights and farming a family farm.

Europe has already made that decision. People come to the political arena in this country disparaging Europe, saying they spend so much on family farming. Europe has been hungry and is determined to never be hungry again. As a result, they have decided they want family farmers dotting the network of rural areas in Europe. The result of this decision is, family farms do well in Europe. Small towns

do well in Europe. Small towns are alive on weekend nights in Europe. Why? Because Europe has already made the decision that we should make; and that is, family farmers are important and they matter to this country. They provide an economic and a cultural component to this country that we desperately need.

There is no one in this Chamber who got up early and milked a cow this morning. I am safe in saying that because I am looking at staff and Senators. No one in this Chamber, within recent days, has gassed up a tractor and tried to plow a straight furrow or seeded some wheat or corn. So, we don't have such a big stake in this. We just wear blue suits and come to work every day and talk about policy. But there are people whose very economic lives are at stake with respect to the decisions we are going to make in the Congress.

I had a call from a woman from North Dakota who wept on the phone, just sobbed uncontrollably. She said she and her husband married just after high school and they wanted to farm. That is what they wanted to do, take over her husband's dad's farm, and they did. She said: We farmed for 20 years, and now we are being put out of business because prices were not good enough for us to be able to make it. They were actually milking cows, which is one of the hardest things you do on the farm, day in and day out, seven days a week.

She said: We didn't go to town on weekend nights. We didn't spend money in a foolish way. She said: I told my daughter in junior high school that I couldn't buy that new pair of jeans she needed for the start of the school year because we didn't have the money. Now the bank says we are out of business. All we know is family farming. We put our lives into this. It wasn't our fault that commodity prices collapsed. It just wasn't our fault. She said: Mr. Senator, what do we do next? What can we do now?

There are people like that all over this country, wondering why the marketplace says to them that what they produce, in such a prodigious quantity—the best quality food in the world—is judged valueless by trade.

As a result of a lot of those kinds of concerns, we put together a safety net. The safety net we had for the last 6 or 7 years has been a disaster itself. It has been an awful farm bill. As the Senator from Iowa said, every year we have to come to the floor to put together some sort of emergency bill to deal with it. It is like patching a big inner tube. Every year we know there is a big hole in this tube, so we just slap a big patch on it called an emergency plan. And we have done it every single year. Why? Because the current farm bill has been worthless, just hasn't worked. So we tried to make something of it by doing emergency legislation every single year.

The legislation that is brought to the floor of the Senate is not legislation I

perhaps would have written. I would have had a higher loan rate for wheat and feedgrains. We had to compromise with the House of Representatives. This loan rate is not as high as it was when it left the Senate. I regret that. But it is a darn sight higher than current law. Above that loan is a countercyclical piece, so the safety net is better, far better, than current law for our family farmers.

In North Dakota, it is estimated that in this year—2002—this bill will mean about \$273 million in additional farm income above the current Freedom to Farm law. So in my State alone, this year, \$273 million goes to family farmers. But, it also shows up on every main street in North Dakota to support jobs, because almost 40 percent of my State's economy is dependent upon agricultural.

So this bill has a safety net. While not perfect and not one I would have perhaps written myself—I would have been more generous and provided a stronger safety net—it does have a safety net that is much better than current law.

This bill has other things that I think are important. We include pulse crops for the first time: chickpeas, dried beans, lentils. These crops will have a loan rate under this bill. That is very important in terms of crop rotation and the opportunity for farmers to deal with crop disease problems.

So this bill adds something we have not had before, which I think is very important to family farmers.

It also has country-of-origin meat labeling, which we have been fighting to get for a long while. I believe that is an important step forward so that consumers understand what they are eating and where it is from. I think the country-of-origin meat labeling is an important piece, especially for livestock producers.

There are some disappointments to this bill. When we passed this bill in the Senate, we included a payment limitations amendment by a 2-to-1 margin. That was my amendment with one of my colleagues. We included payment limitations, but it was knocked out because the House of Representatives would not accept it. I regret that. I say this: This issue isn't over. I know this is the farm bill, and this is where we should put payment limitations, but we will come back and try to put that amendment somewhere else.

I did not come here to talk about the value of family farming to this country's future to then see somebody who has 60,000 or 70,000 acres get \$20 million over 5 years. That is not what I am fighting for. This isn't about corporate welfare. This is about helping family farmers with a safety net during tough times. That is what a farm bill is for.

This issue isn't over. Payment limitations didn't get done in this bill because the House of Representatives wouldn't accept it. The administration wouldn't support it either. But we will come back with payment limitations

in some other form. Ultimately that will get done.

On balance, this is a farm bill that is worth voting for. I intend to vote for it. Some will say: Why do we need to do a farm bill at all? I have heard many colleagues in the last couple days talk about their concerns about this bill. If you care about entrepreneurship, if you care about small business, if you care about independent-minded people trying to make a living, you have to care about family farmers. They are the economical all-stars in this system of capitalism. It is just that the marketplace has conspired to find a way to ruin their economic hope and opportunity.

Let me describe that. For every single thing a family farmer does, they find that someone else makes the money and they get the burden. Farmers raise a crop. They want to put it on a railroad track someplace. They are going to get charged through the nose by the railroad company for hauling that grain. In my State, they are going to overcharge shippers by \$100 million, according to our public service commission. Why? Because you don't have rail competition. In my State, in most cases you have a choice of one railroad. The railroad says: By the way, Mr. and Mrs. Farmer, here is what you will have to pay for transporting that grain. If you don't like it, tough luck; there isn't a thing you can do about it. So it is an issue of who has the muscle. Is it family farmers or railroads? The answer is railroads.

How about the chemical companies? The chemical companies say: Here is what you have to pay for chemicals. Who has the muscle? The chemical companies. How about the packers? Over 80 percent of all the packing is done by three or four companies. They say to the ranchers and farmers: Here is the price; if you don't like it, tough luck. Who has the muscle there? The packing companies.

How about the cereal companies? It is interesting that our farmers produce rice and wheat and corn and all these products. You go to a grocery store someplace and buy that product. You discover that someone else took that wheat and rice and corn, and they popped it, and they shredded it, and they crisped it, and they puffed it. And guess what. As soon as it shows up puffed or crisped or shredded, you pay a fortune for it. The fortune has nothing to do with the rice or the wheat or the corn. It has to do with the fact that somebody made a fortune popping it or crisping it. The farmer who produced it, the person who drove the tractor, the person who plowed the furrow and seeded the land gets virtually nothing for it.

That is wrong. That is a system that is wrong. Why does it happen that way? Because of economic muscle. We have had the growth and concentration of virtually every area of enterprise in this country that squeezes family farmers, squeezes them in a way that

says: You can't make it, but we will. Everyone makes a profit off that which farmers produce.

In the area of international trade, our farmers have gotten taken to the cleaners. It doesn't matter in which direction you look. Look to Canada, Mexico, China, Japan. They have gotten taken to the cleaners. Unfairly subsidized grain from Canada; stuffed molasses with Brazilian sugar coming down; high-fructose corn syrup being impeded going into Mexico; a 70-percent tariff on wheat flour going to Europe; a 38.5-percent tariff on every pound of American beef going to Japan. In every single direction, our farmers have been taken advantage of in international trade. And the farm organizations and commodity groups out here—most of them, not all—are saying to the farmers that all this trade is a good thing for them. No, it is not a good thing: They don't understand, those groups doing that, the interests of family farmers. They understand the interests of agrifactories. But that is different from family farmers.

Our farmers produce more than food. They produce community. They produce something very important to the economy and culture of this country.

I have spoken at length about family farmers. I come from a town of 300 people. We raised horses and cattle, my father and I. The fact is, my home county is bigger than the State of Rhode Island. When I left, it had 5,000 people; now it has 3,000 people. In that county there is a Lutheran minister, a friend of mine, who said at her church she officiates over four funerals for every wedding. That is the opposite of the movie, you know, "Four Weddings And A Funeral." Here it is four funerals for every wedding.

That says those rural areas are losing population. People are growing older. Young people can't stay. That is the case because family farming doesn't work under the current system. That is why you need a farm bill that works, that says to family farmers: If you are going to be out there on the family farm and risk everything you have to plant a seed and hope it grows and then try to market it to a hungry world, we want to help you.

That is what this bill is about. It is trying to help families over tough times. These tough times have lasted 6 or 7 years. There is no end in sight. The question for this country is, Do you want family farmers producing America's food? The answer ought to be a resounding yes. Why? Because it is important to have a network of family producers producing America's food.

There will be, and there was yesterday, substantial criticism of this bill. I could join in that criticism because I find several parts of this bill wanting. It is strange for me to see those who authored what I think was the worst farm bill I have seen in decades, the Freedom to Farm bill, come out and criticize this bill. It was only 6 short

years ago when they stood on the floor of the Senate and said: We want to transition farmers out of the farm program and into the marketplace. Whatever the marketplace says, God bless you, that is your future.

We knew better than that. The marketplace was going to squeeze farmers until there were no family farmers left. That is exactly what happened almost immediately after we passed the Freedom to Farm bill. The Freedom to Farm bill, we are told, produced celebrations around Washington, DC, and the country by the largest agrifactory organizations and the big commodity organizations and others who make money off family farmers.

The chemical folks, the grain trade, they all had a great celebration because that was a great bill for them. But, it was a bill that devastated family farmers. That is why year after year after year we had to come back and pass emergency legislation to correct it.

This bill provides certainty, perhaps at a lower rate with respect to the safety net than I would have liked, but a substantially higher rate than the Freedom to Farm would offer family farmers. Freedom to Farm was scheduled to evaporate after 7 years. It was called transitioning. I have been transitioned a few times. Family farmers know what being transitioned means. They are flat sick and tired of this notion of being transitioned. What they want is the ability to make a living by producing the best quality food in the world, doing it for a hungry world, and getting a fair return on that which they produce.

Virtually every part of our economic enterprise in this country is concentrated now with giant economic muscle so that it squeezes family farmers out of our future. This bill provides some hope and some certainty. This bill, and this bill alone at this point, will tell family farmers: We are on your side; this Congress wants you to succeed; a safety net is worth doing; we believe in your future.

I intend to support this bill. While not perfect, it is dramatically better than Freedom to Farm.

I yield the floor.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Kansas is recognized.

Mr. BROWNBACK. Mr. President, I am from Parker, KS, a town of 250 people. I grew up in the suburbs, a mile and a half out of town, on a family farm. My parents still farm on it. Mom and dad are full-time farmers. My brother is a full-time farmer with my dad. My other brother is a veterinarian—large and small animals—near Lyndon, KS.

Farm bills are important to Kansas. They are important to my family.

I have been secretary of agriculture in the State of Kansas for 6 years. My degree is in agriculture economics. I have been a farm broadcaster; State president of the Future Farmers of

America in Kansas; national vice president of the Future Farmers of America, Central Region; traveled the country for the FFA. I have been in 4-H. I have farmed. I love it. It is a great place to have been raised, a great place for the family.

It is a tough place to make a living. It is difficult and has been for the generations in my family who have been on the farm and struggled. My grandfather is a farmer who started my dad in farming. My dad started my brother. That is pretty typical. Farm bills are important for my State. They are important to my family. They are important to this country. That is why I rise today with a great deal of disappointment about this farm bill, and I am not going to be able to support the conference committee's farm bill.

While I am deeply grateful to the conference committee and their efforts, their work, the hours they worked, their earnest desire to find a workable compromise—I truly believe they had a deep desire to find what is right and what is best for agriculture in this country and for the family farmer—it is now clear to me that the conference committee did not learn some of the lessons from past farm bills, ones I have worked on, working closely with agriculture. It seems to me we are repeating some of the worst mistakes of past farm bills.

While opposing a farm bill for some may be an easy issue based upon cost or complexities of the issue, it certainly is a different case for me and a different case for somebody representing a great State such as mine, Kansas. Many hundreds of Federal programs affect American agriculture more than any arcane debate between beltway policy types.

This farm bill is important to Kansas. It is important to our State. Our State is heavily involved in agriculture. My vote against the conference report is a result of a careful and thoughtful analysis of what it will do.

As Senator ROBERTS, my colleague from Kansas, has already laid out, this farm bill just is not good for Kansas's family farmers.

While I think these deficiencies have been outlined ably in nearly every editorial page in the country, I want to highlight a few of the problems that are of most concern to Kansas.

First, the farm bill program raises loan rates. First and foremost, I wanted to cite that. This has historically and consistently led to overproduction and lower prices. It is a fundamental issue of economics. When you raise the price, where supply and demand cross is where the price is set; you raise your price or you raise your guarantee under that, you stimulate production, your production goes up, your demand does not go up in an equal amount, and your price falls on the world market. We should not be content to relearn this lesson. We have done this in past farm bills where we have artificially

raised the loan rate, increased production, and when we increased production and demand did not equal it, the price on the world market fell. We lower the overall price.

Let me give one example: the current soybean loan rate. Since the enactment of the 1996 farm bill, soybean acreage has risen steadily. In 1996, we were at 64.2 million acres; in 2001, 76.7 million acres.

These increases are hardly because of increased demand for soybeans. More likely they are attributable to an unusually high soybean loan rate of \$5.26 relative to corn at \$1.89, which is a price ratio of 2.78 to 1.

Do we want these Government signals not market signals to determine acreage? As we increase these loan rates significantly in many of the crops across the board, we are going to raise the production, and we raise production, we lower the overall price, unless there is an equivalent demand increase.

This perverse incentive laid down by the Federal Government seems at cross-purposes with many other Federal programs intended to bring prices up, not down. How is it we can be simultaneously providing what amounts to a subsidy to increase production while at the same time subsidizing the market price? This is working at cross-purposes.

Not only are we tinkering with these price controls and hoping the Government gets it right this time, but we are taking a huge step backwards in complexity and ease of use. I do not need to remind my colleagues of the horror stories from farmers using farm services in the years before Freedom to Farm.

Government bureaucrats with confusing and conflicting rules were the bane of a farmer's existence. Many of us heard of waiting in lines at the Farm Service Agency or its precursor agency as well. This bill will put more bureaucratic elements into the farm operations again, something we tried to get away from. To the farmers' pleasure, we were getting away from these lines at the Farm Service Agency. This cannot be a good development. We have tried this route before, only to abandon it for something better. My dad and brothers do not like waiting in line at the Farm Service Agency, and they are not going to like it under this proposal.

As we debate this measure in the Senate, an apparent fait accompli, our most important trading partners are preparing to challenge this initiative before the World Trade Organization. Just as our Nation's commitment to the free trade agenda has been brought into question, we have renewed concerns that we are unwilling or unable to compete on the world stage, and we can compete on the world stage.

Our 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 under this bill we will exceed these limits.

In my past, I worked in the Trade Representative's office. These are contentious issues and will be challenged by our trading partners. Mr. President, 96 percent of the world's consumers live outside the United States. Kansas farmers and my family are dependent on these world markets for their livelihood. This bill will surely spur our partners to retaliate. If you want evidence of how this compromise will be greeted by our friends around the world, just look at how our trading partners are reacting to the proposal. Canada, Mexico, Great Britain, and the European Union have all expressed serious concerns about these new "amber box" programs. It is perhaps most telling that our friend, Australia, a country committed to free trade as is the United States, has pledged to lead the challenge to this initiative before WTO. This is a troubling development for Kansas farmers much of whose acreage is dedicated to international trade.

There is the matter of the supplemental AMTA payments on which many farmers in my State are counting. As my colleague from Kansas, Senator ROBERTS, has pointed out, earlier this year we supported a supplemental assistance package for the 2002 crop and told our constituents any new farm bill would apply to the 2003 crop. For 2002 crops, the compromise I supported would have provided an additional payment of 59 cents for wheat, 33.4 cents for corn, and 40 cents for sorghum.

Instead, producers will now receive an additional fixed payment of 5.9 cents for wheat, 1.9 cents for corn, and 3.6 cents for sorghum. Producers will then be eligible for maximum—it could be less—countercyclical payments on the 2002 crop of 54 cents for wheat, 34 cents for corn, and 21 cents for sorghum. But the producers will get a check for 35 percent of the payment in October, 35 percent of it in February, and the last payment at the end of the 12-month marketing year for the crop in 2003. This is simply not what we promised and what will prove to be a serious burden for Kansas farmers this fall. They would have gotten the lump sum come this fall. Now it is going to be broken out over a 12-month period. This is something a number of farmers were counting on and need this year.

Despite my concerns about many provisions in the farm bill, I do not want to indicate all is lost with it. I am pleased to see some of the conservation provisions in the bill which I think are positive. Something I and others have worked on—carbon sequestration—is in the bill. The pilot program for carbon sequestration will help us build a new market for farmers—one that pays them for how they produce, not just what they produce.

Carbon sequestration is a largely untapped resource that can buy us the one thing we need most in the debate on climate change, and that is time. The Department of Energy estimates

over the next 50 to 100 years agricultural lands alone could have the potential to remove anywhere from 40 to 80 billion metric tons of carbon from the atmosphere. If we expand this to include forests, the number will be far greater, indicating there is a difference that could be made by encouraging a carbon sink approach.

I am pleased with the work the conferees have made. I am not pleased with the product. I believe we are taking a step backwards for farmers in our country, for freedom, for markets, and for what is best for my family and for what is best for Kansas farmers. This is an overly complex bill. It is not going to be helpful this year.

In future years, we are going to be looking at it and saying: Why are we going back to something we knew did not work in the past? For those reasons, I oppose the conference report.

I yield the floor.

The PRESIDING OFFICER (Mr. MILLER). Under the previous order, the Senator from Arkansas is recognized.

Mr. HUTCHINSON. Mr. President, I rise today in support of the conference report of the farm bill. This bill has been a long time in coming. The House of Representatives passed their version of the farm bill last October, and the Senate began debating the farm bill on the floor of the Senate last December. Our farmers have been waiting for a resolution. Our farmers have been waiting for some type of certainty in farm policy. This bill provides changes to our current farm policy that are desperately needed by our country's farmers. Since last year, farmers have been waiting to see if they will be able to continue farming as a way of life and a way of making a living. They have been hoping Congress will do the right thing and provide them with the safety net they need to continue. Frankly, during the last year, many have not survived the wait. Many have held auctions, sold out, and left agriculture. However, others have been able to withstand the uncertainty and have waited for Congress to pass this farm bill. So I think it is long overdue.

Many of our rural communities revolve around agriculture—from seed and fertilizer dealerships to farm implement businesses and storage facilities. These businesses have entire communities that rely upon what they do. Agriculture is essential to the local economies of these small towns and communities. This is true in much of my State of Arkansas and throughout the country. In addition to businesses, the health of the agriculture sector directly impacts the viability of local schools and churches. Without assistance, these towns will quickly disappear, and these small rural communities will be lost, and nothing will be left but ghost towns.

This bill includes many features that will benefit producers, rural communities, scientific advancement, and the environment. Throughout the long process—and it has been an arduously

long process—there was a constant awareness of where farm policy has had shortcomings in the past and the important role of a complete and comprehensive farm policy as our producers continue to compete in an ever more global marketplace.

The three-part safety net composed of marketing loans, fixed payments, and the new target price counter-cyclical payments will provide much greater stability for our country's farmers. That is what farmers have asked for more than anything else—a degree of predictability and certainty in farm policy. This bill will provide our farmers with the predictability and certainty that they need.

In Arkansas, many farmers have not been able to get loans, and they are in jeopardy of not being able to farm. Some bankers in my State have been lending to farmers so they can get the crops into the ground simply on faith that we will eventually act and get something approved for them. After months upon months of waiting, and delay upon delay—these bankers, frankly, have had a lot more faith than I have. After all this time, we finally have a bill that can go to the President and be signed into law, and it is a bill that my farmers in Arkansas support. Time is of the essence, and to delay any longer will only serve to further complicate and muddle the implementation of this new policy.

The time has come to pass the bill. Negotiations have been completed, and I think any effort to delay the passage of this bill is simply, at this point, hostile and antagonistic to farmers and farm communities throughout the country.

This bill, when it left the Senate floor, included some provisions about which I was very concerned. In particular, I was concerned about the provisions included on payment limitations. As this provision was written, it would have had a disastrous impact on farmers in my State. A study conducted by the University of Arkansas indicated that farm income would have been reduced instantaneously by 25 percent had that payment limitation gone into place, and that as many as 40 percent of the farmers in Arkansas would have been impacted by this provision.

In my opinion, including these limitations without any studies, hearing, or adequate understanding of the impacts was irresponsible and unfortunate. I am heartened and grateful to the conferees for exercising wise judgment in withdrawing and drastically scaling back these harmful provisions.

Like all of my colleagues, I am concerned about any abuses of Government programs. However, to punish all farmers and ranchers in our country because of the abuses and excesses of a few is bad legislating.

In addition, forcing arbitrary limits on our farmers is equally irresponsible. Different crops cost different amounts to raise. Some crops, such as rice and

cotton, have very high input costs, which require these operations to become larger because they rely on economies of scale to survive. But these crops also need support, and to set arbitrary limits without any regard to the difference in crops and input costs would be disastrous and particularly harmful to specific regions of the country.

Farm policy, as I have learned through this process, is very complex. But this bill represents a responsible and comprehensive approach. This bill includes many provisions that will assist the farmers in rural communities in Arkansas and throughout the country.

However, this bill does not have everything I would want. One area in which I am very disappointed in this bill is the forestry title. In the committee and on the Senate floor, I believe many meaningful compromises had been reached, and foresters in Arkansas supported many of the programs included. Following the horrendous ice storms that hit Arkansas nearly a year and a half ago, the need for new programs and new funding mechanisms became apparent. I think it is unfortunate that conferees could not come to consensus on many of those provisions. It is my sincere hope that the Agriculture Committee will work quickly to approve these necessary forestry programs.

While many of the forestry programs included in the Senate version of the farm bill would have benefitted foresters in many states, the Hazardous Fuel Reduction Program was of specific interest to me, and I was disappointed that it was not included in the final version of the conference report. I am sure many of my colleagues on the Agriculture Committee also would like to see many of these provisions passed, so I look forward to working with them to resolve this matter.

Despite my concerns with the forestry title, or lack thereof, I want to highlight some of the provisions in this bill that I believe will have great benefits to our country. One of the conservation programs of which I have been a strong supporter in the past is the Wetlands Reserve Program. This program has been used by farmers throughout my State and across the country to restore wetlands and enhance wildlife habitat. This bill includes funding to increase the acreage cap for this program to 2.275 million acres. This will allow an additional quarter million acres of wetlands to be enrolled in this important program each year through 2007. By expanding this program, marginal lands can be taken out of production. It is good for the environment, it is good for recreation and sportsmen, and it is good for reducing farm production on marginal lands. Basically, it is a win-win for all of the stakeholders in agriculture.

Also, I was very pleased with the increase in the funding for the EQIP program. This program will provide much-

needed funds for our livestock and crop producers who will be trying to come in line with increasing environmental requirements. This program will benefit both producers and the environment. I believe the investments we make in this program will be repaid many times over in the future by the increased environmental quality we will all enjoy.

In the area of trade, this bill will provide increases in funding for important programs such as the Market Access Program, the Foreign Market Development Program, and the Food for Progress Program. Although trade will not solve all of the problems facing our country's farmers, it is a critically important component of our national agricultural policy. We are the world's leading producer of food and fiber, and it is essential that we work to open these new markets. The investments we make in these areas will benefit our producers by providing new market. In addition, these programs will benefit consumers all over the world by granting them access to some of the safest and most nutritious food in the world.

This bill also addresses a key challenge facing agriculture in the United States: the lack of young and beginning farmers. One of the reasons young people are not going into agriculture today is the difficulty in gaining the credit that is required to start a new farming operation. This bill provides a number of incentives to help young farmers get started. I think that is a great victory for the future of agriculture in our country. If we are going to continue as the world's leading producer of food and fiber, we must have young people getting involved. This bill reserves funds for operating loans for beginning farmers. It also authorizes funding for a beginning farmer and rancher development program to assist young men and women who want to get involved in agriculture.

There has also been much discussion of the energy title of the farm bill. While I am wary of the creation of new programs, several of the components in the energy title will provide whole new options for producers in Arkansas. More and more farmers I talk to are interested in the possibility of getting involved in some form of renewable energy production, whether it is ethanol or biodiesel. Farmers recognize that these products could provide new markets for their crops. In addition, it could help our country become more energy independent. The inclusion of this title will complement the work we completed two weeks ago with the passage of the energy bill.

Finally, I am extremely pleased that the deceptive use of the term "catfish" for fish of many different orders and families can no longer be used to artificially boost sales of foreign fish at the expense of our domestic producers.

Much of this issue has been misunderstood. It has been a provision that has been attacked, I think, unfairly, by opponents claiming that we

were somehow trying to redefine the names of specific fish inaccurately. Not at all. With this provision, we were trying to end the deceptive and economically destructive practice of mislabeling Vietnamese basa, and I am very pleased that this provision was retained. This provision is one that I and many of my colleagues have fought hard for. This has been a difficult problem to fix, and I am very pleased this bill will make the correction permanent.

This farm bill has been a long time in coming. I urge my colleagues to pass this conference report quickly so the USDA and FSA officials throughout our country can get to work, finalizing the regulations and implementing the new programs. They are going to have a big job ahead of them, and we need to let them get started immediately.

This bill has the potential to stabilize the farm economy, promote the development of new markets, revitalize our rural communities, and make our producers more competitive in the global marketplace. This bill is not the solution to all the challenges facing agriculture, but it does provide farmers with a safety net they need to hold their own while we work to open new markets and fight the lower foreign tariffs and barriers to trade. I ask my colleagues to join me in supporting the bill.

Finally, I would like to thank my staff, Michael Zehr and Robbie Minnich, both of whom have gone through their first farm bill. They have worked long hours and done marvelous work as we have gone through this process. I thank them for their hard work on behalf of Arkansas' farmers.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, I rise today to express my strong opposition to the conference report on the farm bill and to express my grave disappointment that this long process has resulted in a bloated and unbalanced bill that I simply cannot support.

I am disappointed because there are some components of this bill that would help some farmers in Maine and that I strongly supported when the bill was under consideration by the Senate. For example, the conference report includes funding for the Senior Farmers' Market Nutrition Program, as well as much needed assistance for our apple producers who have suffered from low market prices. It includes conservation funding, more money for the Market Access Program, and a national dairy program that I will discuss in more detail in a moment. It also includes—thanks in large part to Senator LUGAR—a nutrition title that would bring needed assistance to legal immigrants and more working families. The problem is that all of these good programs, including the \$17 billion conservation title, add up to only about 25 percent of the entire \$180 billion bill. It is the other 75 percent of the bill that I simply must oppose.

My colleagues, particularly Senator LUGAR, have described in detail why this bill is bad for our farmers and our Nation. I agree with their analysis. This legislation perpetuates a dependency that leads to overproduction that is harmful to our land and ultimately to our farm economy. I am disappointed to see the reforms begun in the last farm bill sacrificed in a frenzy of overspending.

This bill is both too expensive and unbalanced. It provides far too much in Federal subsidies for some of the Nation's largest agribusinesses and not enough for the small family farmers in my State and across the Nation. At a time when we as a nation are trying to shore up homeland security, provide a prescription drug benefit for our seniors, and safeguard Social Security, we can ill afford to spend more than \$180 billion on agricultural programs that benefit the few at the expense of the many. How can we justify passing an 80-percent increase in farm spending when we are facing a deficit that could easily reach \$100 billion or more this year? It is not responsible to pass this bill. We should send it back to conference and come up with a more reasonable proposal.

I am also concerned about the environmental implications of this conference report. While the increased conservation funding included in the legislation is certainly a step in the right direction, the conference committee slashed the environmental spending by \$4.2 billion from what was included in the Senate bill. I share the disappointment of the Sierra Club and other conservation organizations with the final version of the bill in this regard. Faced with a choice of cutting conservation, forestry, and other modestly funded programs in this bill versus cutting the bloated commodity programs, the conferees unfortunately chose the former every single time.

While I am pleased that the conference report includes some modest assistance for Maine's dairy farmers, I am disappointed that the Northeast Dairy Compact was not reauthorized. The dairy compact provided far more assistance to Maine dairy farmers and at no cost to taxpayers. That is why I wish we had simply extended the Northeast Dairy Compact, which was working very well at no cost to our Federal Treasury. The new program included in the bill provides less help to Maine's dairy farmers and at a high cost to taxpayers. I view this as a temporary measure to help keep our dairy farmers solvent until the compact can be reauthorized.

I am also deeply disappointed that the payment limitations that were included in the Senate version of the farm bill, and that Senators GRASSLEY and DORGAN worked so hard to include, were not retained in the conference report. While there is a supposed cap of \$360,000 in payments that any one farmer may receive, the conference report

exempts the little known crop loan certificate program. The result is to create a loophole that will allow some of the Nation's largest agribusinesses to receive millions of dollars on top of already generous commodity crop payments. Thus, more than 60 percent of the payments authorized by this bill will go to fewer than 10 percent of our Nation's farmers. Many small family farmers will receive absolutely nothing at all from this legislation.

The farm savings accounts, which I worked so hard for, would have helped our small family farmers, but regrettably once again they were dropped from the bill.

Finally, while this conference report is bad for the Nation, it is even worse for Maine and I strongly suspect other Northeastern States as well. Maine receives precious little from this bill's unprecedented largess: 99.9 percent of the bill's funds will be spent outside of our State. In other words, for every \$1,000 it costs taxpayers to fund this bill, only \$1 will come back to Maine.

I recognize that Maine does not grow the program crops of the scope and scale found in other States, and in recognition of this fact I would have been pleased to vote for a responsible farm bill that provided for the vast majority of funds to go elsewhere. But in this bill I cannot help but feel that Maine and other Northeastern States have been tossed a little bit of hush money and then asked to turn the other way while big agribusinesses raid the U.S. Treasury of funds that are sorely needed for education, prescription drugs, defense, and other priorities.

This is not a responsible bill. We can do better, and I hope the Senate will vote to reject the conference report.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THOMPSON. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMPSON. Mr. President, I rise today to express my concern about the farm bill. I have been a strong supporter of Tennessee farmers since I first came to the Senate, and I supported the 1996 Freedom to Farm bill, but I cannot support the conference report that is pending before the Senate. At a time when our country is fighting a war against terrorism, at a time when we are facing a deficit of up to \$130 billion this year, I believe it is irresponsible to spend an additional \$82.8 billion on farm subsidies on top of the \$163 billion that we are already slated to spend. To do so would be a disservice to the citizens and taxpayers of this country. In addition, this farm bill will likely cause us to violate our WTO commitments at precisely the time when we are trying to convince other countries to open their markets to our agricultural products. Most impor-

tantly, I believe that the farm policies in this bill will hurt the very people that they are intended to help the small family farmers, by perpetuating the cycle of overproduction, depressed prices, and government subsidies that has made our farmers increasingly dependent on government assistance.

Since 1978, Federal outlays to farmers have exceeded \$300 billion, equal to nearly 10 percent of the Federal debt. In 2000, direct government payments to farmers reached a record high \$22 billion. The bill proposes to spend \$82.8 billion over the existing baseline of agriculture spending over the next 10 years. This amount is almost \$10 billion above the already generous amount provided for farm spending in the FY 2002 budget resolution. The total cost of this bill over the six-year life of the bill is \$248.6 billion. The expansion of the farm bill represents a 76 percent increase in agriculture spending.

This remarkable explosion in spending would be a cause for concern at any time, but it is especially alarming under current circumstances. Our nation is fighting a war against terrorism and our government is facing potentially large deficits. In fiscal year 2002, we will spend at least \$29.2 billion on homeland security. The President has proposed an additional \$5.2 billion in his recent fiscal year 2002 supplemental spending request, which would bring total spending to nearly \$38 billion. The President's budget request for fiscal year 2003 proposes spending of \$37.7 billion for homeland security. This amount is double what we were spending on homeland security items prior to the September 11 attacks. The Brookings Institution recently recommended funding of \$45 billion for fiscal year 2003 for homeland security. The truth is that we don't have a good notion of how much homeland security spending will cost in the coming years, but we know that the costs will be tremendous. As I mentioned earlier, we recently received new projections from CBO that our deficit this year could reach \$130 billion. We have to recognize that the world has changed.

My concerns about this legislation, however, are not limited to its cost. I believe that this legislation returns to the failed farm policies that were in place prior to the 1996 Freedom to Farm legislation, and that the effect of these policies will be to make farmers increasingly dependent on government subsidies. These policies defy logic and they defy the most basic laws of economics. The government sets a floor price for certain agricultural commodities that is higher than the market price in order to support growers of those commodities. The result is that farmers know that they are guaranteed to receive a certain price regardless of market conditions, so they ignore market signals and overproduce. The overproduction further depresses commodity prices, leading to the need for ever increasing government subsidies.

We don't need to rely on economic theory to know that this is true. The data show that our farmers have been caught in an ongoing cycle of overproduction, depressed prices, and increasing government subsidies for decades. According to a study by the Heritage Foundation, farmers have responded to existing price floors by planting as many as 5 million additional acres of crops that are already overproduced. The farm bill before the Senate today will increase the target prices for these commodities and increase the amount of subsidies that farmers can receive, which I fear will only exacerbate the overproduction problem. Of the new spending in this bill, \$56.7 billion is to increase commodity payments. That's nearly 70 percent of the new funds for agriculture. These kinds of policies do our farmers a disservice by creating a situation in which market prices cannot recover, forcing farmers to become increasingly reliant on government subsidies. Under current farm programs, federal government subsidies already comprise 50 percent of total farm income. This farm bill makes it impossible for farmers to move away from these subsidies.

Proponents of this legislation argue that we must provide these subsidies to support small family farmers who would otherwise be forced out of business. However, according to the U.S. Department of Agriculture, 60 percent of America's farmers are ineligible for any direct government assistance. Of the 40 percent of farmers who are eligible for government subsidies, 10 percent receive two-thirds of the benefits. That means that 4 percent of our nation's farmers receive two-thirds of all federal subsidies. In Tennessee, the top 1 percent of farm subsidy recipients receive 43 percent of the payments. That means that about 1100 of Tennessee's approximately 110,000 farmers receive nearly half of the payments. The top 10 percent of farmers in Tennessee receive 84 percent of the payments. The bottom 80 percent of farmers receive only 7 percent of the total benefits, averaging less than \$700 per farmer. That is not right and it is unworthy of this Congress.

According to the Heritage Foundation, the House version of the farm bill, which was less expensive than the conference report, would have cost \$190 billion in taxes over the next 10 years and \$271 billion in inflated food prices. The Taxpayers for Common Sense performed a cost-benefit analysis of the Senate bill on a state-by-state basis using each state's share of total U.S. personal income taxes. According to that analysis, over the next 5 years, under the Senate bill, Tennessee farmers would have received average annual farm subsidy payments of \$159 million, but Tennessee taxpayers would have paid \$273 million to obtain it for a loss to the state of \$115 million.

With this farm bill, we had an opportunity to provide a safety net for our family farmers while moving towards a

more market-oriented approach. Senator LUGAR has spent countless hours on the floor of this Senate, not only explaining all of these problems with the current system, but proposing effective alternatives that could move us towards a more market-oriented approach while still maintaining a safety net for our farmers. He proposed ideas such as providing federal subsidies for farmers to purchase whole farm insurance or providing matching funds for farm savings accounts. Instead, the bill before us represents a grab bag of regional special interests. For the northeast, there is a newer, more expensive dairy program. Studies indicate that this plan will increase the cost of milk by 10 to 15 percent. For the southern coastal states, the farm bill continues the sugar program, which has raised the price of sugar in the United States to nearly eight times the world price. The Midwestern states, as always, receive the overwhelming majority of the direct commodity payments. I understand we have some contested elections going on.

I am also concerned that this farm bill will set back efforts to open foreign markets to our agricultural products. Everyone knew the U.S. market for agricultural products is essentially saturated. The real growth opportunity is in exports, and the U.S. has consistently made decreasing other nation's price supports and export subsidies a high priority in our discussions at the World Trade Organization. However, there is a high probability that this farm bill will cause us to violate our WTO commitments. In 1995, we committed to reduce our most trade-distorting domestic farm support to \$19.1 billion per year. We have fulfilled that commitment, in part because the direct government payments provided under the 1996 Freedom to Farm bill were not related to price or production and were therefore not considered most trade-distorting and were not subject to the \$19 billion cap. The conference report before the Senate today will decrease these non trade-distorting subsidies and replace them with trade-distorting countercyclical subsidies. A report by the Food and Agricultural Policy Research Institute concluded that there is a 30 percent chance that the U.S. will exceed its WTO commitments in the 2002 marketing year. Now the conference report does give the Secretary of Agriculture the authority to make a determination that the U.S. is likely to violate its WTO commitments and to lower farm supports, but that creates a situation where the law provides an entitlement for farmers, which they would be counting on, and then the administration would have to come along and take that money away. Everybody in this room knows that is not going to happen.

It is unclear whether the U.S. will face immediate challenge on the farm bill at the WTO. The European Union has issued conflicting statements. However, it is clear that the passage of

the farm bill has angered our trading partners and weakened our ability to negotiate for decreases in agricultural support at the WTO. E.U. Trade Commissioner Franz Fischler said the bill:

... marks a blow to credibility of U.S. policy in the WTO, where the U.S. has presented a trade-oriented agenda wholly inconsistent with the new bill.

This farm bill undermines our credibility when we push for open agricultural markets and reduction of the support levels provided by other countries.

In conclusion, this farm bill spends an enormous amount of taxpayers' money at a time when we cannot afford it to the disproportionate benefits of a few large farms producing a limited number of program crops. I believe most farmers do not want forever to rely on Government subsidies for their living and in increasing numbers and percentages. They want to earn a living by producing their crops and earning a decent market price for them. This legislation will make that more difficult. In fact, it goes in exactly the opposite direction. It is a callous document that can only be supported in the name of political expediency. I choose not to do so. I will not support it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, we are awaiting the next speaker in the sequence that the Chair has been given; therefore, I suggest the absence of a quorum, the time to be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, we are awaiting the arrival of the next Senator to speak. In the meantime, I might just correct one thing that was said here, I think, on the floor. I believe the Senator from Maine said that trade, conservation, and research would equal 10 percent of the bill that we have—only 10 percent. Actually it is much more than that. Conservation alone is 22 percent of the funding in this bill; that is, \$37.1 billion out of \$173 billion.

If you take all the noncommodity titles—research, conservation, trade, forestry, all the other noncommodity titles—it equals about 30 percent of the funding of the bill. I wanted to make that correction.

I want to go back to nutrition one more time and address the issue of funding. In the committee, when we passed our farm bill, there was support for a \$5.6 billion nutrition title. It was supported on both sides. When that title was passed in our committee, it was passed unanimously.

The bill then came on the floor and there were a number of amendments

made. Many of them I cosponsored. They added additional funding. By the time we finished the bill, the nutrition title was \$8.4 billion.

Keep in mind when the bill left the Senate floor, the CBO rescored the bill and they had made a mistake. We didn't make the mistake. The CBO had miscalculated about \$6.1 billion. So even before we went to conference we had to cut basically \$6.1 billion out of our bill, which we did across the board. We did not focus on nutrition or any other noncommodity aspect of the bill. We just had to do it, basically, across the board.

The House-passed bill had \$3.4 billion for nutrition. The President, in his message, what he wanted was a \$4.1 billion increase in nutrition. The bill before us has \$6.4 billion for nutrition. That is \$1.2 billion higher than we passed in our committee. It is almost double what the House had. So I believe we did a very good job in fighting for the nutrition program.

Do we always provide more money for the neediest people in our society? Sure. As we go ahead as the Agriculture Committee, we will be looking to make sure that next year and the year after the people who rely upon food stamps and other feeding programs are not left behind. But I think we did a great job getting the \$6.4 billion for nutrition.

I received a letter yesterday from a number of food-related, hunger-related groups—51 groups. They said they are writing to express their support for the nutrition title.

The conference report makes critical steps forward for some of the populations most in need of help: legal immigrants and working parents with children. Additional provisions that will substantially simplify the program are also critically important.

We also applaud your additional funding for The Emergency Food Assistance Program. Food banks, food shelves and food pantries facing growing requests will be better able to meet the need.

Given the scope of the hunger and food insecurity problem facing our nation's people, we believe that passage of the Farm Bill Conference Report with its investments in the nutrition safety net must be a very high priority for the Senate.

As I said, this was signed by 51 groups. I will not go through them all: America's Second Harvest, American School Food Service Association, American Public Human Services Association, Bread for the World, Children's Defense Fund, Coalition on Human Needs, Congressional Hunger Center, the Food Research and Action Center, FRAC, the National Council of La Raza, the National Law Center on Homelessness and Poverty, Volunteers of America. Those are among the 51 groups.

I ask unanimous consent this letter and those 51 groups' names be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 7, 2002.

Hon. TOM HARKIN,
Chairman, Senate Agriculture Committee, Senate Office Building, Washington, DC.

DEAR CHAIRMAN HARKIN: We, the undersigned groups, are writing to express our support for the nutrition title of the Conference Report on the Farm Bill (H.R. 2646). The final package makes very important investments to strengthen the nutrition safety net, especially for vulnerable working families with children, needy legal immigrants, and others struggling to put food on the table.

As you know, USDA and the Census Bureau report that approximately 33 million people in the United States—13 million of them children—have been living with hunger or on the edge of hunger. The recent economic slowdown and increasing need are only exacerbating this problem of high levels of hunger and food insecurity, particularly for legal immigrants and other low-wage workers. Substantially strengthening the national nutrition safety net is critically important to address this problem.

Accordingly, we believe the Conference Report makes critical steps forward for some of the populations most in need of help: legal immigrants; and working parents with children. Additional provisions that will substantially simplify the program are also critically important. Easing states' administrative burdens will reduce their costs, reduce errors, reduce red tape for needy people, and speed eligibility determinations and benefits delivery. This lowering of unnecessary obstacles is particularly important for working families.

We also applaud your additional funding for The Emergency Food Assistance Program. Food banks, food shelves and food pantries facing growing requests will be better able to meet the need.

Given the scope of the hunger and food insecurity problem facing our nation's people, we believe that passage of the Farm Bill Conference Report with its investments in the nutrition safety net must be a very high priority for the Senate.

Again, we appreciate your leadership on our mutual goal to fight hunger.

Sincerely yours,

Alliance for Children and Families, Americas Second Harvest, American Jewish Committee, Americans for Democratic Action, American Federation of State, County and Municipal Employees, American Public Human Services Association, American School Food Service Association, Asian and Pacific Islander American Health Forum, Asian Pacific American Legal Center, Association of Farmworker Opportunity Programs, Bread for the World, California Immigrant Welfare Collaborative, Center for Community Change, Center for Public Policy Priorities, TX, Center For Third World Organizing, Children's Defense Fund, Coalition for Human Immigrant Rights of Los Angeles, Coalition on Human Needs, Congressional Hunger Center, Food Research and Action Center.

Friends Committee on National Legislation, the General Board of Church and Society, The United Methodist Church, Jewish Council for Public Affairs, Los Angeles Coalition to End Hunger and Homelessness, Massachusetts Immigrant and Refugee Advocacy Coalition, Mexican American Legal Defense and Educational Fund, Migrant Legal Action Project, National Asian Pacific American Legal Consortium, National Association of Child Advocates, National Association of Service and Conservation Corps, National Campaign for

Jobs and Income Support, National Council of Jewish Women, National Council La Raza, National Immigration Law Center,

National Law Center on Homelessness and Poverty, National Puerto Rican Coalition, New Jersey Immigration Policy Network, NETWORK, A National Catholic Social Justice Lobby, New York Immigration Coalition, NOW Legal Defense and Education Fund, RESULTS, San Bernardino County, CA, Service Employees International Union, Services, Immigrant Rights and Education Network, Southeast Asia Resource Action Center, Unitarian Universalist Service Committee, United Church of Christ Justice and Witness Ministries, United Food and Commercial Workers International Union, Volunteers of America, Welfare Law Center, Women Employed.

Mr. HARKIN. Mr. President, we are awaiting the arrival of our next speaker. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, we are awaiting the arrival of either a proponent or an opponent of the bill. Whoever gets here first gets to go first.

In that regard, I am informed that the ranking member has no objection to entering a quorum call with the time being equally divided. I suggest the absence of a quorum and ask unanimous consent that the time of the quorum be equally divided between the proponents and opponents.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. Mr. President, I join with those who have expressed very severe reservations and concerns about this bill. It is an extraordinarily expensive piece of legislation. This legislation is not only going to cost the taxpayers of America a great deal of money—much more than has ever been paid out before in the area of farm subsidies—but it is a bill that takes us down the wrong path in the area of how we should address production of farm commodities in our country.

Nobody questions that farmers are the hardest working people you meet. At all levels of life, as you come across people, the farmer is somebody who puts in incredible hours, who works from dawn to dusk in most instances—

unless they are a corporate farm owner—the people out there actually doing the farming. They love their job, usually. That is why they do it. They are a contributor of immense proportions to our society, both from the standpoint of being hard workers and extraordinarily productive citizens, but also in setting a tone and a character for our Nation and the communities in which they live.

Unfortunately, the system they are caught up in—not all, but those farmers who find themselves existing on the Federal payroll—is one that is fundamentally broken. Instead of a market system, it is a system of collectivization.

It is truly ironic, in fact, when you think about it. The way the farm program works today for those people on the system is that the Federal Government essentially pays through the tax dollars of the American people for the net income of those farmers.

Forty-six percent of the net income of farming as a result of this bill—46 percent—will be paid for by tax dollars.

In seven States, the Federal Direct Payment Program actually exceeds the net farm income. Think about that for a moment.

In the State of Wisconsin, for example, the Federal Direct Payment Program exceeds the net farm income by 174 percent. In Montana, it is 178 percent. In North Dakota, it is 156 percent. There are seven States where it actually exceeds net income.

If you were to set out a classic definition of collectivization or socialization of an industry, it would be that the tax benefits of the industry exceed the income of the industry. This essentially means that people aren't working to be productive; they are working to receive tax benefits.

As I said, it is ironic that our farmers who are caught up in these programs find themselves in this type of situation. If you look at it in a historical context, the country which most aggressively attempted collectivization where they had a program where the farm community was essentially an extension of the State support program was, of course, the Soviet Union where the system collapsed as a result of its inability to be competitive.

We, however, ironically and through the genius of our American farmer, have managed to actually make it productive. We have a productive, collective system where we are actually producing goods. But we are not producing them efficiently, obviously. We are not producing them in a form that makes a whole lot of sense. We are, in fact, producing goods that we don't need.

As has been mentioned numerous times by the Senator from Indiana and other Senators in this Chamber, we are creating a situation where by definition we produce goods at a price which has no relationship to the amount of goods being produced. So we have more goods than we need; thus, we drive down the price; thus, we end up paying

more in subsidies to support those goods, a system which is cockeyed. It makes no sense.

I heard one person come down here from the other side—the Senator from North Dakota—who said this bill is for entrepreneurship. It is a unique view of entrepreneurship because, basically, the entrepreneur here is trying to figure out how they can get more money out of the Federal Government and how they can put more crops in the ground, which we don't need, which produces a higher production level at a price which drives down the price so they can get more for the crop that we didn't need to begin with.

It makes no sense. That is not entrepreneurship in a market economy. That is a new form of entrepreneurship in a collectivized economy. That is gaming the system. Gaming the system would be more appropriate than entrepreneurship as a term.

I heard another Member say but this bill is going to produce so much in the way of paperwork in order to meet the new commodity rules that people are going to be standing in line for days at the Farm Service Agency. I feel sorry for them standing in line all day.

As a practical matter, if you are going to opt into a system where you are essentially getting all your net income out of the Federal Government, you ought to be doing something instead of standing in line for that money.

Clearly, this system has failed when our farmers are standing in line instead of working to produce goods, when they are using the system to produce crops which they don't need and which we don't need, and when they are getting a payment from the Federal Government which exceeds their income.

The bill also is perverse in whom it supports. Most of the subsidy in this bill goes to a very small number of farmers who produce a small number of commodity crops. The State of California, which has the most farmers in America, by far, and which has the largest farming industry, by far, gets only 9 percent of the benefit under the bill. But other States which have commodity crops, with 3 percent of the farms, for example, get two-thirds of the commodity subsidies. Sixty percent of American farmers get no commodity subsidy at all. They are still in the market. Of course, that number is being reduced because this bill manages to pick up a bunch of commodities that have not been there before. We now have onions. We have apples. We have pulse crops. And, of course, we dramatically expanded our effort in the area of dairy and peanuts.

Then there is sugar. Sugar: What a farcical exercise this is. What a joke on the American taxpayer this has become. Of course, it is a very expensive joke.

First, we set the sugar price in this country arbitrarily at a rate which is 10, 15 cents higher than what the mar-

ket bears internationally, so that the average consumer in this country, for any product that has sugar in it, has to pay a great deal more than they would if we were playing in an open market; in fact, the last number I saw was \$1.6 billion more in subsidy. Where does that go? To the sugar producers. So that is the first time we hit the consumer.

For years, the sugar industry used to come to the Senate with righteous statements, saying: But we take nothing out of the Federal Treasury; we just take it out of the consumer through the subsidized costs that we put on the consumer—the inflated price. Well, they were not happy with that. So in this bill they are going into the Treasury for \$435 million.

So first they hit the consumer with an inflated price, which they benefit from because they do not allow market-priced sugar, and it is to the tune of \$1.6 billion; and now they have set up a commodity price which is going to flow through to them to the tune of \$430 million. If it were not so obscene, it would be humorous, the level at which it takes from the consumer and the American taxpayer and redistributes that in a countermarket system.

Robert Samuelson, who is one of the better economists in our country, made the point that over the last two and a half decades farm subsidies have consumed roughly 10 percent of what we have added to our national debt. That is a price that in some ways I might be willing to pay if it were done in a manner that had some relationship to market forces because I believe strongly that we need a farm economy that is strong. But when you totally overwhelm market forces with this type of subsidy system, you fundamentally undermine the capacity to have a farm program which, first, represents production, which we need, in the commodities which we want, and, second, is fair to the American taxpayers and the American consumer.

So I believe this bill should be rejected. I regret that it probably will not be rejected. But I believe the increase in spending above the baseline here, which is approximately \$173 billion, is way beyond anything we can afford as an economy or as taxpayers, but, more importantly, the policy in this bill totally perverts the market and, in my opinion, drives us in the wrong direction, away from a market-oriented farm policy toward a more collectivized farm policy.

I yield the floor.

THE PRESIDING OFFICER (Mrs. CLINTON). The Senator from Iowa.

Mr. HARKIN. Madam President, I will yield to the Senator from Michigan shortly, but I would like to say, for the benefit of Senators, that we had a list before of speakers on the farm bill. If there are any Senators who wish to come to the floor to speak on the farm bill, that list is vacant right now, so we do have time on the bill right now for any Senators who wish to come over

and speak. If they will just contact us, we can get another list put up, so we can get an appointed time for Senators to speak on the farm bill.

With that, Madam President, I yield 10 minutes to the distinguished Senator from Michigan. And I thank her for all of her great work on this farm bill. I say to her constituents, the people of Michigan, there isn't a person who has fought harder for their interests than Senator STABENOW, especially in agriculture, and especially when it comes to the specialty crops.

I point out that I believe Senator STABENOW holds a record. Senator STABENOW is the only member of the Agriculture Committee who served on the agriculture committee in her State legislature, served on the Agriculture Committee in the House of Representatives, and is on the Agriculture Committee in the Senate. We are proud to have her.

THE PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Madam President, I thank, first, my wonderful friend and colleague and leader of the Senate Agriculture Committee. He is the person who has brought us to this point with a farm bill of which I believe we can all be very proud. I am so grateful to him that he has understood that we in Michigan have 100 different commodities; that 60 percent of what we grow, in fact, is fruits and vegetables, and for the first time specialty crops are recognized by the Congress in a farm bill. It would not have happened without the leadership of our Senator from Iowa who has led this committee so ably.

Madam President, I could not disagree more with my friend from New Hampshire who spoke right before me. I believe this is a bill of which we should be very proud. It moves in the right direction. It helps our family farmers. It promotes conservation. It supports rural economic development. It is something that I believe is good for every family in the country.

I want to start, though, by thanking all of the staff who have been involved in this effort. There have been hours and hours—hundreds of hours, weekend work—in which people have been working at a number of points in order to get us to this comprehensive farm bill. I thank all those on the Senate Agriculture Committee staff and Senator HARKIN's staff, the majority leader's staff, and I also thank Kim Love from my staff who has worked so diligently fighting for the interests of Michigan family farmers and rural communities and all of those who benefit from a strong farm policy. So to each of them I say: Thank you.

We do, in fact, have a farm bill that makes sense. I came into the house of Representatives in 1997 and watched and participated as a member of the Agriculture Committee in the "fruits," you might say, of the previous farm bill, what was called Freedom to Farm, which, unfortunately, left us in a situation where every year that I have been

a Member of Congress we have had to pass an emergency supplemental because the farm bill did not work. Every single year, we were back saying that our farmers were not going to be able to make it, that the policies that were put in place with the last farm bill just did not work.

So we are now using a different approach, one that takes into consideration the economic challenges of our farmers and what is happening in the world around us, and new opportunities.

I am extremely pleased that this final bill—thanks to the leadership of our chairman of the Senate Agriculture Committee—includes, for the first time, a title on energy. We in Michigan welcome that. There is not only ethanol, which we have debated on this floor, and which I strongly support, but we have soybean lubricants and other opportunities where I believe Michigan farmers can take the lead in biomass fuels. It is a real opportunity for us in Michigan as well as around the country. This dovetails directly with our energy bill that was passed not long ago.

Again, in Michigan, we have 100 different commodities. I am pleased with what we have been able to do with the dairy proposal and sugar, and with the basic commodities, when we look at what has happened in terms of support for all of the commodities.

I specifically rise to speak for a moment about what is called specialty crops, our fruits and vegetable farmers. I am very pleased that a provision I offered in the committee has in fact become a part of this final product, for the first time, to allow a minimum of \$200 million per year to be used to purchase surplus fruits and vegetables, not only to help our farmers in terms of their prices and to address surpluses but also to have the win-win of offering those fruits and vegetables for our School Lunch Program, for our senior feeding programs. This is a win-win situation. We should be very proud of the fact that through our nutritional programs we now are able to permanently put into place a way to help our farmers and at the same time make fresh fruits and vegetables available to our children and to those who are involved in our nutrition programs.

There is another important provision. For those states with critical orchards—this is the capital for our cherry farmers, our apple growers, and so on—the Tree Assistance Program is reauthorized to provide reimbursement for trees such as apple trees destroyed by natural disaster. We have a really serious issue in Michigan with apple fire blight. Coupling that with the drought we experienced in the year 2000, we have had a devastation in many areas of our orchards. The Tree Assistance Program is very important and an area I fought very hard to include in the final bill. I am pleased it is there.

One of the provisions that is not in the bill in its entirety and we will con-

tinue to work to address this year through an emergency supplemental is emergency assistance, on which the Senator from Montana, Mr. BAUCUS, led the effort—to add \$2.4 billion in emergency assistance. While we did not receive the agreement of the White House and our colleagues in the House of Representatives to include it in the conference committee, we were able to provide just under \$100 million in market loss payments for apples. That is an important first step.

But I can say, coming from Michigan, where in the year 2000 we had 82 out of 83 counties declared disaster areas as a result of drought, just making our farmers eligible for more loans is not the right approach. Our farmers have enough loans. What they need is some direct assistance during emergencies such as drought. I will continue to fight very hard to address that entire emergency assistance package.

I am also pleased that we are seeing almost a doubling of funding for conservation and that the new provision I was pleased to cosponsor with our chairman, the Conservation Security Program, that provides payments for farmers for good environmental practices on working lands is included in the conservation title. Again, for the first time, specialty crops are included as a part of conservation payments. This is very important to Michigan and very important to our producers across the country.

We have many rural communities, hundreds and hundreds of rural communities in Michigan. From the upper peninsula all the way down along our coast and central Michigan, we have small communities that have benefited and will benefit from the strengthened rural development title in terms of infrastructure, water and sewer projects for which they will be able to receive support, broadband, and other kinds of infrastructure needs of our rural communities. I am very pleased the farm bill includes a strong rural development title as well.

For our cooperative extension employees, we are pleased to be able to address an issue of long-term care insurance that came to us from Michigan State University. I appreciate the fact that this is in the bill.

A couple of other areas of note: We have placed in the bill a nutrition pilot program that will allow five States to focus on good nutrition practices and encourage consumption of fruits and vegetables. This is another important way we can not only promote healthy eating, healthy living, but also be able to promote the nutritional value of our fruits and vegetables. I was pleased that the pilot program was included in the final bill as well.

Of course, coming from the Great Lakes State of Michigan, I fought very hard for the Great Lakes Soil Erosion Program to be authorized. I am pleased it is authorized at \$5 million a year. While this program has received funding in the past, it has never been au-

thorized as an ongoing program. Through a combination of local and Federal funds, this program has been successful in keeping sedimentation out of the Great Lakes and educating the agricultural community about erosion and water quality. I am very pleased that finally, for the first time, we have this program authorized officially as a part of the farm bill.

We know there is a good safety net: Higher loan rates, countercyclical payments, updated yields, continued direct annual payments, as well as conservation payments that come together in a way to support American agriculture, to support our family farmers. I am very pleased to support strongly this final conference committee.

Let me, in closing, quote from our fruit and vegetable producers of the country who have put out a statement which I believe should in part be in the RECORD. It says:

We applaud the Congress and its Members who led the fight to develop some of the most progressive and positive agricultural policy initiatives that have been developed through a farm bill process to address the unique needs of the fruit and vegetable producers in the United States.

From the standpoint of our fruit and vegetable producers, this is a historic bill. From the standpoint of all of our families in the country, this is farm policy that makes sense for all of us. Again, I encourage my colleagues to support the bill. I commend our chairman from Iowa for his vision and leadership.

I yield back.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Madam President, I say to Senators, we have a list of Senators who wanted to speak and be heard on the farm bill. I don't see anyone here right now. I know it is the lunch hour, but now is a good time to come over and speak on the farm bill, if anyone so desires.

In the interim, I rise to point out that there was some mention made earlier today that somehow farmers in the Midwest and some of the Plains States would be better off if there were basically not this bill but the Freedom to Farm bill. There was a bill introduced in March for an emergency package for this year—that was S. 2040—that would have spent \$7.35 billion in this fiscal year. And some have asserted that farmers would be better off if we could just pass an emergency package rather than this farm bill.

I asked my staff and the Food and Agricultural Policy Research Institute to do an analysis of the conference report we have before us, comparing that to what farmers might receive under an emergency package as envisioned in S. 2040. According to the FAPRI analysis of the conference report, Kansas farmers, for example, would receive a total of \$1.04 billion in commodity program payments for this crop year, 2002. But they would receive only \$795 million this year under Freedom to Farm,

plus the emergency payments that would be made under S. 2040 for the same period. The same is true for Iowa. We estimate that Iowa farmers would get \$1.7 billion for this crop year under this conference report but would have received only \$1.56 billion under S. 2040, the bill that was introduced in March to put through an emergency package—sort of an emergency package on top of the Freedom to Farm bill. In any case, farmers would be better off this year under the conference report. I want to make it very clear that this bill will apply to this crop year.

FAPRI also did an analysis looking ahead at between now and 2007 and comparing what farmers would get in certain States under this bill to what they would get if we continued Freedom to Farm.

For example, my Iowa farmers will have a \$485 million gain, on average, between 2002 and 2007 over the Freedom to Farm bill. That is a 52-percent increase.

Illinois farmers will get a \$486 million gain, on average, during these years. That is a 57-percent increase for Illinois.

Kansas farmers, under this bill, will see a \$402 million gain, on average, between 2002 and 2007 over the Freedom to Farm bill. That is a 91-percent increase for Kansas farmers. I think that is the highest of any State I have seen, in terms of the difference between Freedom to Farm and what we have in this bill.

Minnesota farmers get a \$335 million gain, a 55-percent increase.

Nebraska farmers get a \$380 million gain, on average, under this bill over the Freedom to Farm bill. That is a 68-percent increase for Nebraska.

I ask unanimous consent to have this analysis done by FAPRI printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MIDWEST, PLAINS STATES BENEFICIARIES OF FARM SECURITY AND RURAL INVESTMENT ACT OF 2002 (FAPRI analysis)

Iowa farmers, \$485 million gain on average between 2002–2007 over Freedom to Farm (a 52 percent increase).

Illinois farmers, \$486 million gain on average between 2002–2007 over Freedom to Farm (a 57 percent increase).

Kansas farmers, \$402 million gain on average between 2002–2007 over Freedom to Farm (a 91 percent increase).

Minnesota farmers, a \$335 million gain on average between 2002–2007 over Freedom to Farm (a 55 percent increase).

Nebraska farmers, a \$380 million gain on average between 2002–2007 over Freedom to Farm (a 68 percent increase).

Indiana farmers, a \$243 million gain on average between 2002–2007 over Freedom to Farm (59 percent increase).

Montana farmers, \$102 million gain on average between 2002–2007 over Freedom to Farm (88 percent increase).

South Dakota farmers, \$177 million gain on average between 2002–2007 over Freedom to Farm (57 percent increase).

North Dakota farmers, \$201 million gain on average between 2002–2007 over Freedom to Farm (60 percent increase).

Mr. HARKIN. Madam President, it would be a huge mistake to walk away from this bill—for farmers all over the upper Midwest. It would be a mistake for farmers in Michigan, and especially in New England. In New England, the dairy farmers have been helped immensely: Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island—all of the dairy States.

One other group has been helped immensely, and that is the small specialty crop farmers, those who grow blueberries, potatoes, and other kinds of vegetables, including apples, and there are many in New England. They will be helped immensely.

As the Senator from Michigan stated, we have a \$200 million annual floor on purchases of specialty crops. That is what the farmers in New England grow. They have never had anything like this. It wasn't in the Freedom to Farm bill. If this conference report is defeated, that means New England farmers will not have anything. They will have nothing. Under this farm bill, they are going to be a part of our agricultural structure for the future.

It would be a shame to walk away from this today—walk away from the farmers in New England, the farmers in Michigan, or in the upper Northwest. It would be a shame to walk away from the great strides we have made in nutrition. I pointed out earlier that the 1996 Freedom to Farm bill, under which we are operating, didn't even have a nutrition section. That was taken up in welfare reform later. This time around we have kept nutrition under the farm bill. We have made a huge increase in the nutrition programs. It would be a shame to walk away from that.

When you look at the broad aspects of America, this conference report deserves to be supported. Again, if somebody asks me can I defend and support everything in this bill, the answer is no. But this is a compromise bill. This is a large country. What benefits one area may not benefit another. All of the support we have in there for specialty crops, the support we have in other areas that do not affect my State, I support it because I recognize that farmers in New England and all over the country need help and support. We need to promote better consumption of fruits and vegetables in this country. That is what is strong in this bill. So it is a good bill for America.

With that, I suggest the absence of a quorum as we await the arrival of those who want to speak on the farm bill, either in opposition or in support. I ask that the time during the quorum call be divided equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DAYTON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time to the Senator from Minnesota?

Mr. HARKIN. Madam President, I yield 10 minutes to the Senator from Minnesota. I thank the Senator from Minnesota for being a great member of our Senate Agriculture Committee. Senator DAYTON has been a personal friend of mine going back 20-some years. It was absolutely a bright moment when he came to the Senate and got on the Agriculture Committee.

I thank him for all his input on this farm bill. I say without hesitation many of the provisions in this bill that help our dairy farmers, help conservation, got our loan rates up for our farmers bears the imprint of the Senator from Minnesota, and I thank him for that.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DAYTON. I thank the Chair. Madam President, I thank the chairman of the committee. I return the compliment. He has been a stupendous leader of the committee most of the time I have been there. We actually have two Minnesotans on the Senate Agriculture Committee—my senior colleague, Senator WELLSTONE and I. Heretofore, for a few years, we did not have any representation on the committee.

I believe this farm bill is a better bill for Minnesota and it is a better bill for America as a result of our efforts. Without the chairman of the committee, Senator HARKIN, we would not have accomplished any of this. His leadership has been extraordinary.

I hear some of my colleagues raising objections to certain measures in this bill. In the context of what we walked into in January of 2001 when I joined the Senate and that committee and the previous conditions in the agricultural sector, there is a disconnect between what they seem to be objecting to and the circumstances that existed—which, frankly, I was not a part of—when I came on the committee in January of 2001.

The Senator from Iowa was not even the chairman of the committee at that time. He was the ranking member. Our distinguished ranking member, Senator LUGAR, was chairman of the Senate Agriculture Committee. The Republicans had been in charge of the Senate for the previous 6 years. There had been a Republican chairman of that committee for that period of time.

This means that the 1996 farm bill, if my recollection is correct, was constructed and passed by that committee, and the full Senate and House, both under Republican leadership. There was a Democratic President, but they undertook that initiative.

I traveled the State in the year 2000 campaigning for office and listening to farmers all over Minnesota. The chairman of the committee was kind enough to join me for the day. I heard from farmers in Minnesota that they were in desperate condition. I looked at the market prices then in Minnesota, and

commodity prices were lower in the year 2000 than they were when I ran for the Senate for the first time in 1982. That was not even inflation adjusted. This is just nominal dollars. The prices for corn, wheat, soybeans, and milk were lower in Minnesota in the year 2000 than they were in 1982.

None of the many products farmers have to buy to stay in business—such as tractors, diesel fuel, equipment, feed—have stayed at the same price. In fact, they have gone up quite significantly.

When we came into the majority in the Senate and I was joined by my colleague, Senator WELLSTONE, on the committee, the Minnesota farm economy was in very desperate straits. In many areas of Minnesota, the farm economy is the economy. It is not just farmers. It is every person, every business owner, every employee of a business, every school board member—everybody in Greater Minnesota, the majority of our State, knows their livelihood, the lifeblood of their communities, of their churches, of their schools depends on a healthy agricultural economy, which depends on a market price, which depends on the ability to sell your product in the marketplace and make a profit, make enough money to feed your family, buy what you need, and those dollars multiply through the local economy.

We have not seen that kind of prosperity in Greater Minnesota, in the agricultural economy of our State, for many years.

The Federal Government has stepped in, as it had to, given the failure of Freedom to Farm, with supplemental payments, with double AMTA payments. If it had not, we would not have farms anywhere in Minnesota or they would be few and operating under large corporate auspices. The real people, the farmers would not be there.

Those who criticize us for going back, as they say, to a Federal role in agriculture should be reminded, in fairness, if they had their way as the architect of this bill in 1996, there would not have been any supplemental payments; there would not have been any disaster relief. There would have simply been a total reliance on the marketplace and with prices that were going down through the floor and into the subbasement with no supply management whatsoever.

Another one of the criticisms I heard in the last couple of days is we are encouraging overproduction. The 1996 farm bill took all the caps off production individually and collectively: Produce whatever you can; produce what you must to survive. Once again, they are criticizing something that is very much their own creation.

Another criticism I have heard recently is we are somehow putting too much of the taxpayers' money into the farm program. Again, coming from a farm State, I know how vital this Federal role in agriculture is to the economic lifeblood of Minnesota. I wish we

did not have to put this much money into supporting and keeping our farmers alive. I wish they could get every dollar they need in the marketplace. If we had had a good farm program over the last number of years in this country, frankly, that is where they would be getting their price today. But that is not the case.

In fact, the farm index for this country is now at the lowest level it has been since the Great Depression. That is the price we get for all farm commodities in America divided by the cost of producing all those commodities. It has dropped from 100 percent in the years 1990 to 1992, which was the baseline, to 80 percent today. In 10 years, in just one decade, the prices farmers receive all across this country as a percentage of the cost of producing all of those products has dropped by 20 percent. It dropped below the breakeven point, which is why so many farmers have gone bankrupt, and why, without these initial payments, thousands of farmers across America will go bankrupt.

This is the situation the chairman of this committee inherited, and I think his leadership has been nothing short of miraculous and magnificent. The title of the movie "Miracle Worker" really applies to the distinguished Senator from Iowa. To put this bill together with all the differences of view, diversity, forms of agriculture, sizes, and different philosophical and political perspectives, it is a true miracle, one that was extraordinarily well done, one that would have been done—if the chairman had been assisted by everybody involved—some time ago.

Another criticism I heard in the last couple of days is that this bill should have been passed already. Farmers have been chafing from uncertainty and lenders have been chafing from uncertainty. I have heard that from Minnesota bankers and farmers all over the State, but I am thinking to myself: Despite the crisis that September 11 brought on all of us, despite anthrax, which I believe drove the Senator from Iowa and his staff out of their office in the Hart Building, the Agriculture Committee conducted its hearings, marked up a bill, and had it on the Senate floor last December so that we had 2½ weeks before our break to debate it and pass it and send it on to conference with the House. If we had done that expeditiously at the very beginning, we would have had that bill in conference. It could have been conferred and signed by the President Christmas Eve or before.

Instead, some would not permit that to happen. We, Senator DASCHLE, the majority leader, tried three times to invoke cloture. Three times we had the majority of the Senators voting to do so but we could not get the 60 votes necessary.

So we left. We came back, just before the time of the President's State of the Union, without having passed a farm bill. So now I am hearing from people

who voted against cloture in December three times, who delayed it by 5 weeks, that somehow it is somebody else's fault that we did not have a bill in March or February.

We could have had a bill, we should have had a bill, and they ought to take responsibility. To come back today or yesterday and say that it is somehow the chairman's fault or somebody else's fault, I think is irresponsible.

We have a bill that fortunately is well worth waiting for. It did not have to be waited for, but it was really well worth it in terms of the State of Minnesota.

I inquire of the Chair how much more time I have available.

The PRESIDING OFFICER. The Senator has used his 10 minutes.

Mr. DAYTON. I ask unanimous consent that the chairman yield to me an additional 4 minutes.

Mr. HARKIN. I yield 4 additional minutes to the Senator.

The PRESIDING OFFICER. The Senator has that right.

Mr. DAYTON. This is a tremendous bill for Minnesota, and on behalf of our farmers I thank Senator HARKIN. I want to pay tribute to my colleague Senator WELLSTONE who had a huge role in this. He has had a longtime friendship with the committee chairman. I see his fingerprints, his hard work, and his effectiveness in the Senate all over the bill that went out of the Senate committee, the bill that was passed on this floor and has now been incorporated into the conference report.

There was an article yesterday in the St. Paul Pioneer Press, one of our leading newspapers, that said, by an independent analysis, the bill would bring \$1.16 billion a year into the Minnesota economy. That is a huge increase in dollars coming out of the agricultural sector of our State and into our entire State economy. That means school districts, that means city budgets, that means church contributions, that means so much in the lifeblood of Minnesota that will be increased and improved as a result of this bill. I want to pay tribute to Senator WELLSTONE for his leadership in bringing that about.

Would that these dollars would come out of market prices. I believe as this bill unfolds with the counter-cyclical aspect to it, and some of the other features, that more of this bill will be paid for in the marketplace, not out of tax revenues. As I say, though, without it, frankly, there would not be any farms in Minnesota for anybody to be supporting.

As others have said, in terms of conservation, another one of the chairman's initiatives, in terms of energy, combined with the energy bill which was passed in the Senate, the funds that are going now in the initiatives for biofuels, for ethanol, for soy diesel, and other products, which I am convinced over the next 10 to 20 years is going to be essential to this Nation weaning itself from complete reliance

on oil-based fuels, it is tremendously important. This bill and the energy bill combined will lead us into that direction.

In the area of dairy, Senator HARKIN, and Senator LEAHY from Vermont, have succeeded in accomplishing something that I think dairy producers in America would have thought heretofore was truly impossible, and that is to create one market for the entire country, to make available across the Nation the same terms, the same pricing supports, the same formula for price support levels from the Federal Government. That has not existed in the 16-plus years of Federal dairy policy and that is an extraordinary accomplishment in itself.

This bill is not perfect, as others have said, but it is awfully good. It is so much better than what it is replacing, and given the conditions which it is stepping in to replace, to be picking at a penny here or a day or a week of something, when this bill is in place and, yes—when this bill is fully in place, Minnesotans in terms of prices for soybeans, for wheat, for dairy are going to be so much better off than they would have been if present law had been continued.

I, again, thank the chairman of the committee. I urge my colleagues to do as I will do, which is to vote in favor of this conference report.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Madam President, I ask unanimous consent to yield 15 minutes off of the time of Senator LUGAR to the Senator from Nebraska, Mr. HAGEL. At the completion of the statement of Senator HAGEL, I ask unanimous consent that the Senator from Missouri, Mrs. CARNAHAN, be recognized for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nebraska.

Mr. HAGEL. Madam President, I rise in opposition to the conference report accompanying the farm bill.

When the current farm bill debate began more than two years ago, agriculture leaders and Members of Congress said a new approach and a new policy was needed to face the challenges of a new century. The farm bill we debate today is not a new approach, nor is it a new policy, but rather it is a step backward into an antique farm policy of more government command and control.

This bill could have been a good farm bill had it incorporated some of the innovative ideas that had been put forward—farmers savings accounts; more focus on farmer income support through direct, decoupled payments; a more significant role for rural development; giving USDA the ability to review environmental and endangered species legislation; initiatives and safeguards to keep our farm program trade compliant with international trade laws; expanded crop insurance programs; and real payment limits.

Instead, we have been presented with an election-year document whose glaring shortcomings far outweigh its virtues. This bill will continue to expand a policy that ensures commodity prices will drop lower and remain low, and that land prices and rents will continue to go up. As one farmer in Nebraska wrote me yesterday, "This farm bill is the same old thing, and will do nothing to reverse the trend of fewer and fewer farmers on the land. The number of farmers in Nebraska under the age of 35 is fading fast. The status quo represented by this bill will not help, and we do not have a lot of time to change things."

As another constituent of mine said, "This bill will not help farmers—it will only help bushels, bales and pounds." It focuses on incentives for more production—whether the market wants it or not.

There are positive provisions in this Report. It contains a modest energy title, which promotes renewable fuel. It substantially increases funding for conservation programs. And it does not contain programs that purchase local water rights with federal funds. But the negatives vastly outweigh the positives.

Of the many problems with this farm bill, one of the most serious is the lack of real payment limits. Currently, two-thirds of all federal payments go to 10 percent of the recipients—the largest operators and landowners. These lopsided payments encourage and subsidize overproduction; drive up land prices, land values and rentals; and allow large farm operations to outbid and buy up smaller and mid-sized producers with taxpayer dollars.

The payment limits in the Senate farm bill were completely gutted by the Conferees, despite having passed the Senate with 66 votes, and the House with 265 votes.

Without real payment limits, this farm bill will not only widen the disparity gap between small and large farmers, it will make it much more difficult in the future to gain support from non-rural Members of Congress. Without real payment limits, we risk derailing public support for the entire farm program in the future.

The farm bill should not be welfare for small farmers. But Government should not be financing the demise of the family farm. There is no justification for unlimited government payments.

Furthermore, we cannot overlook the effects this farm bill will have on the cost of farmland. Unlimited government payments will only encourage large farm operations and wealthy, absentee landowners to buy more ground, no matter how low the commodity prices drop.

The Omaha World Herald recently reported that Nebraska farmland values increased by 17 percent last year, despite 2001 being one of the worst years on record for crop prices. The USDA reports that nearly a quarter of current

farmland value is due to government payments.

Yet, in many cases, the people who actually farm the land do not benefit from higher land prices. Nearly half of U.S. farmers rent at least some of their farm ground. For these farmers, this bill means they will be faced with even higher cash rents.

No farm bill is perfect. But this one has enough problems that we will be modifying it soon. One of the big question marks is this bill's timing. The new farm program will go into effect this growing season—covering the 2002 crop.

That means while farmers are in the fields tending to this year's crops, they will also have to worry about updating their yields and acres, and doing other necessary paperwork to be eligible for the new program's fixed payments, loan rates and counter-cyclical payments. This is bad timing and will create massive confusion for farmers.

The Senate should have seriously considered Senator ROBERTS' emergency assistance bill, which would have provided farmers with a real and instant safety net this year. Under the new farm bill, it will take four checks and more than a year for producers to get what they would have received right away from a supplemental measure.

Also, by relying heavily on increased loan rates and moving away from payments not tied to production—price support instead of income support, this farm bill does not provide much of a "safety net" for those farmers who fail to produce a crop. That is a very important detail considering the severe drought in many parts of the country—including much of western Nebraska.

They are calling this bill the "Farm Security and Rural Investment Act." That is a bit misleading.

Of the \$73.5 billion in new farm bill spending over the next decade, only \$870 million—about 1 percent will go to rural development. Compared to the Senate-passed farm bill, this farm bill cuts rural development in half. That means phasing-down or completely eliminating important programs—like value-added projects for farmers that would help restore competition in the marketplace; rural business grants; and high-speed Internet access for rural areas. This is a serious short-changing of rural America, especially considering that even before the bill becomes law, it is estimated to run at least \$9 billion over budget.

Consider that in Nebraska, 61 of 93 counties have lost at least 10 percent of their population since 1980. Nationally, 556 rural counties have lost 10 percent or more of their residents. A sensible, relevant and visionary farm policy would provide a better balance between commodity support and rural investment than what is now in this bill.

Soon after the Senate farm bill passed, Senator BYRON DORGAN of North Dakota and I introduced the "New Homestead Economic Opportunity Act." This legislation, quite

simply, would attract individuals and businesses back to rural areas that have been devastated by the restructuring of agriculture. Our bill would encourage young people to live and work in rural areas suffering population loss. It would create real incentives for new home and business construction, while protecting the value of existing homes. This is the type of legislation that should be a key part of any agricultural policy aimed at improving the lives of those who feed our nation and the world, to assure those next generations feel they have a future in agricultural production and rural America.

Another glaring problem of this legislation is that it seriously impairs the best hope for American agriculture's long-term viability and vitality—trade. America's ability to create new markets for its products and compete in those markets—is the key to America's future and our competitive position in the world. Our relationships with trading partners are very important to our agricultural producers. Exports account for 25 percent of gross cash sales for U.S. farmers and livestock producers—a projected total of \$57 billion for this year.

This report should have included Senator GRASSLEY's trade amendment, which would have helped us avoid potential trade problems, which this bill will surely bring, while causing significant problems in our trade relationships.

This farm bill takes us back down the dark road of tired, old farm policy. It is a glorified carbon copy of market-distorting legislation that will accelerate the vicious cycle of overproduction, low crop prices and soaring land values. Is this where we want U.S. agriculture to be six years from now? Is this the best way to improve America's agricultural competitiveness?

We can do better—we should have done better. I believe we will be forced to do better before this six-year farm bill expires. That means we could be revisiting this issue before six years is up.

There are many other gaping holes in this bill. The Senate's ban on packer ownership of livestock was stripped, without even a study to replace it. Farmers Savings Accounts was completely ignored. And by omitting the Senate farm bill's Cuban trade provision, which would have allowed private financing for food and medicine, this bill punishes U.S. agriculture by adhering to the counter-productive strategy of using food as a weapon.

The work ethic of our agriculture producers is the best in the world. America's farmers and ranchers produce the highest quality agricultural goods in the world. As a Nebraskan and as an American, I am proud of that effort and record. American agriculture can compete in the world markets. This farm bill should be allowing U.S. producers the opportunity to compete and succeed not holding them

back and placing blockades in front of them.

This conference report is the result of election year politics at its worst—unimaginative legislation that throws money at complex problems requiring more than just additional dollars. The winners will be large agribusiness, big landowners and large farm operations.

This bill will pass the Senate, as it has passed the House. We will need to come back and fix it one of these days. Maybe then, we will get it right. However, there is not much margin of error left—time and markets are not on our side.

I would hope my colleagues think about the consequences of this legislation. This is the wrong farm policy, at the worst possible time.

The PRESIDING OFFICER (Mr. REED). Under the previous order, the Senator from Missouri is recognized for up to 15 minutes.

Mrs. CARNAHAN. Mr. President, the farm bill conference report we are considering today is good for American agriculture. Historically, what has been good for American agriculture has been good for America.

I raised my family on a farm in rural America. I have traveled throughout rural Missouri for many years. I believe rural America's future can be limitless if we make the proper investments now. Because our farmers feed the world, the destiny of our Nation and rural America are intertwined.

It troubles me to see our rural communities struggle to compete in the 21st century. Too often dwindling populations and lack of opportunity leave our rural communities contemplating a future much different from their proud past. Many youth leave and do not return to their family farms or family businesses, the communities that generations before them had called home. Those who determine to remain and farm the land deserve a safety net for their labors, and they have not had one for the past 6 years.

We have told rural America that help is on the way. Here it is at last. The farm bill conference report will play a large role in helping rural America and American agriculture to reach its full potential. The strong commodity title will give our entire agricultural industry a degree of certainty when making business decisions, and it will provide additional support for farmers when times are lean.

This farm bill's strong energy and rural development titles will help our farmers add value to their products, while decreasing our reliance on foreign oil. I have visited many innovative Missouri farmers who now are forming new-generation cooperatives for ethanol production. Their efforts help us create sustainable jobs in rural areas. This farm bill places our reliance less on the Middle East and more on the Middle West.

The rural development title provides our communities with more opportunities to enhance basic services such as

fire protection, wastewater and drinking water programs, and much needed rural business investment programs.

I am also pleased this bill commits \$100 million toward broadband access, to improve telecommunications in underserved areas. It is important that those who live, work, and raise families in rural areas have access to the technology of the 21st century.

Missouri is the confluence of American agriculture. Parts of northern Missouri resemble the Great Plains. Southeast Missouri's agriculture has much in common with the Deep South. Missouri ranks second nationally in the number of farms in the State and second in beef cattle production. We rank among the top 10 in production of soybeans, corn, rice, cotton, and hay. Farmers and business people all across Missouri support this farm bill because it is fair to all segments of our agriculture industry. A farm bill that is equitable to Missouri's diverse agricultural base is fair to the Nation.

I joined my colleagues from States with traditionally southern crops in urging the conferees to produce a compromise that is fair to all regions. Southern crops, namely rice and cotton in my State, are highly capital intensive. Family farmers growing these crops would not be competitive if the payment limitations provisions were to stand as passed in the Senate. The payment limitations compromise will preserve the viability of Missouri's rice and cotton producers while denying benefits to millionaires and others whom farm prices are not intended to benefit. I commend the farm bill conferees for producing a fair compromise. I also commend Senator HARKIN and Senator DASCHLE for their outstanding leadership.

Agriculture and a vibrant rural economy are critical to my State and to the entire Nation. I will be pleased to vote for the farm bill that I sincerely believe marks a new beginning for American agriculture.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Iowa.

Mr. HARKIN. Mr. President, I yield 10 minutes to the Senator from South Dakota, after which I ask unanimous consent, if there is no one on the opposite side who shows up, that the Senator from Montana be recognized for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from South Dakota.

Mr. JOHNSON. Mr. President, I rise today to support and discuss the new farm bill, the Farm Security and Rural Investment Act of 2002, legislation the Senate will send to President Bush for his signature. This new farm bill is not perfect. If this farm bill contained all of the initiatives I helped include in the Senate-passed bill, it could have been more beneficial to South Dakota agriculture, which generated \$17 billion in economic activity in 2000 to South

Dakota's economy, approximately twice that of the second largest industry in my state. However, overall, it is a modest step in the right direction. I have advocated for the passage and implementation of a new farm bill since the inadequacies of the current program were revealed in 1997, a time when a significant drop in crop prices eventually developed into a longer-term price crisis. Therefore, I look forward to the President signing this important legislation and anticipate the United States Department of Agriculture, USDA, will take seriously their job to implement the new farm bill in a timely manner. I hope that USDA can administer the new bill for the 2002 crop year. I will work with USDA to make sure South Dakota's farmers and ranchers are treated fairly and appropriately under the new farm bill.

I wish to take this opportunity to thank my friend and colleague, Senator DASCHLE, for his enduring leadership and tireless work to finalize the farm bill. From day one, he has been determined to pass legislation that would benefit America's family farmers and ranchers. Additionally, I commend Senate Agriculture Committee Chairman HARKIN for his persistence in shepherding this complex farm bill and reaching a compromise with our House colleagues in the conference committee, despite the substantial policy differences between the Senate and House bills. From the beginning of the farm bill process, Senator HARKIN listened to my concerns, included my initiatives for South Dakota's farmers and ranchers in the Senate bill, and resisted many efforts by the special interests to remove these important reforms from the final bill. I thank as well, Brian Jennings, from my Senate staff, for his excellent work on this bill.

Most importantly, however, I am pleased that we finally have a farm bill for South Dakota's agricultural producers, who have been busy with fieldwork and preparations for the 2002 crop year. Indeed, South Dakota's winter wheat crop has long-emerged from dormancy, winter wheat harvest will begin in the South within days, and my State's farmers have planted much of the spring wheat crop and other small grains already. Row crop seeding is underway in South Dakota, with over ten percent of the corn crop in-the-ground, and soybean and sunflower planting will begin soon. Last year, South Dakota farmers produced 370 million bushels of corn and approximately 140 million bushels of soybeans, making us the nation's eighth largest producer of those commodities. Additionally, South Dakota ranks second in the nation as a producer of sunflowers, flaxseed, hay, and proso millet, and we're within the top 10 States in wheat production. Obviously, it is critical that we act quickly to move this legislation to the President's desk, allow USDA to begin implementation, and

let South Dakota producers know how the legislation will affect their operations.

Americans are the envy of the world because we enjoy the most affordable and the safest food, spending only 10 percent of our household income on groceries. Yet today, our agricultural producers receive about half the price for crops they pocketed 6 years ago. In some cases, production costs exceed farm income. Furthermore, inclement weather has destroyed crop and forage production, while meatpacker concentration, the strength of the U.S. dollar, and unfair trade agreements have contributed to the demise of independent producers. Without policy changes to provide a much needed booster-shot to the farm economy, USDA estimates that net farm income in 2002 could drop 20 percent, its lowest level since the 1980s farm crisis. Without a new farm bill, our Nation would be unable to provide economic security to farmers, enjoy environmental benefits, and maintain food security and affordability. I am hopeful the passage of the Farm Security and Rural Investment Act will help forestall the economic decline in rural America and help farmers, ranchers, and rural communities return to prosperity and growth.

South Dakota's farmers and ranchers have made it clear to me that they want to derive income from the marketplace, not the government. For that to happen, Congress must mend the income safety-net and restore fair competition to agricultural markets. That is why I worked hard in the Senate months ago to include many meaningful provisions in the farm bill, provisions that were priority-items for South Dakota producers. A number of my initiatives were included the final bill in some form, while others were dismissed by the House conferees and stripped from this farm bill. In summary, this farm bill meets most, but not all, of the objectives I set out to accomplish when we began to develop and write the bill last year. Namely, this bill secures the income safety-net for farmers, restores modest market competition for livestock producers, greatly increases our commitment to conservation, devotes more assistance to value-added agriculture and rural development, and focuses new attention to home-grown energy solutions. Mr. President, this bill provides meaningful reform in farm policy, and I'm pleased with a number of provisions.

First, the farm bill contains language from S. 280, the Consumer Right-to-Know Act, legislation I sponsored to require country-of-origin labeling for beef, lamb, pork, fruits, vegetables, fish, and peanuts. Despite strong opposition from the Bush administration, the meatpackers, and other special interests, we prevailed in this effort that I have worked on since I was in the House of Representatives. In fact, my first meat labeling bill was introduced in 1992, 10 years ago. Western South

Dakota cow-calf ranchers will be proud to know that the standard for "U.S. beef" under my provision will require it to come from cattle born, raised, and slaughtered in the United States, despite a last-minute campaign by opponents to allow foreign cattle to qualify as U.S. beef. Although the labeling program must first undergo a 2-year voluntary implementation period, consumers will eventually be able to select meat and other food products by their country-of-origin at grocery stores. While the House-passed farm bill merely covered fruits and vegetables, the Senate-passed bill included an amendment I worked on with Senator WELLSTONE to cover meat and other products. The conference committee nearly prevented the labeling of meat because it was not in the House farm bill, but, I am pleased that we overcame their opposition. I want to express my heartfelt gratitude to all of the South Dakota farm organizations for supporting this legislation. Furthermore, I wish to commend the national farm and consumer groups that helped lead the way on this effort, including, the National Farmers Union, the American Farm Bureau, R-CALF USA, the Consumer Federation of America, the National Consumers League, and a host of others too numerous to mention. In fact, over 200 organizations in the U.S. have written me in support of this provision. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the National Farmers Union regarding the passage of country-of-origin labeling in the farm bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL FARMERS UNION,
Washington, DC, May 2, 2002.

Hon. TIM JOHNSON,
U.S. Senate,
Washington, DC.

DEAR SENATOR JOHNSON: On behalf of the 300,000 family farm and ranch members of the National Farmers Union (NFU), I write to commend you for your leadership and your tireless efforts to enact policies that benefit our nation's independent producers.

NFU enthusiastically congratulates you on your success in the inclusion of mandatory country of origin labeling for fresh produce and meat products in the conference-agreed farm bill. Unequivocally, this is a hard-won and a hard earned victory for our producers, growers and consumers. We greatly appreciate your steadfast determination in the face of sizable opposition to carry through in conference the provisions of your original bill that require products receiving a U.S. label must be "born, raised, and slaughtered" in the U.S.

NFU lauds your assiduous efforts to enact a prohibition of packer ownership of livestock. You were the first Senator to introduce the packer ban as stand-alone legislation. And you were a leader in the fight as your legislation gained considerable attention during the farm bill debate, drawing as many supporters from the countryside as opponents in agribusiness. While the large meat packers and agribusiness were able to obstruct the packer ban from being included in the final version of the farm bill, we know the issue remains a priority as both the

House and the Senate Agriculture Committee Chairmen have stated they will hold hearings. Likewise, the tremendous grassroots support for a ban on packer ownership continues to grow.

NFU, again, congratulates your success for country of origin labeling. We look forward to working with you in enacting the packer ban provision as well as other legislation that increases competition and transparency in agricultural markets. You are champion to family farm and ranchers across the country.

Sincerely,

DAVID FREDERICKSON,
President.

Mr. JOHNSON. Mr. President, commodity programs in the new farm bill will furnish America's farmers with three features to secure the farm income safety-net. These commodity programs will maintain the planting flexibility so popular under the current program, but, they will also provide more predictable support when prices are low. First, the farm bill will continue the practice of providing farmers of program crops with marketing assistance loans or loan deficiency payments, LDPs, to help them market their crops and manage price risk. These 9-month non-recourse loans provide farmers with the necessary support to make market-based decisions. Second, the farm bill will also continue to provide de-coupled direct, or fixed, payments to farmers regardless of price or production. The 1996 farm bill first introduced these direct payments, known as AMTA or production flexibility contract payments. Finally, the farm bill will complement these two payment features with a new counter-cyclical payment program to provide additional support when crop prices fall below profitable levels. These new counter-cyclical payments will also be de-coupled in a sense, because they're not directly tied to what a farmer plants. I am hopeful the revisions made to commodity programs will help restore and strengthen the safety-net for our agricultural producers.

South Dakota farmers will be pleased to know that for the first time since 1981, the farm bill will include a significant increase in loan rates which are the basis for marketing assistance loans and LDPs. I believe that increasing loan rates is one of the best ways to mend the farm income safety-net. First, loan rates are tied to actual production, instead of decoupled like direct and the new counter-cyclical payments. Second, marketing loans are available at harvest, when prices are historically the lowest during a crop year. Third, marketing loans or LDPs are paid on 100 percent of production, not a partial percentage. Fourth, the loans go to actual producers who raise crops, rather than absentee landlords. I am also pleased that producers of honey and wool in South Dakota will benefit from the inclusion of marketing loans for their products. This is important because South Dakota is the Nation's fourth largest honey and sheep producer. Finally, I would note that for the very first time, cold season

legumes such as chickpeas, peas, and lentils will receive marketing assistance loan support. The inclusion of these so-called pulse crops in the marketing loan program is similar to S. 977, legislation that I cosponsored to provide for marketing loans and LDPs for pulse crops. Cold season legumes are gaining in popularity in South Dakota, and I am pleased to help provide certainty for farmers wishing to plant them.

Individual farmer crop-yields used to calculate support under the direct and counter-cyclical payment programs are critical to South Dakota's farmers because our yields have dramatically improved in recent years. Despite strong opposition from the House, the new farm bill will reward South Dakota farmers for their productivity with a modest yield update permitted for new counter-cyclical payments. This is good news for farmers in my State because yields have increased significantly since the 1981-85 period, a time frame used to base direct payments under the House farm bill and AMTA payments under the 1996 farm bill. For instance, according to the South Dakota Farm Service Agency, the House bill would base payments on a 64 bushel-per-acre corn yield, but the Senate bill would account for a modern-day 108 bushel-per-acre corn crop, a 44-bushel increase to reflect realities in corn production. A corn farmer from Brown County, SD, called my office just yesterday to note that his yields are remarkably better than the levels set in the House-passed farm bill. Moreover, the House farm bill would base wheat payments on a 24 bushel-per-acre wheat yield, yet most wheat farmers in South Dakota produce wheat crops yielding approximately 36 bushels-to-the-acre today. Wheat producers in Stanley County would agree that given a choice, they'd rather operate under the rules of the Senate bill which rewards them for yield improvements. The final agreement will allow farmers to use updated and proven yields from the last four years and apply a 93.5-percent factor to that updated yield for their counter-cyclical payments. While the new counter-cyclical payments may be made based upon these updated yields, the fact that the House forced the conference committee to not update yields for direct payments is a significant and costly problem that will take money out the pockets of South Dakota farmers and continue to provide the bulk of direct payments to large cotton and rice operations in the South. According to calculations by the South Dakota Farm Service Agency, if the final farm bill had rewarded farmers by allowing them to prove-up modern-day yields to base direct payments, as the Senate bill did, then these payments to South Dakota producers would have doubled from \$135 million to \$271 million per year. While ordinary observers may not think a yield update is a crucial element in the farm bill, consider the following. If the new farm bill froze crop

yields at levels in the House bill, farmers in South Dakota would be forced to use yield data nearly 30 years old by the time this farm bill expires, meaning young farmers may be using data older than they are to calculate price support.

I am very pleased that under the new farm bill conservation programs will experience the most significant amount of funding ever in a farm bill, an 80-percent increase over current levels. I believe farm programs should place more emphasis on conservation initiatives that benefit crop farmers, livestock producers, and American taxpayers, who realize tangible benefits from clean air, clean water, and more wildlife habitat. I fought to increase our investment in conservation because I desire to help farmers keep lands in working condition while protecting our soil, water, and habitat. The most popular conservation program, the Conservation Reserve Program, CRP, will be expanded from 36.4 to 39.2 million acres under the new farm bill. I am pleased to note that the Farmable Wetlands Program, the Conservation Security Program, the new Grasslands Reserve Program, and a new-and-improved Environmental Quality Incentives Program, EQIP, will all be in the final farm bill as well. Inclusion of the Farmable Wetlands program is modeled after the pilot legislation I authored in 2000, S. 2980, the Conservation of Farmable Wetlands Act. The continuation of this program will ensure farmable wetlands are eligible for enrollment in the Conservation Security Program Chairman HARKIN included in the farm bill is similar to S. 932, the Conservation Security Act that Senator HARKIN and I sponsored. These programs provide a positive contribution to the stability of our delicate ecosystem, while providing landowners and producers adequate incentives to participate. It is also important to note that if the United States is planning to continue working within the World Trade Organization conservation programs provide so-called green payments to producers that do not violate spending limitations established by the WTO.

I worked with Chairman Harkin in developing the new and innovative idea for an "energy title" in the Senate farm bill because it's time to recognize that U.S. farmers and ranchers can help develop home-grown solutions to energy problems. While the House-passed farm bill did not include this energy title, the final farm bill will contain one for the very first time. It will launch a number of new initiatives, including a biobased products purchasing requirement for Federal agencies if the products are comparable in price, performance, and availability to traditional products. The farm bill will also establish a new program to educate consumers about the benefits of biodiesel use. Moreover, the energy title will provide grants and loans to farmers, ranchers and rural small businesses for renewable energy systems

and energy efficiency improvements, and, a complementary grant and loan program is established so that farmers, ranchers, and rural small businesses can purchase renewable energy systems and make energy efficiency improvements. Importantly, the bill will provide \$204 million over 6 years for the Bio-Energy Program, similar to S. 1960, the Bio-based Energy Incentives Act of 2002 that I cosponsored. My provision in the farm bill will reimburse existing and new ethanol and biodiesel facilities for using commodities to produce renewable fuels. A total of 42 ethanol plants and 12 bio-diesel facilities in 19 States received payments under this program last year. Ethanol plants such as Heartland Grains Fuels in Huron and Aberdeen, Broin's in Scotland, and Dakota Energy in Wentworth were South Dakota's recipients. This year, three new ethanol projects in Milbank, Watertown, and Rosholt, SD, are poised to collectively produce nearly 100 million gallons of ethanol. Because my legislation was included in the final farm bill, they will benefit from this incredible program.

Agriculture is entering an exciting new dimension with value-added production and processing, and I have fought to ensure the energy and rural development titles of the farm bill will collectively help South Dakota create more success stories in value-added agriculture. When agricultural producers capture a more significant share of profits by adding value to their commodities or livestock before they are sold, it's called value-added agriculture. South Dakota has quickly become a leader in ethanol production, and given the number of projects operating in the state or at various planning stages, we're poised to produce over 200 million gallons annually. A typical 40 million gallon ethanol plant in South Dakota will provide a new market for nearly 15 million bushels of corn, provide jobs and over \$1 million in annual payroll, and help South Dakota farmers become part-owners of the United States' energy supply. The new farm bill may help create several of these ethanol plants, which will multiply the financial benefits and put thousands of South Dakota farmers in a better economic condition. South Dakotans are working hard to create a new value-added agriculture sector beyond our growing ethanol industry, including projects such as soybean processing, dairy cooperatives, beef and pork marketing co-ops, and venture capital initiatives. From the fledgling Dakota Value Capture Co-op in Sully County to the existing South Dakota Soybean Processors plant in Volga, farmers will be able to capitalize upon the assistance in this bill to become price setters rather than price takers.

A recent study by the Bureau of Labor Statistics shows that farmers and ranchers are expected to lose 328,000 jobs over the next ten years, more than any other sector of the economy. Given this startling forecast,

the attention this farm bill places on rural development and job growth is critical to the future of rural States such as South Dakota. The farm bill contains a rural development title which will help foster positive results for communities and rural citizens. I am very pleased the Value Added Agricultural Market Development Grants program will receive a total of \$240 million—\$40 million annually—to provide crucial grant assistance to value-added agriculture ventures. While the funding level for this program was \$75 million annually in the Senate bill, it's important to keep it in the farm bill. Another benefit of this rural development title is the establishment of the Northern Great Plains regional authority, as provided for in S. 1681, my legislation to re-authorize the Northern Great Plains Rural Development Authority. As a result, South Dakota is one of five States that will have access to \$30 million per fiscal year to provide grants to States in the Northern Great Plains Authority for projects including transportation and telecommunication infrastructure projects, business development and entrepreneurship, and job training.

Also, for the first time, the farm bill will help provide \$80 million for rural citizens to access local television stations via satellite. This program provides loan guarantees to launch satellite systems that provide critical and timely news and weather to rural residents via their satellite. The LOCAL TV Act and loan guarantee begun because of legislation I sponsored in 2000, S. 2097, the Satellite Home Viewer Act. We also must strive to bridge the digital divide, and the inclusion of \$100 million for broadband service will allow rural citizens to receive high-speed, quality broadband service.

As an original co-sponsor of S. 1111, I am very pleased to report to South Dakotans that a new National Rural Development Partnership Act was included as a part of the rural development title as well. I believe it is important for local coordination to be a part of the larger national strategy to enhance rural development. The entire State of South Dakota is considered rural, and in many places it is critically depressed. Through this new program, rural economic development efforts will utilize the expertise of Federal agency officials and dedicated local officials. Too often, the facilitation and implementation of rural development initiatives does not reach its full potential because of the lack of local participation. The primary goal of this new program is to engage in meaningful conversions that will allow for the greatest success of all rural development initiatives. South Dakota will be a true benefactor of the new National Rural Development Partnership, and I am honored to have been a part of its establishment.

The farm bill is not only supportive of crop farmers and rural communities, it also authorizes essential nutrition

and food assistance programs. I am pleased that a provision of mine was included that will essentially save school lunch programs all over the country \$100 million over the next 2 years. S. 1179, the Emergency Commodity Distribution Act, is my legislation included in the farm bill to fix the way that commodities are calculated for the school lunch program. While not large in overall budget terms, this fix contained in my legislation and the final farm bill will result in important stability for South Dakota and nationwide school lunch programs. Moreover, the farm bill continues the great progress made by the McGovern-Dole Global Food for Education Initiative, a program that I helped create by serving as an original co-sponsor of S. 1036, the bill that codified the incredible idea former Senators McGovern and Dole had for an international food for education and child nutrition program. Finally, the nutrition title will restore Food Stamp Program benefits for all legal immigrants who have lived in the United States for at least 5 years, and the immediate restoration of food stamp benefits to legal immigrant children and the disabled. This provision was a bipartisan endeavor, with President Bush helping to lead the way for this reform.

I am also pleased the farm bill will re-authorize farm lending programs and provide greater access to credit for beginning farmers and ranchers. Under the final bill, USDA will increase its share of down payment loans for beginning farmers and extend the term of the loans. Additionally, the bill will furnish \$1.3 billion over 6 years for research programs such as those successfully carried out by land-grant colleges like South Dakota State University.

Also of interest to South Dakota is the creation of a new national dairy program, to replace the controversial compacts that divided dairy farmers between regions of the country. This is critical for new dairy operations in eastern South Dakota, and dairy processing facilities such as the new cheese plant hoping to begin operations near Lake Norden. In addition to extending the very important dairy price support program at \$9.90 per hundredweight, the farm bill creates a new counter-cyclical program that will provide assistance to farmers when the price of milk falls below \$16.94 per hundredweight. We in the Upper Midwest have argued over the years that all dairy farmers should be treated the same regardless of the end use of their milk and I am pleased that this bill supports that position.

Despite these and other farm policy improvements, special interests prevailed upon the House conferees to eliminate a number of important initiatives from the final farm bill. As a result, Mr. President, I am very disappointed that the final farm bill may result in long-term problems for rural America.

First, the farm bill won't include my "Johnson Amendment" to ban packer

ownership of livestock. The opposition from the House conferees and packer-apologists was overwhelming according to Senator DASCHLE and others on the conference committee. In the end, it appears the fact that the House did nothing on this topic resulted in its defeat in the conference committee. The Johnson amendment to ban packer ownership of slaughter livestock and the new "Competition Title" were necessary because the national food industry continues to grow economically while independent livestock producers receive a small share of the consumer food dollar. Horizontal and vertical integration have tipped the balance of market power in favor of major meatpacking firms at the expense of family-sized livestock producers. While the Competition Title was narrowly defeated in the Senate Agriculture Committee, we conquered well-funded opposition twice during Senate consideration of the farm bill and added my packer ownership provision to the Senate bill. Many livestock producers in South Dakota told me that the packer ownership ban was one of the most important farm bill items. Despite bipartisan Senate support and an affirmative vote by Senate farm bill conferees the House of Representatives unanimously objected and the provision was stripped from the final farm bill. While the opponents of making livestock markets more competitive are probably celebrating the defeat of my Johnson amendment in the farm bill conference, it's critical that Congress demonstrate leadership and a willingness to act on this issue in a timely manner. I have already written Chairman HARKIN to call for hearings in the Senate Agriculture Committee to investigate problems in the marketplace and to once again pass my packer ownership ban. I wish to thank the many South Dakota farm and ranch organizations that provided real leadership on this issue, along with the Organization for Competitive Markets and Senator GRASSLEY. Together, we will continue the fight.

While my country-of-origin labeling bill was included in the final farm bill, the provision to prevent USDA quality grades from being applied to foreign beef and lamb was left on the cutting room floor. It's discouraging to South Dakota's cattle and sheep ranchers that their high-quality meat has to compete with foreign beef and lamb which is camouflaged with a USDA choice or prime seal. I vow to continue to fight for a change that will only allow USDA quality grades on domestic beef and lamb.

Also, the House insisted on changes to the payment limits provision I cosponsored in the Senate that virtually render the payment limits meaningless. The new farm bill weakens what are already flawed payment limitations and may provide a larger share of payments to the Nation's mega-farms than any other farm bill in history. While the overall limit was reduced

from the House level in the conference committee—the House limit was \$560,000 and Senate was \$275,000 the inclusion of the "triple entity rule" will allow large farms to double their \$180,000 payment to \$360,000. Furthermore, the farm bill imposes no real limit on gains from marketing assistance loans because large farms can receive unlimited marketing loan gains through use of generic certificates. The Center for Rural Affairs has estimated that a 25,000-acre California cotton farm would receive \$8.4 million, thanks to the meaningless limits in this bill. While the bill was debated on the Senate floor, an overwhelming majority approved the Dorgan-Grassley-Johnson amendment to forestall large corporate farms from receiving these huge government subsidies at the expense of family farm operations. Yet the House provision contained virtually no limits on these payments. The integrity of this bill and future farm legislation is dependent upon common sense limitations. We cannot expect the American taxpayer to continue subsidizing corporate farms who take advantage of programs that are intended to assist small family farmers. I was pleased to see that the language includes a \$2.5 million adjusted gross income cap on eligibility for participation in farm programs and that some level of transparency will be included. Hopefully, this will shed light on those operations abusing the program. A new commission will also be established to study and make recommendations regarding farm program payment limitations and the impact of payment limit policy changes on farm income, land values and agribusiness infrastructures. I vow to continue working with groups such as the Center for Rural Affairs and Senators GRASSLEY and DORGAN to address this issue in the future.

Finally, the White House and House opposition to the \$2.4 billion in emergency aid for the 2001 crop year led to its defeat in the final bill. I cosponsored Senator BAUCUS' amendment to include this important disaster aid in the Senate farm bill because several agricultural producers in South Dakota experienced weather-related disasters that damaged crop and forage production last year. In fact, 13 counties in western and central South Dakota have been declared a drought disaster by USDA, and yet the Senate language to include this timely assistance was killed. Congress has provided ad hoc disaster assistance to farmers since 1998, but, without this provision, we will have disregarded losses occurring in 2001. I am hopeful we can identify ways to include this necessary disaster funding in another bill.

I cannot talk about this farm bill without publicly thanking the members of my staff who have worked so hard on this legislation for many months. I can confidently say that the Senate version of the farm bill, and ultimately this conference report, would not have been as good as it was without

the efforts of my Legislative Assistant for agriculture issues, Brian Jennings. Brian's tireless effort for many months, and frankly over most of the past 3 years, was a major factor in my country of origin labeling provision being adopted by the full Senate and then included in the conference report as I have referred to earlier. And it was with Brian's help that my amendment to ban packer ownership of livestock was adopted by the Senate. The long days, nights and even many weekends that Brian has worked during consideration of this farm bill have paid off in many of the positive improvements this farm bill makes over the current farm bill passed in 1996. Brian has worked closely with Senator DASCHLE's staff, Senator HARKIN's Agriculture Committee staff, and staff from Senator's who serve on the Agriculture Committee on both sides of the aisle. I also want to commend those staff members as well, as the Senate would simply not be able to function without the dedication and true public service provided by all of our staff members.

Brian has worked on agriculture issues as a member of my staff since 1998, and he has been instrumental in the success my office has had in fighting for South Dakota's family farmers and ranchers. And for those who know Brian, this comes as no surprise. He grew up working on his family's ranch in Stanley County, SD, near Ft. Pierre, and his first-hand understanding of family farmers and ranchers in South Dakota is in part what makes him such an outstanding and effective advocate for all family farmers and ranchers here in the Nation's Capital. Brian's parents, Keith and Patti Jennings, should be very proud of Brian, as his upbringing by them on the Jennings' Ranch is the main reason he has been such an effective and strong advocate for South Dakota's farm and ranch families.

I also want to thank Sharon Stroschein of my Aberdeen, SD, staff, and Katy Ziegler of my Washington, DC staff. Sharon and her husband Larry Stroschein operate their family farm near Mansfield, SD, in Spink County. Sharon is one of my original South Dakota staff members after I was elected to the House of Representatives in 1986. Her first-hand knowledge and understanding of South Dakota agriculture have been invaluable to me over the years as I do my best to represent South Dakota in the United States Senate. Katy Ziegler grew up on a farm in Minnesota, and although she only joined my Washington staff last year, her farm background has also helped her to provide critical insights on many issues that have been helpful to me and members of my staff during consideration of the farm bill.

I will conclude my statement by saying that while a farm bill is not a cure-all, the new farm bill should be a long-term economic stimulus package for family farmers, ranchers and rural communities. Whether you support or

oppose this farm bill, it's important to pause and determine whether the bill will provide a greater optimism about what family-farm agriculture will look like in the future. In some ways, I believe this farm bill will indeed create a brighter future for family farmers and ranchers, but without more meaningful reforms to meatpacker concentration and payment limitations, I am uncertain whether the long-term result will be as favorable as what is necessary to keep independent producers on the land.

According to a preliminary analysis by the Food and Agricultural Policy Research Institute, the Farm Security and Rural Investment Act will provide South Dakota farmers with an increase of approximately \$200 million in benefits over the current farm bill for the 2002 crop year. Moreover, after passage of the House farm bill last year, FAPRI determined that South Dakota farmers would receive the second lowest percentage increase in payments under the House farm bill among all 50 states. Therefore, despite this bill's shortcomings, it is certainly better for South Dakota than the current farm bill and the House-passed version, which catered to mega-farm agriculture and agri-business.

In the final analysis, independent farmers and ranchers in our free-enterprise democracy deserve the opportunity to make a living from the commodities they produce in fair and competitive markets. I will continue to fight in the Senate to provide that opportunity and reduce the obscene market power that is becoming all too common in crop and livestock markets.

The PRESIDING OFFICER. Under the previous order, the Senator from Montana is recognized for up to 10 minutes.

Mr. BAUCUS. Thank you, Mr. President.

I speak today on a matter that touches the lives of every single Montanan. We have experienced 4 years straight in a row of ongoing drought conditions.

I rise today not to oppose the farm bill conference—I support it—but, rather, to express my extreme disappointment that a natural disaster assistance provision which would provide real help to American family farmers suffering from drought is not included in the conference report.

Not too long ago, I, along with Senator ENZI, offered a bipartisan amendment to the Senate farm bill that passed by an overwhelming 69 votes. That amendment provided funding for the Crop Disaster Program and for the Livestock Assistance Program.

This is not an idle matter. There are some from some States in the country who may not appreciate the gravity of the situation we face in the West. It is severe. Our Nation's agricultural producers are holding their breath, particularly in my State of Montana. I was at home over the weekend. You could feel it.

They want to know if this agricultural disaster is going to be in the farm bill. They care about the farm bill. They care much more about whether agricultural disaster assistance is or is not included; that is, the agricultural disaster assistance for last year, 2001, where the crops were devastated. As I mentioned, it is 1 of 4 years in a row of drought.

Let me be clear. Without this assistance provision in the farm bill, it really won't matter very much because farms are going to go under. We are talking about saving long-time family farmers and long-time ranchers whose generations have been farming. They just want to make a living.

On March 28 of this year, Agriculture Secretary Veneman declared the entire State of Montana a drought disaster. This drought designation came 2 months earlier than the designation in the previous year of 2001 and 8 months earlier than the same designation in the year 2000.

While our State picture is dire, it is even worse in some of the individual communities. It is bad enough statewide, but in some areas it is just desperate.

In May of 1930, the Knees Weather Station, which is approximately 30 miles from Brady, MT, located in the central part of our State, registered 1.17 inches of precipitation. That is May 1930, the Dust Bowl years—1.17 inches. In May of last year, the year for which drought disaster assistance is so desperately needed, the same station registered 0.16 inches of precipitation—about 10 times less than the 1.17 in the 1930s.

I want to graphically show you what drought is doing to my State. These pictures are courtesy of the Great Falls Tribune which has been chronicling this drought for a good period of time. This is the Golden Triangle, the so-called breadbasket of our State. I have gone out many times into the fields and kicked the soil. It is bone dry. There is nothing there. I have talked to ranchers and farmers in farm forums in Shelby, Havre, and Conrad, where the drought is drying up hope, closing down businesses, and forcing bankers to close their lines of credit. It is just getting worse.

These pictures show the problem. Some old-timers say it reminds them of the Dust Bowl days in the 1930s.

This picture shows Mark Peterson. Mark is a very good farmer. He farms just north of Havre of Hill County. In this picture, he is taking a core sample of soil to look at the moisture in the field he is seeding. This is what Mark said:

In the late 1970's and early 1980's, you couldn't do anything wrong. Farming was fun. Right now it's hell.

This picture shows the moisture content. He goes down for the soil sample. It is not just the surface, but the subsurface soil content. It is lower than he has ever seen.

Here is what the Great Falls Tribune wrote, which is one of the largest papers in our State:

Experts are predicting a harvest more disastrous than last year's record-low winter wheat crop. Instead of admiring their seedlings this spring, farmers in north-central Montana's Golden Triangle are watching their topsoil swirl away in the wind. As dust storms blow down Main Street, agriculture-businesses are talking about layoffs and bankers are running out of slack for debt-ridden farm families.

Congress has yet to pass a disaster payment to cover last year's failed crops. Many producers are banking on the money to pay off last year's operating loans. Without the Federal assistance and a decent harvest, 2002 could be the end of the line for some producers.

This photo shows Mark Peterson seeding winter wheat north of Havre. This picture does not do justice to the problem.

I was home last weekend. This is dust blowing all across the highway, which is 20 or 30 miles south of where this picture was taken. I couldn't believe it. I have seen nothing like this.

This next picture is a photo that shows a Liberty County employee.

Liberty County is supposed to be a very large wheat-producing area in our State. What is Al Green, a Liberty County employee, doing? He is clearing a culvert that is supposed to carry water. It is carrying dust. The culvert is being filled with topsoil. You can barely see the culvert. In fact, he had to dig it out; otherwise, the culvert would be full of soil from the blowing dust.

Here is another example. This chart shows a makeshift fence just south of Chester in Liberty County. That is also in the north-central part of Montana. I was there a short while ago. I walked out in the fields. It pulls at your heart. It is so sad, so tragic to see there is nothing there, to see people not making it. The soil just crumbles in your fingers.

As you can see, here are the fences. This fence is about 3½ to 4 feet high. Why is it there? The farmer is trying to desperately save topsoil from blowing away. Clearly, you can't keep topsoil from blowing away unless you have a crop, unless you have moisture. But in this case, it is gone. He is losing his topsoil.

The unrelenting drought in my State has brought economic hardship not only to agricultural producers but to very widespread areas of the State. In 1996—just a few years ago—the year before the 4-year drought kicked in, Montana received \$847 million in cash receipts from wheat sales. In 2001, 4 years into the drought, we received not \$847 million but \$317 million in cash receipts. That is a 62-percent decline. Why? Drought.

It is true a lot of farmers have crop insurance. That is a critical risk management tool widely used by Montana producers. But, unfortunately, crop insurance coverage declines during consecutive years of drought because a decline in actual production history

means your coverage is less. That is the way the law is written. It is a vicious circle. So the producers maintain their insurance, but they have crop insurance that provides virtually laughable coverage.

Agriculture is about 50 percent of Montana's economy. It is the backbone of our State. The drought affects not only farmers and ranchers, it is felt throughout the rural communities. It means a loss of jobs. Small businesses are forced to close their doors.

For example, in the first 3 months of 2002, feed sales were down about 20 percent. That is an indication that there are fewer livestock in the area.

Take Fort Benton, an average-sized agricultural community. About 80 percent of Fort Benton's businesses are agriculture related. Clearly, producers are suffering. The town suffers. Those who sell agricultural equipment—for example tractor dealers—close their doors.

Here is a farmer I would like you to listen to: Dale Schuler, past president of the Montana Grain Growers, and a farmer in Chouteau County, MT. He estimated nearly 2,000 square miles of crop in his area of central Montana have gone unharvested. So 2,000 square miles, in a part of Montana which usually produces tremendous wheat yields, has gone unharvested. That is about equal to the area of your State. An area the size of your State has gone unharvested in Montana. The entire State has gone unharvested.

As Dale said:

Farmers and our families haven't had the means to repay our operating loans, let alone buy inputs to plant the crop for the coming year. Chouteau County is the largest farming county in Montana. And yet our last farm equipment dealer [in the community] had no choice but to close his doors. Our local co-op closed its tire shop. One farm fuel supplier quit. And the fertilizer dealers and grain elevators are laying off workers. I believe that we are set to see a mass exodus from Montana that has not been seen since the Great Depression of the 1930s.

I have talked to a lot of farmers in this area. I asked them to honestly compare this situation to the 1930s. Their answer was, "worse." These are honest people. I asked them, why? They said, because during the 1930s, there was 1 year in between the drought years where it rained. There was moisture. And so some could hang on. We have not had that interval year of moisture. It has been consecutive. So when it does rain now a little bit, were it to rain this year, it sinks down. The moisture just keeps going down. It does not stay in the topsoil.

Our creeks and lakes are drying up. They are gone.

Some people are wondering: Gee, haven't we all passed a big farm bill? Doesn't that help? The answer is that it does help. It is there to mitigate against future agriculture disaster assistance payments. That is one point of the farm program. But it does not help Montana farmers or other farmers in the Nation.

For last year, 2001, there was no farm bill that made any sense whatsoever, there were no payments that made any sense to farmers, and crop insurance didn't work, for the reasons I mentioned. And this is not just in my State of Montana.

Mr. President, I wonder if you saw last Friday's New York Times, the front page. There was a photograph of the drought in the West. It was not Montana; it was another State. It was the same situation but in other States. There was a photograph very similar to this one I have in the Chamber. It was on the front page of the New York Times last Friday. I encourage you to look at it.

One final point. We in the Congress have helped New York in times of desperate tragedy. We came to the rescue of New York, as we should have, and as we did, without reservation. It was the right thing to do. We are one country. We also have come to the aid and assistance of other needs in this country. There are lots of different examples. I could think of flooding in America. We have come to help out in that regard. It is very important.

Here is another disaster we are facing. I know Senators from urban States do not quite understand it, just like we from the western States do not fully appreciate the devastation of New York City. But we are here together. We have helped New York. We will continue to help areas in distress.

I urge my colleagues to remember, we are one Nation. In our part of the country, the north-central States desperately need help. A good example of that, this is a map of January of this year. The red indicates severe drought. So it is not just Montana, but it is also Wyoming.

I ask unanimous consent to speak for 1 additional minute.

Mr. HARKIN. I yield 1 additional minute.

Mr. BAUCUS. Montana and Idaho and Wyoming are shown on the map in red, which means severe. But also look at parts of Texas, Oklahoma, Kansas, and New Mexico, look at the eastern seaboard, and these yellow areas, which are areas that are strained. We all know that since January—actually, this is dated December 8, 2001, to January 10, 2002—it has been worse. A little intermittent moisture here and there, but it is worse.

So I say to my colleagues, I support the conference report to the farm bill. I deeply regret that the other body did not agree to include agricultural disaster assistance in the bill, even though it was adopted in the Senate with 69 votes.

I pledge to my people in Montana that I am going to use every ounce of energy at my command to get agricultural disaster assistance legislation passed this year, because our people so desperately need it.

I urge my colleagues to sit back and listen and be supportive of what we need so much in our part of the country.

I thank the Chair and thank my good friend, the Senator from Iowa.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, I am going to yield some time from Senator LUGAR's time to Senator VOINOVICH in a moment.

I thank the Senator from Montana, first, for being a valuable member of our Agriculture Committee, and thank him for all of his hard work and his input in developing this farm bill.

The Senator from Montana is correct. He did succeed in putting in in the committee this emergency funding which not only helped Montana but all these other parts of the country. We kept it here in the Senate. We went to conference, but we were told in the conference that both the administration and the House opposed it in the farm bill. So, therefore, we were not able to keep it as we came out of conference.

We were told that if we were to come up with an emergency package, that would be different, that they would support that outside of the regular farm bill.

I assure the Senator from Montana, as soon as this farm bill is over with, that as the chairman of the Agriculture Committee, I will try to bring our committee together, hopefully, as early as next week, to, once again, mark up an emergency disaster relief bill and to get it on the floor as soon as possible.

The Senator from Montana is right. When we have a hurricane that hits Florida, if we have a tornado that hits Oklahoma or Iowa, we come in with emergency disaster assistance. The drought that hit these areas of the country that the Senator from Montana spoke about is the same as a hurricane, tornado, or fire. It is a disaster that we, as a nation, should respond to with emergency funding. I assure the Senator from Montana, we are going to do everything we can to make sure we do that.

Mr. BAUCUS. If the Senator will yield, I very much thank the distinguished chairman of the Agriculture Committee. He has put in such long hours to get a good agriculture bill passed and working through the conference. It is above and beyond the call of duty.

I thank the Senator very much for his indication of holding a hearing soon in the Agriculture Committee and reporting out a bill that gets disaster assistance to the people in our State.

Mr. HARKIN. We have had the hearings. We just need to mark it up.

Mr. BAUCUS. I appreciate the chairman helping out.

Mr. HARKIN. Mr. President, I yield 15 minutes off the Senator's time to Senator VOINOVICH.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. VOINOVICH. Mr. President, I rise today as a friend of agriculture from one of our Nation's leading agriculture States to oppose the farm bill

conference report currently before us. It is too expensive, doesn't help those it claims to help, refuses to acknowledge the other priorities and challenges currently facing our nation, and will only worsen the problems with overproduction which it seeks to remedy.

According to the most recent numbers from CBO, this bill authorizes at least \$180 billion in mandatory spending over the next 10 years, an \$83 billion increase over existing programs. Increases such as this—an 80 percent spending boost—are irresponsible during times like this and totally ignore that we are at war abroad, trying to strengthen our homeland defense against terrorism and that our economy is in trouble. When you have a situation like this you've got to set priorities and stick to them, even if they force you to make hard choices.

If Congress approves this conference report, it is sending a message to the American people that fiscal responsibility no longer matters, although our record in the last couple of years should give them a clue that we are not a fiscally responsible Senate.

The Cleveland Plain Dealer said it best in its editorial yesterday, "No Republican who votes for [this bill] can ever say with a straight face that he or she believes in limited government or market economics. No Democrat can hold that she or he believes in balancing the budget or preventing runaway spending." I agree.

The Senate should not approve this bill today, but rather we should send it back to the conference committee from where it came and we should tell them to make the cuts in spending necessary to fit this bill into the new reality we're facing in this country.

I agree with my colleague from Ohio, Congressman JOHN BOEHNER, a member of the House Agriculture Committee who served on the Conference, who said last week in a press release, and I quote:

We should pass a supplemental aid bill now to help farmers during this year's crop season. And once the November elections are over—when sound, long-term policy takes precedence over Washington politics—we should revisit the Farm bill and make the right choices for Ohio and the nation.

I take a back seat to no one in terms of my concern for the American farmer. I am pleased that I was referred to as the "Ag Governor." When I was Governor of Ohio, agribusiness was my number one economic development initiative. Many people—even Ohioans—don't realize that food and agribusiness means more than \$73 billion to Ohio's economy each year. In fact, one in six Ohioans is employed in one aspect of agriculture or another.

Nevertheless, I cannot support this conference report, and honestly, I am disappointed at the apparent lack of respect some of my colleagues seem to have for the American farmer.

Every farmer worth his salt knows that if he or she wants to stay in business, they have to be fiscally respon-

sible and make tough choices. Farmers are some of the most fiscally disciplined people in business and they know that the United States has to be fiscally disciplined as well. They understand that the farm bill does not focus on proper planning and making the right choices, but rather "getting while the getting is good."

This bill dispenses with any lip service toward fiscal conservatism and the other obligations our Nation now faces and plunges full speed ahead with spending. It is heedless of America's national security needs, and it does nothing to acknowledge the long-term fiscal responsibilities of our Nation. Instead, this conference report really just helps the Nation's agricultural conglomerates receive lots of money from the Federal treasury. It's an enormous transfer of wealth. It's really that simple.

Gone are our efforts to let farmers operate in a free market economy and benefit from their own choices. We're turning our back on the market-oriented philosophy laid out in the 1996 Freedom to Farm Act which sought to wean farmers from large Government subsidies. And yes, in a free market there will be winners and losers, but the free market is what has made this country great, and it is what can make agriculture thrive if we let it operate without Government interference.

Instead, when the waves of economic change get a little rough, Congress tries to retreat into the safe harbor of Government handouts in the expectation that it will solve the problem. The real truth is, however, that this will only worsen the problem. The effect of this legislation will be to encourage production resulting in commodity surpluses, lower prices, and the need for greater government support.

And I'm not just talking about small farmers. The bill includes heightened incentives for large agribusinesses to overproduce as they seek to maximize the Federal subsidies for which they are eligible. The result will be continuing downward pressure on prices and continuing calls for emergency farm rescue legislation. When will we end this cycle and truly set our farmers free to work as they see fit and respond to the changing market with their own judgment, skill, and hard work?

The agriculture community in my State recognizes this trap and has told me that this bill sends the wrong message to farmers by encouraging farmers to grow for the program and not for the market.

Many of my colleagues constantly discuss how this bill so effectively meets the needs of America's small farmer. As the Cincinnati Post so eloquently responded to that claim in its editorial yesterday, "That is hogwash."

This bill does nothing to help the small farmer, but rather penalizes the small farmer—the supposed beneficiary of this bill. There is no effective pay-

ment cap, which will continue to allow large agroindustrial operations to continue to reap millions of federal dollars in subsidies, perhaps using them to buy out small family farmers in the end.

The majority of America's farms do not benefit from Federal subsidies, and the formulas created in this bill will result in 10 percent of the producers getting two-thirds of the money.

To make matters worse, I was disappointed to read in the Akron Beacon Journal that this bill includes a provision that would protect payments made under this program from public scrutiny. I believe that it is important for the American taxpayer to have access to information regarding how their tax dollars are spent.

I also believe that the specific programs in this farm bill demonstrate very little understanding of the broader needs of American taxpayers. It is a regional rip-off that includes new program payments for sugar, peanut, and dairy producers. It also increases the payments to large cotton, rice, corn, wheat, and soybeans producers. Finally, it revives programs which were terminated in the 1996 Farm bill—the honey, wool and mohair payments.

Additionally, I am concerned that this bill could have a devastating effect on farm exports. The formula for countercyclical payments included in this bill could place us in jeopardy of violating our obligations under the World Trade Organization and weaken our demands that Europe and other countries cut subsidy payments to their agricultural producers.

The conference report does include a mechanism for the Secretary of Agriculture to cut off payments if it appears that we are in danger of violating our WTO obligations. Is it reasonable to expect that a political appointee will have the strength necessary to make this decision?

For that reason alone the Bush administration should veto this conference report.

I have heard many of my colleagues on the other side of the aisle comment that this legislation does not present a budget problem because it is within the budget parameters outlined in the FY2002 Budget Resolution. I disagree.

The new budgetary outlook argues against the bill.

Late last year, as the Senate began debating the farm bill that ultimately passed the Senate, Senator KENT CONRAD, the chairman of the Senate Budget Committee, who clearly must understand our country's financial condition, said, "the money is in the budget now. If we do not use the money . . . it is very likely not going to be available next year." He was more prophetic than he could have ever imagined.

When we passed the budget resolution last year and allocated \$83.5 billion to reauthorize the farm bill, the budget outlook appeared much brighter than it now does. At that time it

looked like we had surpluses as far as the eye could see.

Well, my friends, things have changed.

When we passed the FY2002 Budget Resolution we were operating using a CBO estimate that said we would have a \$313 billion surplus in FY2002. However, as everyone now knows there won't be any surplus this year. Instead, there is going to be an enormous deficit.

The public needs to know the facts. When you take CBO's latest budget estimates for FY2002, released this past March, and you deduct the \$51 billion cost of the recent economic stimulus package, and you subtract the part of the \$27 billion defense supplemental we will pay out this year, and then you consider that tax receipts are running \$50 billion less than expected, you end up with at least a \$100 billion deficit in the current fiscal year.

Put another way, the budget outlook for FY2002 swung by \$400 billion in just over a year. I remind my colleagues, when I talk about a \$100 billion budget deficit, I am talking about a unified budget deficit. In other words, this year we are going to borrow the entire \$163 billion Social Security surplus and then go out and spend all of it and then on top of that we are going to go out into the capital markets and issue \$100 billion of new debt and spend all of that.

Put another way, we are going to have to borrow at least \$263 billion to fund the Government this year. And next year it looks just as bad. We are on track next year to borrow and spend the entire \$179 billion Social Security and on top of that go out and borrow another \$100 billion to pay for the operation of the Federal Government.

Since there is no surplus this year or next year, and I doubt anytime soon, I ask my colleagues, from where is the money for the farm bill going to come? Well, I will tell you from where it is going to come. We will borrow it.

When people come to my office and ask for new or additional spending I always try to point out to them that every dollar of new spending is going to require us to borrow more money. And I ask them, do they think their request warrants borrowing money to pay for it? It is just that simple. Every additional dollar of spending we enact puts us deeper into debt and requires the Treasury to borrow more money.

And who do you think is going to pay off that new debt? Our children and grandchildren, that's who. The burden of paying off that debt is going to fall to them because it is increasingly clear that we are not going to be paying off debt anytime soon.

In fact, this week the Treasury Department is auctioning bonds to raise \$24 billion in additional money. What is telling about this auction is the duration of some of these bonds being issued. They mature in 9 years and 9 months.

What that tells me is that the Treasury recognizes that the Federal Gov-

ernment is going to be borrowing money for a long time to come. The actions of the Treasury speak volumes about our long-run budget predicament.

Another illustration of how bad things have gotten is the pressing need to raise the debt ceiling, which now stands at \$5.95 trillion. Last year we were told that we would not have to worry about raising the debt ceiling till the end of the decade.

But now we know that we are going to bump into the debt ceiling in a couple weeks. Again, this illustrates the extent of our budget predicament and how the situation has changed.

The budget outlook is bad and bound to get worse. The fact is that these recent budget deficits are a systemic problem; they are not a cyclical issue that will take care of itself. Here is why.

First, the recent and large increases in military and homeland defense spending are permanent increases. Almost all this spending is going to be mirrored in future budgets. The need to defend the homeland is not going to go away any time soon and neither will those costs.

Likewise, increases in defense spending to rebuild the military involve long-term commitments that won't decline any time soon. My point is that neither of these significant expenses is cyclical; they are here to stay.

Second, some people might think a surge in economic growth is going to bail us out of our budget problems. Well, my friends, I want vigorous economic growth as much as the next person, but I must point out to my colleagues that CBO's projections already assume robust growth.

In fact, CBO projects that the economy will grow at 5.4 percent next year. This is the same level of economic growth as the consensus Blue Chip private forecast. My point is that CBO's numbers are based on the assumption that the economy is going to experience robust growth; it's already built into the numbers.

And the fact is that if the economy got going much faster than CBO and the private sector project, that would probably mean an increase in inflation. And we all know what happens when we face inflation, or even the threat of inflation. The Federal Reserve puts the brakes on by raising interest rates.

Again, my point is that we face the prospect of chronic deficits, and the economy is not going to bail us out. The fact is that we can't avoid making hard choices and prioritizing. If we don't, then we face more farm bills down the road, if we can give out this type of money with this bill.

As a Senator who came here to try to bring some fiscal discipline to this place, I am just dismayed by our complete lack of fiscal responsibility. We just spend and spend and spend around here like there is no tomorrow. And this farm bill is a fine example. As the Akron Beacon Journal, wrote in

straightforward language in a May 7 editorial, "This farm bill is really, really bad." It's that simple folks.

I cannot in good consciousness vote for this conference report, and I urge my colleagues to join me in opposing it. If that fails, I respectfully urge the President to veto it. If he doesn't, and we choose to give out this type of money with this bill, every other group with a concern or problem will come before us and say, "Well, you did it for them." And what will our response be? We won't have one.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, I yield 15 minutes to the Senator from Arkansas, and I ask unanimous consent that after her remarks, the Senator from Mississippi be recognized for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Arkansas is recognized.

Mrs. LINCOLN. Mr. President, I rise today in support of the farm bill conference report that I believe will help rebuild rural America, strengthen our rural infrastructure, and reinvigorate our rural communities and our main street businesses. If there is anyone in this body who thinks that is not necessary at this time, I urge them to travel to rural America, visit the rural communities in their States, to better understand the devastation that rural America has been going through over the past 10 years.

Many in our country have experienced the benefits of a good economic time. Yet in rural America we have not seen all of those benefits. This farm bill will come to our rescue. It is with great relief, after years of struggle under the Freedom to Farm debacle, that farmers can now hope for a new farm bill that will offer them a helping hand in growing the safest, most affordable, and most abundant food and fiber supply in the world.

After almost a year of hearings and studies, drafting and redrafting, committee meetings and markups, debates and amendments, we have finally arrived at a bill that addresses the many needs of the broad and diverse mosaic of the American farming and rural lifestyle. Like my colleagues on the Senate Agriculture Committee, I entered into this fray at the very beginning, fighting for a better farm policy than the old one, and I have fought all the way through this past year up until this very moment. With this bill, we reach out to virtually every part of rural America. We strengthen the safety net for farmers of major crops in every part of the country by adding a new countercyclical program to help them combat low prices in some of their toughest of times and by strengthening support for other farm production in dairy and specialty crops.

We encourage greater care of our environment by an 80-percent increase in

conservation programs, including the establishment of the Conservation Security Program, which will make for better farming practices on land that is in production, rather than simply protecting marginal lands out of production.

As many people in Arkansas know, the conservation programs offered through this farm bill—the Wetlands Reserve Program, Conservation Reserve Program, and the new Grassland Reserve Program—are all tremendously beneficial not only to our farming operation, taking marginal land out of production and allowing producers to refocus their efforts on their more productive lands, but they enhance the beauty of the environment that we as rural Americans all cherish.

We also provide better support for livestock producers in the greater funding of the Environmental Quality Incentives Program. We expand agricultural trade programs to assist our farmers in a global marketplace, providing increased funding for important programs, such as food aid, which have played an instrumental role in foreign relations in the last difficult 8 months.

To those who complain about whether or not we have given our full attention to making sure this bill is WTO compliant, I say we have. For those who complain about it—particularly those from other countries who have liked to talk down and talk badly about the bill we have come up with—are we just going to let them run over us or are we going to stand up and say we are simply asking for a level playing field for our producers, to be able to have their Government support in a global economy, just as those other nations have continued to provide their producers in this global marketplace?

We significantly expand the nutrition title, making important changes to and increasing funding for the Food Stamp Program, as well as for emergency food assistance. The \$6.4 billion in the nutrition title is essential to States such as Arkansas, where even though we may be unbelievable producers of food products, we still suffer desperately from hunger in our children. The school nutrition programs, as well as the feeding and nutrition programs for our elderly, are absolutely essential to show our Nation and the rest of the world that our producers are not only the best, but that our Government is concerned about making sure those products get to some of the neediest.

We also improve the soundness and reliability of the farm credit system.

We increased funding for agricultural research to assist producers to be even more efficient and effective in their production.

This bill provides permanent funding for technical assistance programs to our Nation's private forest landowners, and we establish a new energy title with funding dedicated to renewable resources and biofuel development which produces a tremendous amount of benefits: It lessens our dependence on the

importation of foreign oil, it creates a better environment, and it creates an additional marketplace for our growers and producers to be an effective part of lessening our Nation's dependence on foreign oil.

Together these improvements to our new farm policy will help reverse the course toward disaster on which rural America has been sliding and will put our farmers back on the road to financial recovery and provide hope for the future in rural America.

Of course, whenever Congress rewrites major authorizing legislation, particularly legislation this complicated and varied, there are going to be provisions that have different impacts on very different parts of the country. So we compromise and put together the best bill we possibly can, one that best responds to the diverse needs of our vast country, and that is exactly what this bill represents. In this respect, I believe this farm bill is a great success.

It is said that success has many fathers, and so, too, does this farm bill. It is the product of many people on both sides of the aisle and on both sides of the Hill. This process has taken us all together, including time on the Senate floor and in conference, more than 5 months already. We have spent about 6 or 7 weeks in debate alone. Every stone has been turned. Every nook and cranny has been looked into. Nevertheless, given the enormity of this process and the complexity of this bill, it is not surprising perhaps that some people want to prolong our consideration of this bill, either to return this report back to the conference for more revision, or simply to prevent the passage of any farm bill at all. They do not believe our farm producers deserve their Government's support.

I have spoken on the floor many times about the urgent need to pass a farm bill. Farmers in my State have already begun their planting season. Many of them were forced to alter planting decisions or forego planting altogether because they were unable to arrange financing with local financial institutions which were, in turn, unable to extend credit without some commitment by Congress to support the farmers.

Those farmers were able to go ahead with planting or did so with the expectation that Government support in some form would be forthcoming this year. And they need that support as soon as possible. In other words, Arkansas farmers needed this bill yesterday, not today and not tomorrow. But there are others in this body who want to continue to talk about this bill. So let me address some of the concerns I have heard expressed, particularly perhaps concerning the payment limitations.

I have heard many complain that the conference report does not retain all of the restrictive provisions inserted in the Senate bill by the Grassley-Dorgan amendment on payment limitations.

By now everyone knows of my unyielding opposition to the Grassley-Dorgan payment limitations amendment, and by now everyone has heard me or one of my colleagues explain the catastrophe the Grassley-Dorgan amendment would have unleashed on my State and others who grow cotton and rice. I am greatly relieved that the Grassley-Dorgan amendment was modified by the conferees because in its original form, the amendment would have cost my State a little less than \$400 million in direct losses, and more than \$1.3 billion in indirect impact. It would have affected more than half of my cotton farmers and a third of our rice farmers. It would have impacted entire counties, not just individual farmers but also the local bankers, the farm supply stores, the corner grocers, even local schools and churches as a result of the significant reductions in land values and tax revenues.

By now, everyone knows of the utterly unfair and disproportionate impact Grassley-Dorgan would have had on Southern farmers versus farmers in other parts of our country, but this bill still provided a compromise on payment limitations. We went from the 550 limit in the House, compared to the 275 limit in the Senate, to 360, which was a good compromise. That does not mean there will not be people who will be hurt or who will be affected by that 360. There will be. But it is a reasonable compromise that we could reach.

Why, then, I find myself still asking, would other Members of this body from large farm States continue to seek the bankruptcy of my State's largest industry and largest source of employment? What is it that they think Grassley-Dorgan would accomplish that would remedy the problems in their own areas?

They say two things: First, they say they are trying to prevent large farmers from hogging an unfair share of Government subsidies that are then used to drive smaller farmers off the land.

Looking back on the debate we have had so far, I have had a hard time reconciling this explanation with other points that are made. For example, I remember hearing that only a small portion of farmers would have been affected by this amendment, but if so few farmers would be affected, then its impact on land values would also have been very limited.

I am also bothered by something that my good friend from Iowa, Senator GRASSLEY, mentioned during his floor statement on the subject yesterday. I have deep respect and appreciation for Senator GRASSLEY and have enjoyed working with him on a multitude of issues, but I could not disagree with him more strongly, more vehemently than I do on this particular issue. I suspect that our disagreement is driven by the harsh disproportionate effect his payment limits amendment would have on my State compared to his.

Senator GRASSLEY described the conference report as something that

should make cotton and rice farmers happy and something that would make Iowa farmers unhappy, ostensibly because his payment limitation amendment had been moderated by the conference. But given that my State consists largely of cotton and rice farmers and his State has none of either, it really sounds like a concession, perhaps, that the amendment would have had a disproportionate effect on Arkansas.

What, by implication, is the alternative? That he would be happy only if cotton and rice farmers were not? I do not believe that is the case, truly. Or that the interest of my farmers in my State are opposite to the interest of the farmers in his State? I do not believe that either. I reject that. I reject that categorically.

It used to be that farm policy was written with the interest of all farmers in mind, and that is exactly what our chairman and the other members of the conference committee have tried to do. It is unfortunate that so many people have abandoned the notion that legislators from across the country should recognize their shared interests and work together to write farm policy that is beneficial for all.

Any problems this farm policy may eventually have are likely to be due to the collapse of this farm coalition among States. I hope we learn from this experience the next time we have to write major farm legislation.

Senator GRASSLEY's statement also raises another question in my mind: How would undercutting cotton and rice farmers in Arkansas, or anywhere else for that matter, help corn and soybean growers in a part of the country where cotton and rice are not grown? How would that help moderate rising land values in Iowa?

The answer on both counts is that it would not. Slashing the value of the industry in my State would do nothing to help the farm industry in Iowa. If anything, driving cotton and rice out of Arkansas would actually hurt corn growers because farmland in Arkansas would eventually be dedicated to corn production which would simply drive down the price of corn and hurt corn farmers everywhere.

The second argument I have heard from proponents of the Grassley-Dorgan amendment is that we must try to prevent so much money going to big agribusiness and giant corporate farm entities. They refer to generic certificates in disparaging terms, such as "loophole." This is our emergency disaster system which is only applied when prices are at their rock bottom and input costs are at their ultimate high on our capital intensive crops.

Also, it should be noted that the Arkansas entities most cited as examples of giant corporate agribusiness are rice cooperatives which process rice for thousands of rice farmers from Arkansas and surrounding States. The support these cooperatives receive is simply passed on to their member farmers.

It is incorrect to suggest Riceland Foods in Stuttgart, AR, is pocketing tens of millions of dollars when, in fact, Riceland is paying that money out to thousands of its member farmers.

It should be noted that these cooperatives enhance their marketing leverage and, by relation, the marketing leverage for their farmers through the use of generic certificates. They pool all of the production and market the collected rice to customers around the country and around the world as needed.

Generic certificates allow them to do this. Otherwise, without effective use of those certificates, the cooperatives would be unable to pool member production and would have to erect paper walls between each member's contributions so they could be sure no one farmer received marketing loan support on an amount of rice that would put him over some arbitrary payment limit.

Burdening the co-op with such requirements would defeat the purpose of creating a cooperative in the first place; that is, to enhance the processing and marketing power of the co-op members, those individual family farmers.

Again, what, by implication, is the alternative? That the cooperative in Stuttgart, AR—Riceland Foods—should not have been established? That it should not be able to serve its members as a cooperative?

Well, that is exactly what is implied by the expressions of shock that such an entity as Riceland Foods would receive so much in farm supports.

I would bet many of the Members of this body, and also of the House, who have cited the amount of support sent to rice as an example of why stricter payment limits are needed are also many of the same Members who have voted time and again to encourage the development of cooperatives.

The PRESIDING OFFICER (Mr. CARPER). The Senator's time has expired.

Mrs. LINCOLN. I ask unanimous consent for 2 additional minutes, at least.

Mr. HARKIN. I have other Senators lined up who have 2:30 appointments.

Mrs. LINCOLN. I will be very quick.

Mr. HARKIN. I yield 30 seconds.

The PRESIDING OFFICER. The Senator is recognized for 30 seconds.

Mrs. LINCOLN. I add my compliments to the chairman of this great committee, also to our majority leader, Senator DASCHLE, as well as the other members of the conference committee who have worked so hard.

I am very proud of the incredible improvements and increased technology that our American farmers have accomplished over the past 20th century and I think this bill complements that. Our producers grow the safest, most abundant and affordable food and fiber anywhere. They do it under some of the strictest environmental regulations and rules and with great pride and appreciation for their environment.

The American people enjoy a safely grown food supply for which they pay less than any other country in the world. I am proud to support this bill, and I am more than proud to support the American producer and the American farm family.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Mississippi.

Mr. HARKIN. Will the Senator yield for a unanimous consent request?

Mr. COCHRAN. Yes.

Mr. HARKIN. The Senator from Mississippi, under the previous order, has 10 minutes. I ask unanimous consent that after he finishes, the Senator from Pennsylvania, Mr. SANTORUM, be recognized for 10 minutes off of Senator LUGAR's time, and Senator HUTCHISON of Texas be recognized for 10 minutes off of my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Mississippi.

Mr. COCHRAN. Mr. President, writing this new farm bill was a very difficult challenge. I am very pleased our conference committee has now completed its work and the legislation now in the form of a conference report has been approved by the other body and is now before the Senate.

It is a bill that has the support of President Bush. This is the statement by the President that was issued on May 2, which I will read.

I congratulate Chairman Combest and the other House and Senate conferees for a job well done in completing the Farm Security and Rural Development Act of 2002. I am pleased that the compromise agreement on the farm bill resulted in better balanced commodity loan rates, spending that is no longer frontloaded, and the strongest conservation provisions of any farm bill ever passed by Congress. The final provisions of the farm bill are also consistent with America's international trade obligations, which will strengthen our ability to open foreign markets for American farm products. While this compromise agreement did not satisfy all of my objectives, I am pleased that this farm bill provides a generous and reliable safety net for our Nation's farmers and ranchers and is consistent with the principles I outlined. I thank the conferees for their hard work and urge Congress to send the farm bill to my desk promptly for signature, to help ensure the immediate and long-term vitality of our farm economy.

One of the primary objectives of the new farm legislation should be to improve the predictability and effectiveness of the financial safety net available to farmers. This bill does that. Farmers across the Nation will now be able to make better management decisions for their farm operations. This farm bill will continue the marketing loan program and provide farmers with a newly designed target price mechanism to stabilize and make more predictable the level of Government support when market prices are low. The target price will remain constant throughout the 6-year life of this farm program.

Farmers have requested that the new farm bill allow for updated crop base

acres and crop payment yields. This bill does that. It provides producers with the option to update both base acres and payment yields. By updating base acres and yield, the makeup of farm operations will be determined by recent planting history as opposed to outdated records from the 1980s.

This bill will protect more of our natural resources by increasing the number of acres eligible for enrollment in conservation programs. The Conservation Reserve Program acreage cap is increased from 36.4 million acres to 39.2 million acres. The Wetlands Reserve Program acreage cap is increased from just over 1 million acres to 2.75 million acres. The Wildlife Habitat Incentives Program is authorized at \$700 million over the life of this farm bill, compared with \$50 million under current law.

The Environmental Quality Incentives Program, which provides cost-share assistance to the livestock industry to comply with environmental regulations, is increased from \$1.3 billion in the 1996 farm bill to \$9 billion over the life of this bill.

This bill also authorizes programs to increase our market access in other countries for both commodities and value-added products.

The nutrition title contains increased Federal support for school food programs. Free and reduced priced meals will help students nationwide do a better job in the classroom. The bill not only provides funding for the School Lunch Program, it establishes a pilot program to provide school children with fresh fruits and vegetables.

The rural development title of the bill will enable rural communities to receive high-speed broadband services.

The conference committee also noted the large backlog in waste and water assistance programs at the Department of Agriculture. The bill authorizes funds to eliminate this backlog of pending applications for grants and loans. That will greatly assist rural communities, some of which are facing emergency drinking water shortages.

A Rural Business Investment Program also authorized in this bill will provide loan guarantees for new and better job opportunities in rural communities. If the Senate does not adopt this conference agreement, the Congress will be forced to consider yet another ad hoc financial assistance package for agriculture that could result in billions of dollars of additional emergency spending without providing farmers a dependable agricultural policy for the future.

I thank the members of our staff who worked so hard in our conference committee to bring about the result that we achieved. Especially, I wish to mention Chuck Connor, who represented the President, the administration, at our conference meetings. He was available to answer questions and assist with information that we needed. Hunt Shipman, who represented Secretary Ann Veneman, the Secretary of Agriculture, did an outstanding job pro-

viding assistance to the members of the conference committee. I want to mention Mary Waters, who also is an assistant to the Secretary of Agriculture, who was very helpful to us all. And members of my personal staff, Hunter Moorhead, who is my agricultural legislative assistant, worked long and hard nights and weekends, for many months, to help put this legislative package together. He did a truly outstanding job; my chief of staff, Mark Keenum, who had previously filled that role, also provided very valuable and helpful information, insight, and assistance, along with one of my newer staff members, Emily Brunini, who recently joined our staff. For their services and assistance, I am particularly grateful and want the Senate to know of their outstanding work.

The PRESIDING OFFICER. under a previous order, the Senator from Pennsylvania is recognized for 15 minutes.

Mr. SANTORUM. Mr. President, I rise in opposition to the conference report. I do so first by talking about a couple of things that are good in this bill. Oddly enough, one of the things I am most excited about in this bill is a move from a Depression-era farm program, the Peanut Program, that has actually been taken into somewhat more of a modern era—not to the market, which is what I would like it to ultimately have gone to, but we have taken it from a quota system, where the Government is micromanaging the production of peanuts, excluding those who did not have a license or quota to grow peanuts. We got rid of that onerous Government-controlled program, and the farm bill is treating peanuts as we do the rest of the commodity programs.

In that respect, we had a program way out here on the left, regarding Government involvement, and moved it to the right. The problem is in the rest of the bill. We were to the right, and we have moved it to the left. We now have Government back into the business of supporting crops, micromanaging what goes on around the country, leading to what has been heard from many who oppose the legislation, to more certain misery in farm country, more concentration, more large farms.

Most of the money in this bill for production is going to the row crops. In Pennsylvania, we have some corn, we grow a little bit of beans and other items. But the bottom line is most of my farmers are not the big row crop farmers who qualify or participate in these programs. The benefits will not go to the vast majority of States and, I argue, farmers in this country who do not live in the South or Midwest, who are the principal beneficiaries of the program. Two-thirds of the commodity money will go to 10 percent of the farmers in America. Two-thirds of the money in this bill for production will go to 10 percent of the farmers in America. Where is the great sympathy for the small farmer?

All of the programs are justified because we need to help rural America,

the small farms. We have to keep the fabric of rural America. Two-thirds of the money goes to 10 percent of the farmers. They are not small farmers.

As to this concept that we are here to preserve the rural way of life and this will be a breath of fresh air for rural America, this is another nail in the coffin of the family farm in America, by the Government not only giving all this money to these large farmers and, by doing so, creating an oversupply situation so those who do not get the money are going to have lower prices, but our little farmers will not have markets to be able to make any kind of profit in what they do.

This is bad policy for farming. If we did anything such as this for any other industry in America, we would be called one of the great socialist regimes in the world. Imagine talking about the paper industry and saying we will provide all the subsidies and programs for anyone in the paper industry, or in the furniture business, or in the lighting business. We would be laughed out of this place if we tried to do that. Yet we are going to micromanage agriculture and pour hundreds of billions of dollars into big farms, where only a very few States are going to benefit from this program. It is wrong for America. It is wrong for farming. It sets a horrible precedent. The sad thing is, on top of all else, it will be very expensive for the taxpayers of America.

Senator LUGAR has reestimated a \$57 billion increase in commodity supports for crops. We are talking about a \$57 billion increase over the next 10 years. I guarantee today—I put a nickel on the table—that number will be at least \$25 billion more, just in supplementals for farmers. Why? Because prices will be so darn low, we will have to put in more money to bail out those who are hurt.

By the way, most of this helps farmers who have a crop. If you don't have a crop, there is not as much help. We will come back and help folks for the floods, for the droughts, and for everything else. This is going to be much more expensive than what we are talking about today. We have shown the rest of the world we are really not interested in opening markets, we are not interested in growing our exports, we are really not interested in setting an example for the world as to how we can be better trading partners.

It is incredibly ironic, when we negotiate trade promotion authority, we bring up a bill that has everything we deplore about the Europeans. That is what we are doing in this bill. We are setting a bad example that costs the taxpayers billions, and we are not helping the little farmer who needs the help. We are not helping the little guy out there trying to make it.

Why? Because all of the subsidies are going to the big farms. They will produce. They have no incentive not to produce. They are being guaranteed a price to produce. Produce all you want.

Drive that price down. Put my little farmer who gets no subsidy out of business. Congratulations. We struck a blow for rural America. We struck a blow for the taxpayer. The problem is, the blow is right between the eyes. And it will knock them down, and in too many cases it will knock them out.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the previous order, the Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, these past few years have been horrible for farmers. Low prices, the recession, and weather-related catastrophies—like the severe drought conditions we suffered in my home State of Texas—have made it extremely difficult for our Nation's agricultural producers to sustain their farms and ranches, and maintain their ability to feed Americans and the people around the world. These extraordinarily difficult times reinforce the need for Congress to support a strong and effective farm bill that provides a solid safety net and enhances the ability of our farmers and ranchers to compete domestically and abroad.

This farm bill is not perfect, and I understand why many of my colleagues are opposing it. There are many provisions that concern me as well. This legislation undercuts the very foundation of the Freedom to Farm concept. Freedom to Farm was the right approach for American agriculture, but our farmers were denied open markets and fair trade because of our competitors' subsidies and tariffs. Now, instead of opening markets and lifting trade barriers, we are moving back to direct price supports. I am worried this could stimulate overproduction and drive commodity prices down even further. I am also concerned with the uncertainty that will follow this bill's country of origin labeling requirements.

However, Texas farmers and ranchers are backed against the wall. Like many farmers all across America, Texans have been praying for two things—rain and certainty. Texas farmers have been waiting for months to make their planting decisions for this year's crop, and their lenders cannot help them until this farm bill is passed. This is a difficult vote for me. However, at the end of the day, this bill provides critical assistance to those who produce our food supply. This is why I will reluctantly vote for this imperfect legislation.

This farm bill will answer the desperate calls for help from America's farm and ranch country. Most importantly, it provides a strong safety net for our farmers. The payment incentives in this bill will free America's

farmers from depending on Congress to continually provide emergency assistance when prices drop. Over the last 4 years, Congress has spent nearly \$30 billion on such emergency assistance for farmers. This aid was necessary, but its inefficient delivery did not provide the certainty that farmers and lenders need for crucial management and financial decisions.

This farm bill may threaten our World Trade Organization commitments, so I am pleased that the Secretary of Agriculture is authorized to regulate this spending on our domestic farm programs. Currently, more than 25 percent of American farm income comes from exports. We must continue to fight to open these markets, and we cannot hinder access to foreign consumers who will provide new opportunity and income for our Nation's farmers and ranchers.

Finally, this legislation protects the States' water rights and creates the strongest conservation provisions of any farm bill in history. Many of America's livestock and dairy producers depend upon these programs for essential soil and water conservation. The severe drought and flooding that has occurred across the country makes this funding even more critical as farmers work to sustain and enhance the productivity of their land.

America's agricultural challenges must be addressed immediately. This bill takes a step—I hope the fundamentals will improve, so we can attempt—freedom to farm again in the future.

I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, how much time does this side have left?

The PRESIDING OFFICER. The Senator has 29 minutes.

Mr. HARKIN. And how much time does Senator LUGAR have?

The PRESIDING OFFICER. He has 75 minutes.

Mr. HARKIN. Mr. President, if there are any Senators who wish to speak on the farm bill, now would be the time to do that; otherwise, we might be wrapping this up very soon. But we will run the clock a little longer to give any Senators an opportunity to come over and speak. Whoever, pro or con, they will be recognized to speak. With that understanding, I suggest the absence of a quorum and ask the time be divided equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time to the Senator from Virginia?

Mr. ALLEN. I ask I be granted up to 10 minutes from the time allocated to Senator LUGAR.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I rise today to offer my concerns about the conference report on the farm bill. I understand the desire—and share the desire—to make improvements in existing farm legislation. I know the conferees worked very hard to address all of the concerns of Senators and Representatives from all over this country. A strong farm bill is a high priority, and I certainly agree with others who share those views.

In my home State, the Commonwealth of Virginia, agriculture accounts for a significant part of our diverse economy, creating nearly 10 percent of the total jobs statewide. I worked with members of our Senate Agriculture Committee to address the concerns of Virginia growers and the agricultural communities.

Several of these concerns were primarily addressed in the Senate version of this bill. However, sadly and regrettably, I cannot vote for this bill. My concerns are quite simple and represent not only the interests of farmers in Virginia but also every American, whether or not he or she is engaged in agriculture.

There are several points I want to make. Number one has to do with Virginia peanuts. I thank Senator HARKIN. While I may not be joining with him at this time, earlier I thanked him because if this conference report was like the Senate version, I would be up here saying this is a good bill. However, with regard to Virginia peanuts, this conference report is not a good bill. Back in December I objected to the consideration of this bill, not just for peanut farmers but for others, as the current farm bill doesn't even expire until the end of this year. I thought, and continue to believe, it is unfair to our farmers and ranchers to hold hostage their way of life, to debate and implement changes that may harm their income in the middle of the year—indeed, during the plowing, planting, and now the growing season. I do not think it is right to move the goalposts on someone after the ball has already been kicked.

In 1996, when the Senate last debated the farm bill, the target price for peanuts was lowered from \$670 a ton to the current level of \$610 per ton. This level was not due to expire until the end of fiscal year 2002, which is September 30 of this year.

Today, a farm bill will pass, and the conference report on it takes that level from \$610 a ton to \$495 per ton, a decline of almost 20 percent.

I worked hard to make some positive changes in the Senate bill. We increased on the Senate side the target

price of peanuts from \$480 in the House version to \$520 in the Senate bill.

We increased the marketing loan rate from \$350 to \$400 and we increased the quota transition payments from 50 cents to 55 cents. Unfortunately, the conference cut most of these gains.

Virginia has about 76,000 acres of peanuts and 4,000 peanut farmers. While these numbers may not look large to some Senators who have big corporate farms in their States, these peanut farms are the basis of local communities throughout Southeastern Virginia.

The fact is, they are going to be devastated by this bill. And that means it is going to affect the implement and equipment dealers, those who sell the fertilizer, seed, and herbicides. Obviously, it will affect the whole community. Despite the hefty expense of this bill—which for taxpayers is an expense of \$4 billion—it will ensure the demise of many Virginia peanut farmers.

Last week I brought a tin of Virginia peanuts to the Senate floor. I also did so today because I want to share with my colleagues this great product which will continue to disappear, sadly, from the landscape of American commerce. The bottom line is that it is simply not fair for our hard-working farmers to be dealing with a moving target—at the expense of the American taxpayer.

The peanut section of this bill alone will cost every American man, woman, and child almost \$15 during the lifetime of this bill. Compare this to the current peanut program which operates at no net cost to the taxpayers. The way I see it, it is a losing proposition. The taxpayer loses, as do Virginia peanut farmers.

The second point of concern is regarding the budget. The bill not only is expensive on the peanut front, but it also busts the budget.

The Budget Act allocated \$73.5 billion for the farm bill. The Congressional Budget Office now says the legislation will increase agricultural spending by \$82.8 billion over the next 10 years—nearly 80 percent over the cost of existing programs. The 10-year cost of this bill, estimated at no less than \$170 to \$180 million, equates to a subsidy of agriculture of more than \$640 by every man, woman, and child in America.

In a time where budget surpluses have turned into budget deficits—we are fighting a war and fighting through a recession with the highest unemployment rate in over 8 years—we should not be diverting money from Social Security surpluses.

This is a policy that stimulates supply, drives down prices, and it hurts the farmers who it is meant to help. Simple economics says that an unchecked increase in production will lead to slumping prices, and, as Senator HUTCHISON of Texas said, it will ultimately result in increased interest rates.

The decline in prices will shrink the profits of farmers, driving them to borrow more money to stay in their busi-

ness. And the inevitable increase in interest rates will only compound their problems. The result will be a continuing downward pressure on prices and continuing calls for emergency farm rescue legislation.

The third issue of concern I would like to mention is trade. While this bill is not officially a violation of WTO, it is inevitable that there may be trade violations and claims made by foreign governments. This bill has already come under attack from U.S. trading partners and could set back our current efforts to strike free trade agreements.

The Uruguay Round agreement on agriculture limits U.S. spending to no more than approximately \$19 billion a year on domestic farm supports. The reason for that was to not distort production and trade. It is very likely that these limits will be exceeded in the future.

Furthermore, the new country of origin labeling requirement, besides being fundamentally impracticable and unworkable, will trigger retaliation from some of our most important trading partners—Canada and Mexico.

I also have other concerns about cuts in some specific programs that were at least in the Senate version going in the right direction which were beneficial to the people of Virginia.

The conference report drastically cuts rural utility service funding that would deploy rural broadband programs and loans to rural electric cooperatives for service upgrades.

Also, the conference report deletes the Senate provision for \$70 million for a nutrient reduction pilot program in the Chesapeake Bay.

I know the Presiding Officer has a few tributaries that flow into the bay, as, of course, does Virginia, Maryland, and Pennsylvania. Unfortunately, the Senate provisions were knocked out.

As Governor, we worked very hard—and I know the Presiding Officer did as well when he served as Governor—to reduce nutrients going into the bay so that grasses, fish, crabs, oysters, and mollusks could return. Unfortunately, that valuable nutrient reduction program was knocked out of the conference report.

In summary, ultimately, I would like to see us pass a solid farm bill that provides a quality safety net to our hard-working farm families, which also keep prices affordable and low for consumers, which doesn't raid Social Security, and which does not grow the size of Government at the expense of every hard-working American.

Indeed, I voted for the Senate version of the farm bill. While there are many salutary improvements in this bill, there are too many harmful results for Virginians and Americans.

Today, this conference report takes a step backward on this philosophy. It goes against the market-based principles instilled in the 1996 Freedom to Farm Act, and it does so at a cost that is too high to pay.

Today, regrettably and sadly, I will have to vote against this bill, and in doing so represent the interests of Virginia peanut farming communities and also the long-term interests of all farmers who deserve both adequate support and adequate predictability.

I vote for fiscal responsibility and to protect the Social Security trust fund. I vote to keep the word of the U.S. to our trading partners that is vital to expanding markets for American farm products. And I vote on behalf of the taxpayers of Virginia and nationwide who understand the great importance of agriculture but simply cannot afford excessive, wasteful government spending.

Thank you, Mr. President. I yield the floor.

Mr. HARKIN. Mr. President, before I yield time to the Senator from Nebraska, I wish to respond to my friend from Virginia with whom I have a good relationship. We have worked closely on this.

Let us be frank. I wish we could have had the whole Senate bill passed, as we passed it once before. As you know, we had to work these issues out in conference.

As concerns the Chesapeake Bay, this has been a concern of mine for a long time, especially in terms of the agricultural runoff. That is why I was supportive of the provision that the Senator mentioned. But the House would not accept the carve-out of EQIP for the Chesapeake Bay nutrient reduction pilot program.

Experience being the best teacher around here, we put it in the conference report.

There is a new authority for the Secretary under a section called Partnerships and Cooperation. In which the Secretary can designate special projects and enter into agreements with non-Federal entities to provide assistance. This could well help with the Chesapeake Bay. In fact, the Partnership & Cooperation authority was specifically crafted with programs like the Chesapeake Bay Nutrient Reduction Pilot Program in mind. I want to read the language:

The managers intend for the Secretary to use this authority to help producers avoid the need for further Federal and State regulations to protect both water and air. The Secretary is strongly encouraged to be proactive in establishing partnerships in critical areas such as the Chesapeake Bay."

The Chesapeake Bay is the only specific region mentioned in the entire Partnerships & Cooperation report language section. That is intended to give the Secretary notice of the special status of the Chesapeake Bay. I wanted the Senator to be aware of this report language.

I also say to the Senator, as long as I am chairman of this committee, we intend to make sure the Secretary follows through on this. This is one of our national heritage spots. It is one of our national treasures, the Chesapeake Bay. We fully intend that the Secretary will use her authority to enter

into those arrangements just as we specified. It is the only area specified in the report. We did not specify any other area than the Chesapeake Bay. That is just under that program. They draw on the existing conservation programs.

Secondly, we increase the Environmental Quality Incentives Program, which the Senator mentioned, from \$2 billion to \$11 billion, a 5½-fold increase. Under the EQIP program, farmers in the Chesapeake Bay area could receive funds and help for mitigating the runoff of nutrients.

The third part that will help the Chesapeake Bay is the new program called the Conservation Security Program that is in this bill. It is a new entitlement program—open to all producers. For example, if a farmer in the Chesapeake Bay wants to cut down on nutrients, wants to cut down on fertilizer, wants to stop soil runoff, wants to have resource management improvements there at a non-degradation level, and, to be the best manager of that land, that farmer could qualify to receive a payment from the Government by entering into an agreement with the Secretary.

So I say to the Senator from Virginia, there are at least three parts of this bill which will be helpful in mitigating and stopping the runoff of nutrients and soil in the Chesapeake Bay area.

I am sorry we could not get the specific carve-out, but I can assure the Senator as sure as I am standing here—that under those three provisions in the conservation title will provide producers in the Chesapeake Bay more opportunity for conservation in the next 6 years than there has been in the past. That is all I can assure the Senator.

Mr. ALLEN. If the Senator will yield?

Mr. HARKIN. Yes.

Mr. ALLEN. I thank the Senator. I hope the Senator heard my remarks and how complimentary and grateful I am for the work the Senator did on the Senate version.

Mr. HARKIN. I thank the Senator.

Mr. ALLEN. All of those different approaches are good. And there are competitive grants. I am going to work with the Senator.

We did have that \$70 million for that nutrient reduction pilot program. While all that is good—and I am going to work hard, and I am glad you were able to provide that—it is still not as good as the other version. If the House would have only listened to you more. But, again, I thank you for at least keeping that. And we will work together to reduce nutrient runoff, whether it is filter strips, grass strips, riparian buffers, to reduce the nutrient and sedimentary runoff into the tributaries of the Chesapeake Bay.

I thank the Senator.

Mr. HARKIN. I thank the Senator. Actually, they are not all competitive grant programs. CSP is open to all producers who qualify. However, I do look

forward to working with the Senator and others concerned about the Chesapeake Bay on this issue.

Mr. President, I yield 10 minutes to the distinguished Senator from Nebraska, my neighbor to the west.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. NELSON of Nebraska. I thank my neighbor to the east from Iowa, the distinguished chairman of the Senate Agriculture Committee, for the opportunity to be here today and to rise in strong support of the farm bill conference report.

I say to my friends and colleagues who oppose this bill, and appear to prefer nothing to something, if you like importing 50 percent of the energy needs of this Nation, you will love importing 50 percent of our food needs, if this measure fails and domestic agriculture as we know it fails.

I am not sure whether I am pained more by the current state of the farm economy—which pains me greatly—or by many of the attacks on this farm bill, which I believe will set production agriculture on a course of financial stability over the next several years.

This farm bill, by every measurement, is not perfect. It was not perfect when the Senate passed it in February by a vote of 58 to 40. Neither was the House bill that passed last year in September. But both the House and the Senate recognized, then, that their respective bills were a vast improvement over the so-called Freedom to Farm legislation that preceded it. And we passed it and sent it to conference.

Granted, changes were made in conference, changes which I wish had not been made. But the overall bill is still a good piece of legislation. It will provide substantial new funding for commodity, conservation, and nutrition programs. The bill reflects many priorities that Nebraskans have asked for in this bill, including a reliable commodity program, higher loan rates, funding increases for popular conservation programs, a new incentive program for hard white wheat, and new funding for renewable energy initiatives, just to name a few.

The farm bill includes a continuation of direct payments and a new counter-cyclical program. Direct payments are fixed over the life of the bill. Loan rates are fixed for 2002 and 2003 and reduced by 1.5 percent for the 2004 through 2007 crop years. Target prices will increase as loan rates are decreased.

The bill will increase funding for conservation programs by 80 percent, providing \$9 billion in additional funding for the Environmental Quality Incentives Program and increasing enrollment in the Conservation Reserve Program—a very popular CRP Program—from 36.4 to 39.2 million acres. It also establishes the new Conservation Security Program which offers incentives to producers for conservation on land under production.

Media reports place the amount of 2002 subsidies available for Nebraska at

\$1.1 billion compared with \$675 million under the 1996 law. That is a half a billion more dollars to Nebraska farmers. This is good for Nebraska's farmers, and it is good for Nebraska's economy.

As I said throughout the long process of developing and considering and passing a new farm bill, we need this legislation to help the agricultural sector of the economy. It seems to me that agriculture is an afterthought for most policymakers in Washington, often left out of important tax and economic legislative initiatives, as well as an afterthought in many of our trade initiatives and agreements.

Now, with this bill, I think we have changed that attitude. With the new farm bill, and with the energy bill's emphasis on ethanol production as an alternative to foreign oil dependence, and other renewable energy, we have taken steps to improve agriculture's position on the priority ladder. This bill must be looked at as not only food, but fiber and fuel.

Again, as with any piece of legislation, this conference report isn't perfect. I am disappointed, in particular, that the final version was stripped of the Senate provision I cosponsored that required payment limitations to huge farming operations. But we can have that fight another day, and I hope it will be soon.

On balance, the new farm bill is a giant step forward from where agricultural programs had been under the dramatic failure of the 1996 Freedom to Farm Program. It improves the efficiency of Federal programs and provides a higher level of assistance to our farmers. For this reason, I will vote for this legislation because I believe it is a vote in favor of fairness and stability for rural communities and the Nation's agricultural economy.

Throughout the development of this bill, I have always sought ways to support our farmers and ranchers. And I have looked for reasons to vote for this bill at every opportunity. But it seems to me that some of my colleagues have looked for excuses to oppose it, and now they threaten to kill the conference report and cast our producers back into the disaster known as Freedom to Farm.

It strikes me that many of those who oppose the bill were some of the same ones who supported Freedom to Farm. These are strong words, I know, but this is a very difficult time for agriculture.

I am here today to tell you that nothing is not better than something. This bill represents an honest attempt to improve farm programs for our farmers. Sure, maybe we could have done even better—and we probably could do better—but the conference report which is before us today is such a vast improvement over the past that we cannot let the perfect become the enemy of the good, particularly when our farmers need the support provided in this bill. And they need it now.

In the final analysis, my decision to support this legislation was easy. The

conference report provides the much-needed stability that farmers in Nebraska have lacked for the last 5 years. It is about time. It allows for major expansions of conservation, nutrition, rural development, and trade programs.

It fits within the budget, and, on the whole, it is a good bill for Nebraska. I see positive reasons to vote in favor of this conference report which I think will be good for American agriculture.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, I yield 10 minutes to the distinguished Senator from Missouri, Mr. BOND.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BOND. I thank my colleague from Iowa, the distinguished chairman of the Agriculture Committee. I compliment the chairman and ranking member and the conferees who worked so hard to produce a final product. This one was not easy. There is the old saw about watching sausage and the law being made. It probably applies to this bill as well as any others.

I commend our House colleagues for continuing the tradition of bipartisan work on the farm bill, for soliciting broad input, for finishing the bill early this year, for not pitting farmers against farmers and one region against another, processors against farmers and environmentalists against farmers. In my view, the House did succeed in avoiding the temptation to politicize farm policy, and I believe the product they have reached in conference with the Senate is good for all agriculture.

The staff worked long days, nights and weekends, as did, of course, the conferees. It is not very often that we do anything around here ahead of time. For that, the conferees deserve special recognition.

Clearly, there are many provisions in the bill that I support. There are some issues on which each of us would have a much different take, we would have handled differently, if not burdened by the natural constraints of a democracy. I know that some Senators are making a strongly held case that this legislation costs too much. I have my own misgivings about the price of farm policy. I will focus on that in my remaining remarks.

First, as with any estimate, it is based on assumptions. The new assumptions used in this case to calculate a score include new expectations of market prices for individual commodities years in advance of reality. These estimates are done in good faith. But, of course, it is laughable to think that we know what farm prices will be over a period of years that depend on world demand, trade preferences, the relative strength of foreign currency, peace, war, and weather.

The reason this latest score is higher is because the expectations of market prices have been revised downward. If market prices are less, then there is

more urgency for the stronger safety net included in this bill, not less.

Let me point out something many people overlook. There are folks saying this is 70 percent more expensive than the last farm bill. If you look at the underlying farm bill, yes. But we didn't stick with the underlying farm bill. When the world market for agcommodities crashed with the Asian contagion, the Asian flu in the late 1990s, Congress stepped up to the plate. We have been providing emergency assistance because we did not want the artificial collapse in the demand of world prices to bankrupt farmers. What we are doing now in this bill is essentially building into the safety net the level of spending that we have reached when we have had to come forward with emergency appropriations for the emergency costs each year.

I guarantee, if we had passed the old farm bill, if we had kept the old farm bill in place, if the year 2003 rolled around and it appeared that we were going to have the same disastrously low farm prices we have this year, we would have come right back here and people would have said: Yes, you can't have large segments of agriculture going bankrupt because they can't get a return from the marketplace.

As most of us know, when farmers come into our Senate offices, they have a broad agenda. Some of it we deliver; most of it we have not, despite the best efforts of a good many Members of this body. I will mention on my side alone, Senators LUGAR, ROBERTS, GRASSLEY, COCHRAN, and others. Yes, farmers want a stronger safety net, but they would much rather get their returns from the marketplace than the mailbox. They would rather have lower taxes and less regulation, more market and trade opportunities, modernized transportation options, all of which we as a body, collectively and individually, have promised them but have delivered too little.

Many Senators who oppose the farm bill argue that trade and taxes and relief from regulation are what farmers need. I agree. Farmers heard that 7 years ago. It hasn't been delivered, despite the best efforts of a determined minority of us. I will continue fighting for all of those measures that are good for farmers, good for the economy, and which will significantly reduce the cost of this farm bill.

In the meantime, I am going to support a responsible safety net built in to provide relief for farmers when the world demand situation and our exclusion from the world market keep prices artificially low.

If we want to reduce the cost of this farm bill—and certainly all of us do—we should pass the full farm agenda, not just the farm bill. We should pass a trade bill. We should pass the energy bill, such as the bill we passed out of the Senate. I hope our House colleagues are taking a look at it because that is very good for farmers as well as for energy and the environment.

We should not place more mandates on farmers every time regulators have a new idea. We should improve our land and water transportation. We should reduce taxes. We should encourage more use of farm products.

If we do that, the farm bill will cost much less. American farmers will be getting their return from the marketplace rather than the mailbox, and the American farmers will be happy. The taxpayers will be happy, and we will all be happy. Farmers, just as others in the economy, should be free to fail, but they should also be free to succeed. That will not happen if we continue to ignore the rest of the farm agenda.

There is another criticism of the farm bill; that is, that it provides a disincentive for international market liberalization. It will encourage foreign trade-distorting subsidies.

I think the opposite is the case. I do not believe our European trade competitors find it compelling or would be persuaded if we produced a good example. In fact, they probably would find it laughable that we are thinking about how to clean up our act when they haven't cleaned up theirs. President Ronald Reagan didn't get the Soviet Union to pull its intermediate-range missiles out of Eastern Europe by saying: We are not going to do that. He put in the Pershings. He put the pressure on them. The Soviet Union collapsed. It is naive to think that we can unilaterally disarm and go into negotiations and expect to win. The same applies with food policy.

Additionally, I know many Members are sensitive to editorial opinion that is decidedly against this policy. I was asked today by some reporters about an editorial in a newspaper I generally respect. They said they really condemn this as pork.

I said: Normally, they write good editorials, well-reasoned and based on fact. This was not one of them. They don't know what they are talking about.

Many of those newspapers are published in high-rise buildings in some of our wonderful metropolitan areas. I doubt if they know what a combine is or how you raise cattle or the impact of the world market on farmers.

Still, I can't say that all the points the editorial opponents raise are invalid. But there are a great many things those people in the ivory towers take for granted. They take for granted the volume, the low price, the high quality, the unparalleled safety of our food supply and the national economic contribution made by U.S. farmers and the many suppliers who ultimately end up with the farmers' money.

Editorial writers may be critical of farm policy, but they are critical with full stomachs. In the emerging countries of Asia and Africa, they say that a well-fed country has many problems, but a hungry country has but one problem. Fortunately, we don't have it. We ask our farmers to produce more with less, to accept more Federal mandates

without the ability to pass costs on to consumers, and we ask them to compete in an international marketplace with competitors whose government gives much greater levels of assistance. Then we have a period of good worldwide weather that has produced surplus world production, which has ensured that market prices around the world are low. The big city papers can take our food supply for granted, but those of us who live in flyover country—the real America between the two coasts—cannot and neither can the consumers in this country and elsewhere, who are unwittingly the biggest beneficiaries of the hard labor and sacrifice of those who struggle on the farm.

I do agree that those critical of this bill are raising an argument that we need to have, and that is where we draw the line. Given the numerous ad hoc disaster bills, it is clear that the status quo is yielding little discipline from a fiscal standpoint. With this new program and its strengthened and more expensive safety net, I say to farmers: The criteria for additional ad hoc disaster is now significantly more demanding, if not prohibitive.

The budget issues raised by those critical are not without validity and we will have a good opportunity to see if those who support this dramatically stronger safety net will resist the impulse to pile on more and more in the months and years ahead.

While I support this farm bill, I warn all farmers that like the previous farm bill, the commodity title will not increase market prices. Those who came to the floor with frequency the previous 4 years suggesting the previous farm bill was a failure because market prices were low knew better then and I hope everyone understands now that this commodity section is a safety net only. The rural development and research titles should help expand markets and reduce costs to some degree but not the commodity title.

If we want a chance to increase market prices over the long term, we will have to give the rest of the farm agenda of trade, taxes, transportation, energy, and regulatory relief a fraction of the urgency we have demonstrated here in being so generous with other people's money.

The President has indicated that he approves of this legislation and the House passed it on a bipartisan basis by a 2-1 margin. The farm groups and livestock groups support the legislation.

I congratulate the chairman and the ranking member and those who participated and worked so hard on this conference report and urge its adoption.

THE PRESIDING OFFICER. Who yields time?

Mr. LUGAR. Mr. President, I yield myself as much time as I may require.

THE PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, yesterday, during the course of the debate, I pointed out that ever since the con-

ference report came to the other body and the House of Representatives passed that conference report, there has been a reevaluation of the amount of money that the bill we are now looking at would spend.

Frequently in the past, we have talked about the budget of a year ago, allocating \$73.5 billion over a 10-year period of time for farm legislation. In fact, when we commenced the conference—that is, the Senate committee with our House conferees—the evaluation of the bill the Senate had passed was that it was \$79.5—\$6 billion too much—with the action we took here on the Senate floor. So in the early days of that conference, the \$79.5 billion that was estimated for our product had to be scaled down by \$6 billion. That came out of many programs. But in due course it was achieved, so that we could at least confer with our House friends on the basis of both of us having a \$73.5 billion product.

I dwell on that because much has been made of \$73.5 billion of additional spending beyond the so-called baseline. The baseline is a euphemism for the totality of farm programs that continue on—ones that were provided by Freedom to Farm, and some were provided by other farm bills in the past; in other words, a pretty large aggregate of farm spending. That baseline was frequently estimated in many speeches during this debate at about \$100 billion. So in rough figures, the debate started with the thought that we would have about \$100 billion of baseline—all the programs that continue on and an additional \$73.5 billion of spending—and that would occur on a 10-year basis at \$173.5 billion. Now we know the \$73.5 billion has now been evaluated as \$82.8 billion, so it is up \$9.3 billion. The reason is that the Congressional Budget Office, taking a look at our assumptions—and the assumptions came down principally to the price of row crops—corn, wheat, soybeans, cotton, and rice. The estimates that were in our bill were that the prices of those row crops would be higher than CBO's, and the experts they have brought in now believe that will be the case—in essence, that a downward trend of prices is continuing.

So since we are now providing much higher target prices or, in fact, reinstating those in a countercyclical program, and at slightly higher loan rates, since the base market prices are expected to be much lower, the gap is larger; thus, the taxpayer input into the farm bill. So we have moved from \$73.5 billion to \$82.8 billion. Now comes the news that the baseline likewise has been reevaluated by the Congressional Budget Office. I have gone back to the drawing board, and the baseline was not exactly \$100 billion. Our staff, by our best calculations, finds that it was \$97.6 billion. So we had \$2.4 billion there that we had not expected. That is the good news. But the bad news is the new baseline is \$107.155 billion. That is roughly \$9.5 billion higher.

So our assumption, as we start this conference, that we had \$100 billion of baseline and \$73.5 billion of new spending—thus, \$173.5 billion—is in fact now \$82.819 billion. That is the new situation for the new spending and a baseline of \$107.155 billion, for a grand total now of \$189.974 billion, or roughly \$190 billion.

Now, that is a lot more money, Mr. President. That \$173.5 billion has been transformed, even in the course of this debate on the Senate floor, up to \$190 billion—a change of \$16.5 billion, just for the same bill, with no change in any of the stipulations. Mr. President, I made a prediction yesterday—and many have ratified that in their remarks, and some disagree with it—that we are likely, in fact, to see CBO look at the same programs year after year and reevaluate them higher—both baseline and new programs. Why? Because this farm bill stimulates overproduction. It does nothing with regard to our trade situation.

We have had extraordinary speeches in which some have said we are really fouling up the waters if we hope to ever get more exports to deal with other countries in some sort of diplomatic way, to gain entry for our crops, which we certainly need to do. But others have said, listen here, this is an American bill, this is not a French bill, or an English bill, or a Canadian bill and, by golly, it doesn't make any difference what they think about it. Fair enough. But, of course, it does, because we are hoping to negotiate with these countries for entry for our exports. At some point, perhaps we will be diplomatically successful. Every farmer prays that will be the case. But it is certainly not the case for the moment.

As a result, the supplies continue to pile up. Why? Because this bill is very generous to the row crops in offering incentives to plant more and to take advantage of the higher loan rates and the higher target price. As a result, not only will there be surprises that have come out on the floor in the last 2 days in which something that used to be \$173.5 billion is now \$190 billion of expenditures, but those figures are likely to escalate further each of the 6 years of the duration of this bill, unless amended.

Now, Mr. President, at some point, Senators may say this is simply too much. I have raised the question, as have others, that the \$15 billion that is spent on additional reestimates of what we have done is money that might have been spent on health care—either reforming Medicare, for prescription drugs for the elderly, for shoring up Social Security, or for education programs that come up even in this debate. The distinguished senior Senator from Massachusetts, Mr. KENNEDY, decried the lack of attention, really, to the President's suggestion to leave no child behind and the funding needed for that.

I once again point out that we find it, I suppose, possible to discuss farm bills

in a total vacuum, but without realization of the war, homeland defense, or the basic issues in most of our campaigns, there is almost an obsession with spending this money—all of it.

Without being redundant, I point out, as the Chair and others have heard, that if, in fact, this money were to go to small farmers, medium-size farmers, even fairly large farmers who are in danger of going out of business, a case could be made for some of it. But the fact is that in the row crop situation—and this is roughly 60 to 70 percent of all the moneys, even after you talk about conservation, research, and the small crops, and so forth; that the basic row crops is roughly 60 to 70 percent of the money and two-thirds of that money goes to just 10 percent of the farmers—it is an inescapable 60 percent, three-fifths of all the farmers in the country do not get the row crop money at all, and that is where almost all the increases have come from in the Congressional Budget Office reevaluation.

It is that part of the program that, in fact, has attracted most of the money, has concentrated it on relatively few farmers, and even when the Senate passed a fairly modest cap that no individual farmer should receive more than \$275,000 each year—not in the total of the farm bill, but each year—there were loud protests from our House colleagues. As a result, that was scrapped. Through the two- or three-entity rule or all the various rules, certificates, what have you, the net effect is there are no limits.

If, in fact, you are an ingenious farmer and a big farmer, this is a bonanza. Already bankers have sent in testimony in behalf of this and said things ought to be in pretty good shape for the next 6 years, in terms of the collateral for loans because land values escalate, and that is the basic collateral, unless you are one of 42 percent of farmers who rent and unless, in fact, you are a small farmer which no amount of money from a country banker is likely to resuscitate, and certainly not this bill.

After one bromide after another about how it brings stability, certainty, and so forth to American farmers, I say a few American farmers—very few, as a matter of fact—will do very well.

What I find baffling is how this body, with these facts squarely in front of us—established now as we know by the Environmental Working Group Web site farm by farm, county by county so there is incontrovertible evidence of exactly who gets what and in what proportion, what percentage, State by State—it is not speculation any longer—to the dollar, year by year, even updated for 2001 now in a recent update of the site—still Senators hue to the thought that somehow Freedom to Farm failed and this bill in front of us now will make an enormous difference for most farmers in the country.

My own view is that it will not. In fact, I believe most farmers in the country will be hurt. These speeches that I give on the floor I give in my home State. Despite some of the rhetoric in which people have talked about people in skyscrapers writing articles, people who have never seen a combine, never seen a cow—I will testify I have seen a combine, I have seen a cow, I have even seen a farm, even own one, even tried to deal with these programs year by year so that I understand exactly what happens to farmers as a product of what we do.

Mr. President, I simply want to offer as one explanation of what we are doing a remarkably timely article that appeared in the Washington Post this morning. This is not the Washington Post editorial writers or someone remote from farming, but it is a gifted economist, Robert Samuelson, who has long written for Time, Newsweek, and others. I quote portions of what Samuelson says because I think they are appropriate for our debate.

Samuelson says:

Farm subsidies are a splendid example of old-fashioned politics: using public money to buy votes. It's the quest for popularity and power, and not campaign contributions, that matters. Under the new bill, the subsidies are estimated to cost almost \$200 billion over the next decade. . . .

Samuelson misses that, according to my calculation, by \$10 billion. We are now up to \$190 billion, but with the meter still ticking.

If farm prices (mainly for wheat, corn, soybeans, and cotton) are lower than expected, the subsidies will be higher.

He is right on that point.

Similarly, higher farm prices would mean lower subsidies.

The point is to stabilize farm incomes—to prop them up in periods of low prices and thereby save “family farming.” The subsidies have existed in one form or another for almost 70 years, and there's no evidence that they work. Farmers and farm workers accounted for 21 percent of the labor force in 1929, before the New Deal's first agriculture legislation. Their share today is about 2 percent, even though the amount of land in farming is almost the same (1 billion acres in 1931, 932 million in 1997).

Bigger tractors, more fertilizer and better seed varieties and cultivation methods have promoted farm consolidation and larger harvests. In the 1940s, American farmers grew an average of 34 bushels of corn per acre; in 2001, the average was four times that, 137 bushels an acre. Government subsidies simply haven't been able to overcome the pressures for bigger and more efficient farms.

Indeed, the subsidies have perverse side effects. Higher subsidies boost land values, because (like crops) they add to the land's cash-producing potential. In turn, higher land prices and rentals mean higher costs for new farmers. Similarly, farm subsidies stimulate production, which depresses prices. The combination of higher costs and lower prices squeeze farm incomes.

The subsidies also hamper efforts to open foreign markets. Precisely because American farmers are so productive, they need exports to absorb their surpluses. But foreign markets are heavily protected by subsidies and high tariffs, because farmers almost everywhere are a politically favored group. Ac-

cording to a recent U.S. Agriculture Department study, the average food tariff around the world is now 62 percent. It's hard to convince other countries to cut their subsidies and tariffs if we won't cut our own.

The survival of farm subsidies, despite their huge shortcomings, partly reflects political inertia. Once extended, government benefits are hard to withdraw. It would seem “unfair,” and farmers—despite constant complaining about details—have become dependent on subsidies. The subsidies also endure because they're protected by the “iron triangle” of congressional committees, interest groups and government agencies.

Here, the U.S. Department of Agriculture.

Without farm programs, all would be much less important.

To sustain their power, farm legislators and lobbies “are willing to trade their votes for almost anything,” says economist David Orden, of Virginia Tech, a longtime student of farm politics.

But what increasingly protects farm subsidies is political competition. With Congress split—and control of the House and Senate hanging on a few races—swing voters must be courted. Both parties are in a bidding war.

The result is much bipartisan hypocrisy.

Indeed.

Each one of us has been involved in political campaigns, and we will be involved in some more. We are aware of that situation. So is the public. I cannot believe the public hearing this debate, understanding the escalation of the monies that have been required to accommodate the long list of additional crops, groups and farm entities in American life, will not, in fact, find the whole situation to be very disturbing.

As Samuelson concludes, at least the good thing is that it is democracy at work; people appealing to voters. What each one of us, I suspect, will have to finally determine is who the voters are.

I submit that out in America there are a lot of people who are very sympathetic with regard to American agriculture, and many of them are in this Senate. But I also suggest that the American people want us to determine some priorities, that we have a responsibility as trustees of the Public Treasury, and as trustees of a good number of things in American life, to have some wisdom and some sense of justice with regard to all of this. This is why I will vote against the conference report, because I believe it has reached outrageous proportions in terms of expense. It narrowly focuses most of these new outrageous expenses on a relatively few farmers. It will depress prices almost certainly and thus increase the cost of the whole enterprise year by year. It is destructive of relationships abroad that are necessary if we are to export more and, as a matter of fact, it really needs to be revised very substantially.

Fortunately, we have a farm bill that does continue for several more months. It has been criticized routinely, but I noted two things in the course of the debate today, and in a bipartisan way,

as I mentioned. The distinguished Senator from Kansas, Mr. ROBERTS, mentioned that due to very technical aspects of payments—the Senator stated, very gifted as he analyzed the bill and understands it—many farmers who are expecting to get money this year will be disappointed. The checks will be spaced out in various increments. The Senator from Kansas was suggesting that perhaps it would have been in the better interest of most farmers to have a supplemental bill that costs much less than the new bill we are talking about, and to have provided the money as anticipated.

Now, the Senator did not advocate another supplemental bill, but if my analysis is correct, others will. And why not? Why should this be the final farm debate of the year if in fact more need and difficulty can be found, as it clearly will be in the administration of this bill should it pass?

There will be a number of people who will need to be employed by the U.S. Department of Agriculture. Hundreds of hours will be spent by ordinary farmers figuring out whether they take the base of the past or the base of a recent year's yield, and how to apply for all of this. We have quite a turmoil ahead of us, and the money does not necessarily flow in that process. The Senator from Kansas recognized that and described it rather acutely.

In addition to that, the distinguished chairman of our committee has mentioned he might wish to call a meeting of the Agriculture Committee next week to mark up disaster assistance legislation, maybe in the order of \$2.4 billion. I made the prediction yesterday, despite all of the certainty, finality, and the thought that this does it as opposed to Freedom to Farm, we are very likely going to have two debates every year in addition: One, for a supplemental, a group, wherever it may be in our society, who believes that somehow things did not work out well for them and; secondly, disasters, weather disasters, health disasters, whatever may have happened in the appropriations process.

I simply ask of Senators, once again, how much and how long does this process continue?

I trust there will not be any further reestimates by CBO even in the course of this afternoon. The shock of going from \$173.5 billion to \$190 billion during the course of this debate should be substantial. I hope that both at USDA, at the White House, as well as in this Senate, people are evaluating the sums of money that are now involved.

I yield the floor.

The PRESIDING OFFICER (Mr. JOHNSON). The Senator from Nevada.

Mr. REID. Mr. President, I have spoken to the two managers of the bill. It is my understanding the manager for the minority, the senior Senator from Indiana, has agreed graciously to transfer 20 minutes of his time, that is under the unanimous consent agreement, to Senator HARKIN. Is that right?

Mr. LUGAR. The Senator is correct. We would be pleased to give 20 minutes of our time to Senator HARKIN so that speakers can be accommodated.

Mr. REID. I would, on behalf of Senator HARKIN, yield 10 minutes to the Senator from Idaho, Mr. CRAIG.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I thank the ranking member of the authorizing Agriculture Committee, Senator LUGAR, for yielding time, and the flexibility offered to me by the assistant majority leader to speak to this conference report.

I have for the last few moments been listening to the senior Senator from Indiana talk about his frustrations and problems with this conference report and with agricultural policy. I must say I agree with so much of what he said.

When one is handed a political document and they try to fix it, and the politics gets worse, the document ultimately does not get better. Tragically enough, that is what we were handed in the Senate in the bill coming out of the Senate Agriculture Committee. We tried to make it better. It was not much better before it went to conference, and I am not sure what we now have is a much improved version.

I say that not only as a student of agricultural policy, once having served on the authorizing committee, but now serving on the Agriculture Appropriations Committee, growing up a farmer and a rancher, being active as an agricultural young person in FFA, both as a State officer and a national vice president, I have been involved and closely connected to agriculture in my State and around this country for a long while. As someone who recognizes the importance of agriculture to my State and good farm policy, I am in a quandary, as are many of my colleagues who have come to speak over the last several days to the issue of a new 5-year agricultural policy for our country.

How do I evaluate this in the context of how will it impact my State, primarily, and then secondarily, what does it do to the country, both to the producers of agriculture, the farmer, the rancher, but what about the consumer? How does it fit in the consumer market basket? How do we put all of that together because that really is the charge of the Congress when they evaluate agricultural policy?

It is with those thoughts in mind that I joined with Senator ROBERTS some weeks ago on the very thing Senator LUGAR was talking about a few moments ago, and that is the opportunity of a supplemental to send a message to production agriculture, as the tractors are ready to go into the fields across America, that there was a policy in place, that we were not going to play politics with it and that they could take something to the bank to negotiate with the loan officer on a line of credit for the farming year.

Senator ROBERTS introduced that legislation a couple of weeks ago, as the conference committee was pushing toward finality. We now have that in this document, in this conference report. The question is, What does it mean? What is its impact? How long does it take to reach regulatory form in a way that gets to the ground?

We will live out this year's farm policy because it does not expire until the end of the fiscal year. It is possible, while I think some will meet it with resistance, that we will see a supplemental on the floor to solve some of the immediate problems because this bill does not deliver immediate aid to American agriculture. It spreads it out over an extended period of time when, in past policy and in current policy today, they would have received some immediate assistance.

This does not solve a problem in the short term. Then, again, farm policy is more about the long-term view as we deal with the day-to-day problems of agriculture, in policy but also with the supplemental.

How do I evaluate this farm bill? Let me state what is bad. That is how I looked at it—what is bad, what is good, how do I balance it out, how do I vote for Idaho farmers and ranchers.

Idaho is one of the fastest growing dairy States in the Nation. We rank fifth in overall numbers of cows producing. It is a growth area in Idaho agriculture, and our dairies are 500-, 1,500-, 2,000-cow units. We are one of the big growth dairy States. Frankly, policies that access markets and open up markets are the best policies for Idaho. We are an exporter. We do not have to be in the business of subsidizing an efficiency for the sake of the politics of the local dairy environment. Our farmers have transitioned into a much more competitive situation in modernizing themselves to fit the needs of the current consumer base.

When I look at a national milk program that basically only subsidizes or helps build a floor for cow units of 170 cows or fewer, my guess is that is talking about what used to be when it comes to dairy policy instead of what ought to be. That is not good policy because it perpetuates relative inefficiency or it subsidizes it in a way we ought not be about. We have always been proud in American agriculture that efficiency was the name of our game. Our production set us apart from the rest of the world. We ought not be about subsidizing something that is not efficient today. We ought to promote efficiency and productivity. I don't think dairy policy does that.

If we really want to help out the bottom line of our Nation's dairy men and women, it would be much more advantageous to look at alternatives to this bill's price support program, which is purposely biased to a select dairy operation size.

What about forestry? Yes, when we talk agriculture, we talk forestry. One

of the largest divisions of the U.S. Department of Agriculture is the U.S. Forest Service. It is tremendously disappointing to see the biomass and stewardship provisions stripped from this farm bill. Why can't we get involved in the business of actively managing our forests instead of simply letting them grow old, die, and burn up? Right now, forests are burning in Arizona and New Mexico. It is a dry year. Part of the reason they are burning is that we have had no active management and we have watched the fuel base of those forests build. That is true in the Black Hills, an area not far from the chairman's home area. It is critically important we actively manage our forests instead of putting the fence around them and saying to the environmental community: Here is a preserve. Come look at it while it is alive because it is dying unless we create dynamics in it that will build back life and vitality.

We did not do that. We walked away from that. The House and the Senate could not agree. We will do what we have been doing for the last several years: We will legislate through appropriations. That is not necessarily a way to create policy, but that is probably what we will end up doing because this was the wrong way to do it.

The Senator from Iowa and I and others got involved with the assistant majority leader in an issue over water when he was trying to take States' water rights and reshape them and create water banks, denying Western States their prerogative on western water rights. We were able to get a big chunk of that knocked out. But then Nevada got a sweet deal, a couple hundred million dollars to go to a specific area in Nevada. That is the name of the game around here. At least we saved water rights. Water rights cannot be bought, nor should they be owned, by the Federal Government. They ought to have a right to have rights where water is needed and water is utilized. But in western arid States, that is a provision that is exclusively the States'.

In my opinion, those are some of the bad provisions in this bill.

Now let me talk about some of the good provisions because there are some. I have been on the floor numerous times in the last good number of years talking about sugar and the sugar program. It is an important part of the agricultural base of my State. We got the forfeiture penalty eliminated. That was critically necessary. With the sugar policy, we are moving back to a no-cost-to-the-taxpayer approach. That is good. That is the right way to move policy. We have done so for sugar.

We included wool in a marketing loan and an LDP program. As we know, and especially with western range sheep industries and with wool, that market has all but collapsed as a result of imports and as a result of access by Australian and New Zealand interests

in this market. This helps create flexibility and staying power on the part of the sheep rancher of our country—the sheep farmer. I think that is important.

In my State, there is a class of crops called pulse crops, peas and lentils. Those are a valuable rotation crop, especially in the high-grain-yielding country where they have 120-bushel dryland grain. It is a marvelous producing crop in the north end of my State that moves into Washington. One way to maintain the integrity of the soil and the balances to plant lagoons is nitrogen-bearing crops that put humus back in the soil and create the dynamics of a positive farm program, and yet those crops have been without a loan program or LDP all these years. We were able to create those dynamics in this farm bill. That is a positive provision.

Another positive part of the program is the conservation title. It includes the EQIP funding and the CRP acreage. Certainly in my State, CRP has been a very dynamic program, creating the kind of conservation and soil management in some of our more steep grounds, some of our foothill country, that not only has put that country back to grass, it has created great wildlife habitat for upland game birds—an extremely positive program.

Another area of the conservation title is the Grasslands Reserve Program for 2 million acres of pasture lands. I helped write that provision. I introduced legislation with several colleagues. It is possible the chairman was involved in that issue. We have worked together to create the Grasslands Reserve Program.

There are positive conservation titles in that farm bill. That is one of the good things I see in this bill.

As to rural economic development, many Members, as we argue for a farm bill, in part argue to create profitability in agriculture because of the dynamic and dramatic negative economics in many of the rural areas of our States. While we know that at least the number of farmers is dropping even though the number of acres farmed remains the same, it changes the dynamics in small rural, agricultural America. As a result, many have worked over the years to create new dynamics for the purpose of economic development in rural America. This is a title of importance. It is important we do so. The funding is reduced. The title is stronger.

Over the years, I hope we can build back some of that funding to strengthen rural economic development. If new industry is to come to rural America, then the infrastructure overall in America has to remain whole. I have worked on and have a new rural health care title that will allow our rural hospitals low-cost loans to buy back some of the equipment that is now obsolete.

I was visiting a hospital in Soda Springs, in the southeastern corner of my State. It is a rural area. Much of

that equipment is 25 and 30 years old in that hospital. You cannot call it state of the art, even though they deliver quality health care. That is a hospital 30 miles from the next hospital, in which rural health care is critically necessary. This legislation in the long term will help us.

My time is rapidly running short. I know others wish to speak as we near the hour we will vote on this issue. Overall, this is not the farm bill I would have written. My guess is, we are going to be back rewriting it more than once over the course of the next several years.

Somebody said: Why aren't you on the authorizing committee anymore, Senator, and therefore on agriculture appropriations? Because, I said, my guess is we are going to be rewriting this farm bill at least once a year for the next 5, and that will be done in the Appropriations agriculture subcommittee as we work on these programs.

This is an expensive farm bill. My guess is in the end we will find we cannot afford it all and we will begin to adjust some of this downward—and I think that is appropriate. We are on the verge of busting the budget on which we earlier agreed, but then, again, without a budget resolution and without a fixed application of where we are going with agriculture, it is possible to argue that this bill doesn't meet that test.

In the end, I am going to support the conference report. I think the farmers of my State in the majority want that to happen. There are provisions in this bill that I can support and I have outlined the positives and the negatives.

I hope we can pass this out and in the end the President will sign it, although I know the White House and the Department of Agriculture and the Secretary are very frustrated over where this Congress wants to take agricultural policy at this moment.

Sometimes compromises are not necessarily good. Tragically, in the end, even in bipartisan environments, at times we do not always work the will that ought to be worked to produce the kind of positives and the dynamics we ought to in the marketplace.

I am as frustrated today as any other agricultural Senator is about prices, commodities, international markets, and the viability of the agricultural economy of our country. I do not deny where we are heading, with larger agriculture and all we are attempting to do to resolve those problems.

As a result of that, we have a conference report that I hope a majority of the Senate will move in favor of, and therefore pass this conference report out and send it to the President's desk.

I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Iowa.

Mr. GRASSLEY. Mr. President, how much time is left on Senator LUGAR's side?

The PRESIDING OFFICER. There remain 19 minutes.

Mr. GRASSLEY. I yield myself 4 minutes. I have permission to do that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, today the Senate will vote on and most likely pass a 6 year farm bill.

Supporters of the bill say it will cushion family farmers and rural America from financial hardship. That may be true, but unless you are a big meatpacker or a cotton and/or rice producer in the South, the new farm bill is not what it is cracked up to be.

I am afraid that for Iowa farmers, the bill's shortcomings outweigh its virtues. So I will cast my vote against the bill.

There are two main reasons:

No. 1, during the last year, farmers in Iowa made clear to me they wanted Washington to crack down on the sky-high payments going to large corporate farms. It is ridiculous that we shovel the lion's share of the farm benefits to a handful of large corporate farming operations.

No. 2, Iowans also urged me to push public policy that would keep competition alive in the livestock industry by banning packer ownership of animals fed for slaughter.

My amendments got these two main family-farmer priorities included in the Senate version passed last February, but my amendments were dropped by the conferees.

Who is this bad for? It is bad for small and medium sized farmers, the very people a farm bill is suppose to help. Throughout the history of farm bills, their intent has been to aim the majority of the benefit to small and medium sized producers, the Congress has missed before, but in my opinion we have never missed so badly.

We sent strong family-farmer oriented provisions to the conference and we got nothing in return, except a bill that is so complex family farmers won't receive their 2002 crop benefits until right before harvest of the 2003 crop. That might make sense to the conferees, but it does not to me or any of the other farmers that are calling and emailing my office asking questions about this bill and why we made the farm bill so complicated.

This clearly does not address the needs of small and medium-sized producers in Iowa that put a premium on the issues of payment limits and banning packer-ownership, so I am going to vote against this bill and do anything I can to remedy the issues regarding competition that the conferees discarded.

The PRESIDING OFFICER. Who yields time? The Senator from Texas.

Mr. GRAMM. I yield myself 5 minutes.

Mr. President, I rise today and apologize to my colleagues. I reserved a lot of time to come speak but I have gotten involved in the debate about our effort to get trade promotion authority. I think it is time well spent. I think the average farmer, in terms of real

prosperity, is going to get more if we are successful in trade promotion authority than they are going to get under this bill. So I do not have any apologies to make about the use of the time. I think for farmers and for America trade promotion authority is a lot more important.

I am going to vote against this bill because it is a bad bill. We have created a miracle in America, and I think this bill is going to add to that miracle. The miracle is we have the best farmers, with the best talent, with the most effective research system in history, working the best land, with the best tools, and we have created a situation where rural America is no longer a good place to make a living.

How is all that possible? It is possible because we have created a program that encourages overproduction and, in the process, impoverishes the very people who are trying to make a living farming and ranching in America. We have artificially inflated the value of agricultural land. We have spent money at a level unprecedented in history. We continue that in this bill. Surely there has to be concern that the top 10 percent of the recipients under this bill will get 37 times as much money on average as the bottom 80 percent will get. How can it make sense to have a bill where 10 percent of the beneficiaries will get 37 times as much money as the bottom 80 percent will get?

The average family in America, two-wage-earner family, earns about \$49,000 a year. When President Clinton was in office we tried to reduce the taxes paid by two-wage-earner families by stretching the 15-percent tax bracket. Our Democrat colleagues said they were opposed to it because they said it only helped rich people. I remember pointing out on the floor that these rich people made on average \$21,600 each. Each member of this working couple family, the ones who were going to benefit of stretching this 15-percent bracket, made \$21,600. Many of my colleagues said those are rich people.

I pointed out, when did \$21,600 a year qualify you as being rich? But, nevertheless, we were unable to do it because President Clinton vetoed the bill.

When the Senate debated this bill, we had an amendment that Senator GRASSLEY offered that put a cap on the amount of payments a person could receive under this bill. His amendment said that no one could get more than \$275,000 of taxpayer money under this farm bill. Remember that many of our Democrat colleagues said if you made \$21,600 you were too rich for a tax cut. Senator GRASSLEY offered an amendment that said the Government can give you over 10 times that amount—\$275,000 per farmer. We adopted that amendment—I am proud to say I voted for it—66 to 31. Then we went to conference. Both Houses set a lower cap as to how much money any individual farmer or rancher can get under the bill. And, all of a sudden, what hap-

pens? They go to a cap of \$360,000—higher than either House adopted.

Then, we have a three-entity rule.

Then, we have a husband-and-wife rule.

Then, we have a commodity certificate rule.

The bottom line is, you can get millions of dollars under this farm bill. One individual can get millions of dollars. So apparently it is OK to pay one person in agriculture millions of dollars, but we can't give a tax cut to people who make \$21,600 a year because they are rich. I don't understand that. I don't know how you can justify it. Needless to say, since I am voting against this bill, I am not going to have to.

By raising these loan rates in this bill, we have guaranteed that we are going to glut every market with every commodity. Under this bill, every commodity that gets this loan guarantee is going to be under pressure to over-produce.

Anybody who knows anything about the functioning of the farm economy knows that when you set that loan rate above the market price, which this bill does, you are going to have people producing for the loan. The commodities are then going to be dumped on the markets.

For 6 long years under this bill we are going to have gross overproduction, we are going to drive prices down, and we are going to have all kinds of commodities in storage. We are going to have all the excesses we had under the farm bill prior to the bill that we are considering here.

But that doesn't seem to be enough. This bill brings new commodities into these programs. We eliminated some of these programs before but now they are brought back to life.

It seems to me the bottom line of this bill is that it is going to guarantee overproduction—I am sorry this is going to happen because I think it is going to be very harmful to rural America. It is going to guarantee depressed prices, and it is going to mean increased Government interventions to try to limit production.

So the Government, once again, is going to be telling people what to grow and what not to grow. I think that is a step in the wrong direction.

This bill also allows people who came to America illegally to get food stamps. I am opposed to that. I am not trying to be hardhearted. But there is a very real problem when you give benefits to people who violate the law—you encourage them to violate the law.

When the Senate debated this bill, I offered a compromise which was adopted. That compromise said anybody who has been here for 5 years and is now here legally can qualify for food stamps, but that no one who comes and stays here illegally for one year or more can qualify.

The reason I offered this compromise is because we want people to come to America who want to work. We want

people to come to America with their sleeves rolled up, not with their hand held out. It fundamentally changes America when you do that. Having a provision that says you can come here illegally and still get food stamps is like putting a neon sign up on the border that says: Violate the law. Come into America illegally, and we will give you food stamps.

Let me sum up by saying I am not saying this bill is the embodiment of all evil. There are some good things in this bill. Doing away with the old peanut quota, God knows, was a good thing. But I believe we are paying people too much to buy out the old quota.

The point is: Having the Government limit the ability of people to grow peanuts makes absolutely no sense. But by setting these loan rates so high, we are going to end up with a peanut-like program in all of these other areas over the next 6 years because we are not going to be able to pay for this program.

Finally, we said when we adopted the bill that it was going to cost \$73 billion. It turned out that it cost \$82 billion. Every penny of that will come right out of Social Security.

We have colleagues who stand up on the floor day after day saying don't spend the Social Security surplus. When you vote for this farm bill, you are spending the Social Security surplus.

Not everything in this bill is bad. There are some improvements in the bill. But, overall, it is a move back to Government control of agriculture.

Is there a silver lining in this? I think there is. I think this will probably be the last farm bill we pass. I think what has happened is, thanks to the Internet, people understand that while we talk about the small farmer, the fact is the top 10 percent of the people are getting 37 times as much in Government payments as the small farmer. This bill goes so far that it tilts the balance. In the end, I think this will undo this type farm bill, and in the long run it is good for America.

I yield the floor.

The PRESIDING OFFICER. Who yields time? If no one yields time, the time will be charged equally to both sides.

EFFECT OF PAYMENT LIMITS MEANS-TEST ON CONSERVATION PROGRAMS

Mrs. LINCOLN. Mr. President, I want to thank Chairman HARKIN and Ranking Member LUGAR for their excellent work on the farm bill. And I want to point out, in particular, their work to improve conservation programs.

I would like to engage Chairman HARKIN in a colloquy to elaborate on congressional intent behind the effect of the \$2.5 million means-test with regard to conservation programs. It is my understanding that the purpose of the means-test is to prevent wealthy individuals with adjusted gross income of more than \$2.5 million from receiving government benefits on land signed up for conservation programs. How-

ever, it was never the intent to subject non-profit organizations that actively work on conservation activities to the means-test. Isn't this correct?

Mr. HARKIN. Senator LINCOLN is absolutely correct that the intent is not to exclude these non-profit groups that are actively involved in delivery of conservation programs. The work that non-profit organizations do under these conservation programs helps expand wildlife habitat and protect and improve all natural resources. This provision was not intended to limit participation by non-profit land trust groups or wildlife groups, like Ducks Unlimited, the Nature Conservancy, or Pheasants Forever, or any other non-profit group that participates in the agricultural conservation programs.

Mrs. LINCOLN. Thank you for that explanation, and thank you for the hard work you and your excellent staff have put into the farm bill and, particularly, into the conservation title.

Mr. HARKIN. Thank you, and thank you for your hard work in getting this important farm bill, with its strong conservation title, passed.

CHANGES TO THE VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANT PROGRAM

Mr. WELLSTONE. Mr. President, I would like to engage in a colloquy with the chairman to elaborate on the intent behind some of the changes made to the value-added agricultural product market development grant program in this farm bill. My understanding is that under this new language, USDA should seek to fund a broad diversity of projects that increase agricultural producers' share of the food and agricultural system profit, including projects likely to increase the profitability and viability of small and medium-sized farms and ranches. I certainly agree that USDA should seek to approve applications for projects likely to benefit producers with small and medium-sized agricultural operations. Do you agree that the language of this provision will allow USDA to do this?

Mr. HARKIN. I thank the Senator from Minnesota. Yes, I believe that the changes we have made to this program will allow USDA to fund a wide variety of value added projects that benefit small and mid-sized producers as well as larger producers and organizations of producers. For example, we broadened the definition of "value-added" to insure that producers who add value to agricultural products by the manner in which they produce them may now apply for value-added grants to market their products. This is important, because many small and medium-sized farms have found that they can increase their profits and stay in business by converting their farms to organic and other types of higher-value production. It is clear that many consumers will pay more for products that are grown and produced in specific ways. This broadening of the value-added grants program will assist farmers or groups of farmers engaged in

producing these kinds of high-value products in developing business plans and marketing their products, thereby contributing to the success of these kinds of ventures. I also expect that a large share of the grants will continue to be made to produce new non-food products, expanding the markets of corn, soybeans and other crops well beyond the market for foods. The bill also specifically allows for grants for on-farm renewable generation such as wind turbines.

Mr. WELLSTONE. I understand this bill also broadens eligibility for the program.

Mr. HARKIN. The Senator from Minnesota is again correct. The expectation is that USDA will extend edibility to a broad range of producer groups, including farmer and rancher cooperatives. Business ventures with majority control by producers many receive up to 10 percent of grants provided. Non-profit organizations controlled by producers, whose mission includes working on behalf of producers, and who otherwise meet the eligibility criteria established by USDA, shall also be eligible for grants under this program.

Mr. WELLSTONE. I commend my colleague from Iowa on his work on this provision. I certainly hope that USDA will make every effort to fund a wide variety of projects and to make grants of a wide variety of sizes, including small and mid-sized grants where appropriate.

Mr. HARKIN. That is certainly my expectation. I thank my colleague from Minnesota for his hard work on this provision in committee, and for his support of the changes we have made in the program.

CHESAPEAKE BAY

Mr. SARBANES. Mr. President, would the distinguished floor manager yield for the purpose of a colloquy concerning two programs of great importance to the continued efforts to restore and protect the Chesapeake Bay.

Mr. HARKIN. I would be happy to yield to the senior Senator from Maryland.

Mr. SARBANES. I am deeply disappointed that the conference report does not include two provisions included in the Senate-passed farm bill which sought to address the critical environmental needs of the Chesapeake Bay. The first provision, the Nutrient Reduction Pilot Program, sought to encourage the development of innovative solutions to the nutrient pollution problem in the bay by creating new incentives for farmers to reduce the application of nitrogen by at least 15 percent below what is normally considered best practice and to provide financial protection in the event of reduced yields. The second provision strengthened the role of the U.S. Forest Service in the restoration of the bay watershed. While I understand that disagreements with the House Conferees prevented the inclusion of these programs in the final bill, it is my understanding that the conference report does include

provisions that will be helpful in implementing the Nutrient Reduction Pilot Program.

Mr. HARKIN. The Senator is correct. In fact, the conference report includes specific language in section 2003 that establishes Partnerships and Cooperation, a program specifically intended to allow states like those in the Chesapeake Bay region—and the Chesapeake Bay is specifically mentioned—to submit innovative proposals which coordinate and implement all of the conservation programs in the bill to achieve priority conservation objectives. It is modeled in many ways on the Conservation Reserve Enhancement Program. The language specifically provides that all the resources of the different conservation programs can be used, and indeed it provides that in addition to committing acres and resources from the different conservation programs to a special partnership, the Secretary has special flexibility with regard to 5 percent of the funds available for all conservation programs to use them for any activities authorized by any conservation programs. This bill will make on average \$1.2 billion per year available for the Environmental Quality Incentives Program; any of these funds can be committed to a special partnership, and I think it would be reasonable and I would certainly be willing to work with the Senator from Maryland to encourage the Secretary to commit \$20 million per year to the Chesapeake Bay region's innovative proposals to reduce nitrogen application using market-based strategies. Maryland is also specifically included in Section 2501, the Agricultural Management Assistance Program, making it eligible to share in at least \$110 million to implement, among other things, resource conservation practices.

Finally, the Senator from Maryland has my commitment and the commitment of the majority leader that we will work with him to address his concerns about the continuing loss of forestlands in the Chesapeake Bay watershed by enhancing the support and resources of the U.S. Forest Service to the bay cleanup effort.

Mr. SARBANES. I thank the Chairman for his continued efforts on behalf of the Chesapeake Bay and its farmers and I look forward to continuing to work together with him in this regard.

TECHNICAL ASSISTANCE FOR CONSERVATION PROGRAMS

Mr. LUGAR. Mr. President, I wish to engage in a colloquy with the distinguished Senators from Iowa and Mississippi.

Mr. President, the 1996 farm bill contained a provision which led to serious disruption in the delivery of conservation programs. Specifically, the 1996 act placed a cap on the transfers of Commodity Credit Corporation funds to other government entities. Is the distinguished Senator from Iowa aware of the so called "section 11 cap?"

Mr. HARKIN. I thank the Senator from Indiana for raising this issue, be-

cause it is an important one. The Section 11 cap prohibited expenditures by the Commodity Credit Corporation beyond the Fiscal Year 1995 level to reimburse other government entities for services. Unfortunately, in the 1996 farm bill, many conservation programs were unintentionally caught under the section 11 cap. As a result, during the past 6 years, conservation programs have had serious shortfalls in technical assistance. There was at least one stoppage of work on the Conservation Reserve Program. The Appropriations Committees have had to respond to the problem ad hoc by redirecting resources and providing emergency spending to deal with the problem. This has been a problem not just in my state of Iowa or in your states of Indiana and Mississippi; it has been a nationwide constraint on conservation.

Mr. COCHRAN. I thank the Chairman for the clarification, and I would inquire whether the legislation under consideration here today will fix the problem of the section 11 cap for conservation programs.

Mr. HARKIN. I thank the Senator from Mississippi for his attention to this important issue. Section 2701 of the Farm Security and Rural Investment Act of 2002 recognizes that technical assistance is an integral part of each conservation program. Therefore, technical assistance will be funded through the mandatory funding for each program provided by the bill. As a result, for directly funded programs, such as the Conservation Security Program (CSP) and the Environmental Quality Incentives Program (EQIP), funding for technical assistance will come from the borrowing authority of the Commodity Credit Corporation, and will no longer be affected by section 11 of the CCC Charter Act.

For those programs such as the CRP, WRP, and the Grasslands Reserve Program (GRP), which involve enrollment based on acreage, the technical assistance funding will come from the annual program outlays apportioned by OMB—again, from the borrowing authority of the CCC. These programs, too, will no longer be affected by section 11 of the CCC Charter Act. This legislation will provide the level of funding necessary to cover all technical assistance costs, including training; equipment; travel; education, evaluation and assessment, and whatever else is necessary to get the programs implemented.

Mr. LUGAR. I thank the Chairman for that clarification. With the level of new resources and new workload that we are requiring from the Department, and specifically the Natural Resources Conservation Service, I hear concerns back in my state that program delivery should not be disrupted, and the gentleman has reassured me that it will not.

Mr. COCHRAN. It is then my understanding that, under the provisions of this bill, the technical assistance necessary to implement the conservation

programs will not come at the expense of the good work already going on in the countryside in conservation planning, assistance to grazing lands, and other activities supported within the NRCS conservation operations account. And, further, this action will relieve the appropriators of an often re-occurring problem.

Mr. HARKIN. Both gentlemen are correct. The programs directly funded by the CCC—EQIP, FPP, WHIP, and the CSP—as well as the acreage programs—CRP, WRP, and the GRP—include funding for technical assistance that comes out of the program funds. And this mandatory funding in now way affects the ongoing work of the NRCS Conservation Operations Program.

Mr. LUGAR. I thank the Chairman for his efforts to resolve this problem.

Mr. COCHRAN. I also appreciate the Chairman's work to ensure that adequate resources are available for technical assistance.

ALLOCATION OF SENIORS FARMERS' MARKET NUTRITION PROGRAM

Mr. KOHL. Mr. President, first, I would like to thank Senator HARKIN for all of his hard work in putting together this Farm Bill. One of the most important parts of this legislation deals with nutrition, and ensuring that all Americans have access to a healthy meal. I am especially pleased to see an additional \$5 million in funding provided for the Seniors' Farmers Market Nutrition Program for fiscal year 2002. In the 2002 Agriculture Appropriations bill, we provided \$10 million for this important program, and encouraged the Secretary to use additional funds from the Commodity Credit Corporation if necessary. However, although there is a clear need for these additional funds, and the Secretary has been reminded of this language on several occasions, these additional funds have not been released. The result of this is that 9 States and territories, including my state of Wisconsin, received funding for this program last year and applied this year to continue their programs, but were turned away. I intend to include report language in the homeland security supplemental bill I am currently working on in the Appropriations Committee directing the Secretary to use any additional funds that become available to provide funding for these states. I appreciate my friend's efforts to include this additional money in the farm bill, and am hopeful that it will provide at least partial relief to the drastic funding cuts being felt by these States.

Mr. HARKIN. I thank my friend from Wisconsin for raising this important matter. I agree with his comments and am pleased that we are able to provide additional resources, through the farm bill, to assist States that did not receive funding for this year. I also hope that funding for States that successfully completed applications, and received insufficient funding, is increased. Clearly, there is a funding

shortage for this program and I want to stress that the purpose of the \$5 million in the farm bill is not meant to replace the CCC funds mentioned by my colleague, but rather to supplement them. I support my colleague in his efforts to ensure that no State or territory that wishes to participate in this program is turned away. The Seniors' Farmers Market Nutrition Program provides an important service, one that brings low-income senior citizens and local farmers together in a mutually beneficial relationship.

TREE ASSISTANCE PROGRAM

Ms. STABENOW. Mr. President, I thank Senator HARKIN, and congratulate him for his leadership over the past year. The farm bill is a tremendous victory on so many fronts. I want to especially thank him for the landmark inclusion of specialty crops in this farm bill.

Mr. HARKIN. The Senator informed me from the beginning that specialty crops like apples, cherries, blueberries, cherries, and asparagus are critically important for Michigan's agriculture economy. She has been a powerful advocate for specialty crops and I appreciated your hard work throughout this process to include them in this farm bill.

Ms. STABENOW. The farm bill before us has a \$2 billion specialty crop program which provides a minimum of \$200 million per year in USDA Section 32 purchases for nutrition programs. This new allocation of funds will provide much needed help for growers of fruits and vegetables. It has been a true privilege to work with the Senator to develop this new program.

Mr. HARKIN. I think all of our colleagues on the Committee on Agriculture, Nutrition and Forestry and in the Senate would agree that the Senator's strong backing was absolutely instrumental in obtaining the \$2 billion specialty crop purchase program.

Ms. STABENOW. I thank the Senator. I would like to discuss another critical program that we included in the farm bill for specialty crops—the Tree Assistance Program, TAP.

Mr. HARKIN. Yes, TAP is a critical program that provides reimbursement for trees, like cherry trees and apple trees, which have been destroyed by natural disaster.

Ms. STABENOW. TAP is very important, especially in Michigan. In 2000, our apple growers in the southwest region of the state suffered from devastating fire blight that destroyed over 10,000 acres of apple orchards resulting in an estimated total loss of \$98 million for apple growers in Michigan.

Unfortunately, the funding for TAP expired the year before and none of these growers could apply for assistance.

I thank the Senator for reauthorizing TAP in the farm bill. In the Senate version of the farm bill, the reauthorization for TAP included the following language regarding eligibility, "(a) shall apply to tree losses that are in-

curred as a result of a natural disaster after January 1, 2000."

Mr. HARKIN. I supported retroactive eligibility for TAP and supported that provision in the bill that passed out of the committee. A majority of the Senate also supported this provision.

Ms. STABENOW. I thank the Senator. I look forward to working with him to insure that the apple growers in my State who suffered such terrible losses in 2000 will receive help through the Tree Assistance Program.

SECTION 10816

Mr. MURKOWSKI. Mr. President, I want to thank the managers and other members of the conference for their efforts to maintain the Senate's intentions with respect to section 10816, which requires country-of-origin labeling for seafood products, among others. This provision is very important to the seafood industry in my State of Alaska.

However, I note that the definition of "wild fish" applies to "naturally born or hatchery raised fish and shellfish harvested in the wild." This may lead to some confusion. As my colleagues know, fish generally are "hatched" rather than "born." In addition, I understand it was the Senate's intent to apply this definition to hatchery fish only when they are released shortly after hatching, and live the rest of their lives in the same environment as naturally occurring fish of the same species.

I wish to ask the managers if my understanding is correct, and agree that the definition of wild fish should be interpreted to mean "naturally or artificially hatched fish that grow to maturity and are harvested in the wild."

Mr. HARKIN. Mr. President, I thank the Senator from Alaska both for his comments on the conference and for his question. His observation that fish are hatched rather than born is well taken, and I agree with the way he has rephrased the definition. It is indeed our intention that the definition of "wild fish" apply only to fish that spend the bulk of their lives in the wild. This differentiates them from "farmed-raised fish," which are raised in confinement until they are harvested.

Mr. LUGAR. Mr. President, I am grateful to my colleague for bringing this point to our attention, and concur that wild fish are those which spend most of their lives free of confinement, whereas farm-raised fish are those which are held in pens or tanks until harvested.

KLAMATH BASIN

Mr. WYDEN. I want to thank my Senate colleagues, specifically Chairman HARKIN, for their continued attention to a matter of such importance to the people of the Klamath Basin in Oregon and California. I especially want to thank my friends and colleagues, Senators GORDON SMITH, BOXER, and FEINSTEIN, for their initial help in getting Klamath language and money accepted into the farm bill. And I want to

recognize the hard work and dedication of the chairman, Senator DASCHLE, and their staffs for sticking by the Klamath Basin until the bitter end. I also want to thank my friend on the other side of the Capitol, Representative WALDEN, for his dedication to the Klamath Basin. Thanks to his collective bi-partisan effort, today I can come to the floor to discuss the future for the Klamath Basin with some hope.

Mr. HARKIN. Your dogged attention to the Klamath provision was critical and appreciated. I thank you for all your support in getting this important legislation off the Senate floor.

Mr. WYDEN. The conference report provides \$50,000,000 under section 1240I Ground and Surface Water Conservation. It is important for the legislative history of this section to note that the conference report states.

In carrying out the program . . . the Secretary shall promote grounds and surface water conservation by providing cost-share payments, incentive payments, and loans to producers to carry out eligible water conservation activities with respect to the agricultural operations of producers, to—(1) improve irrigation systems; (2) enhance irrigation efficiencies; (3) convert to—(A) the production of less water-intensive agricultural commodities; or (B) dryland farming; (4) improve the storage of water through measures such as water banking and groundwater recharge; (5) mitigate the effects of drought or (6) institute other measures that improve groundwater surface water conservation, as determined by the Secretary, in the agricultural operations of producers.

In addition to all those excellent purposes, this section requires that a Secretary may only provide this money to a producer if the net result is "a new savings in groundwater or surface water resources in the agricultural operation of the producer." Chairman HARKIN, it appears to me that these purposes coincide with the purposes of the original Klamath language in the Senate farm bill: water conservation and improved agricultural practices; aquatic ecosystem restoration; and improvement of water quality. Do you read it the same way?

Mr. HARKIN. Yes, I do.

Mr. WYDEN. The difference is that the original language brought to light the need to recover endangered species, including both anadromous and resident fish species; and maintenance of the National Wildlife Refuges.

Mr. HARKIN. Even so, Senator WYDEN, the \$50,000,000 provided by this farm bill conference report for the Klamath Basin used under this program should benefit endangered species and the refuges in the Klamath Basin. Any program that improves water quality and quantity, as this one does, will necessarily support the recovery of threatened and endangered species.

Mr. WYDEN. I agree. I am grateful that the other long-term benefits that were to be considered under the original Senate Klamath language will still

be considered under this provision: benefits to the agricultural economy through incentives for the use of irrigation efficiency, water conservation, or other agricultural practices; wetland restoration; and improvement of upper Basin watershed and water quality. Due to the cooperative nature of all farm programs, I remain hopeful that this provision will be implemented in a manner that respects and uses the local expertise of the Klamath Basin farmers. In addition, this program should be implemented in the Klamath Basin while the administration considers the long term effects of the water savings.

The original Senate Klamath language required the USDA to spend \$175 million over 5 years, through the Natural Resources Conservation Service and the Farm Service Agency, on Klamath Basin hydrology and wetlands restoration using any applicable USDA program. The particular programs were not noted in order to provide some flexibility for the Department and basin farmers. The current language limits that flexibility, but fills an important purpose in the basin.

I am thankful that the President established a cabinet level Klamath Working Group, made up of the Secretaries of Interior, Agriculture, and Commerce, thereby fulfilling another purpose of Senate Klamath language that authorized the creation of a Klamath Basin Interagency Task Force made up of agencies from the Departments of Interior, Agriculture, and Commerce. It is my hope, however, that while the Senate Klamath language required public non-federal notice of work and intended plans by the Interagency Task Force to provide local awareness and the conference report does not, the current Administration Working group would provide such public notice.

But there is more work to be done. While the \$50,000,000 provided for producers to conserve water in the Klamath Basin is a start, it will not complete the entire hydrological restoration necessary in the basin. The basin requires specific projects such as these I list here to restore the basin: \$3,479,000 for feasibility studies by the Bureau of Reclamation, included in the President's funding request for the Klamath Project for FY 2002; \$4 million to purchase, one time, 2700 acres at Goose Bay in Upper Klamath Lake (TNC); \$25 million over 5 years for the restoration of the Upper Klamath Lake tributaries (such as the Sprague, Williamson, and Wood Rivers); \$40 million over 5 years for the restoration of historic Upper Klamath Lake wetlands; \$20 million over 5 years for the restoration of Lake Ewauna below Upper Klamath Lake that is essential for sucker habitat; \$1 million for riparian fencing, grazing management, stream-bank restoration and revegetation under CRP; \$5 million for the purchase of the Barnes property by the Bureau of Reclamation for the whole project to

be managed by the Bur Rec, county commissioners, local water irrigation districts, USDA and F&W Service and the Tribes, using some portion of the money for a set-aside to match state and private wetland restoration dollars from entities such as OWEB and Oregon Water Trust and designate some portion of the money for scientific work including scientific work by the Klamath Tribe Department of Natural Resources; \$4,500,000 of new funding for the U.S. Fish and Wildlife Service to conduct in-stream flow studies in the basin deemed necessary by the Secretary, including in-stream flow studies below Iron Gate Dam; \$20 million for the voluntary lease of water rights; \$1 million for the evaluation of intentional winter flooding of volunteer agricultural lands; Dry Year Reserve—to idle basin irrigated acreage—promoted by Water Users through Bur Rec but could be done through shorter contracts in WRP; \$15 million for the purchase of water easements; \$10 million for the construction of groundwater wells in conjunction with USGS surveys; \$5 million authorized for grants to local irrigation districts, through the Rural Development/Utilities accounts to improve irrigation of Klamath Basin practices that will conserve water and improve water quality.

In addition to the above concerns, this money will not be available to the native American tribes in the basin, the Klamath, the Yurok, the Kurok, and the Hoopa. This is a shame. These tribes make up an important user group in the basin and no real long-term solution will be achievable without them.

Mr. HARKIN. Senator WYDEN, where appropriate and within the jurisdiction of the Committees on which I serve, I will be happy to work with you in the pursuit of beneficial programs and funding for the Klamath Basin.

Mr. WYDEN. Thank you, Mr. Chairman.

CONSERVATION PROGRAMS IN THE EVERGLADES

Mr. GRAHAM. Mr. President, I thank Chairman HARKIN and Ranking Senator LUGAR for their excellent work on the farm bill before us today. I am pleased to recognize that this legislation expands and improves many of the conservation programs administered by the U.S. Department of Agriculture. Farmers are the best conservationists in the world and this farm bill gives them more tools to be even better stewards of the environment.

I would like to engage Chairman HARKIN and Senator LUGAR in a colloquy to elaborate a bit on the very good language in the Statement of Managers that calls upon the Secretary of Agriculture to work with appropriate State and Federal officials to use USDA conservation programs to supplement the work of the Comprehensive Everglades Restoration Plan as it is implemented in the South Florida Ecosystem.

Our success in restoring the Everglades depends a great deal on the

health of Lake Okeechobee and the systems which feed into that great lake, such as the Kissimmee River and its chain of lakes. It is my understanding that the direction in the Statement of Managers is intended to use conservation programs to enhance the health of those ecosystems as well. Am I correct in my interpretation of that very good language?

Mr. HARKIN. The Senator is absolutely correct in his interpretation of that language and I wish to thank him for his assistance to the committee on this matter. There has been no stronger advocate of the Everglades through the years than the senior Senator from Florida.

Mr. LUGAR. I agree with the Chairman. I, too, have been pleased to work on behalf of Everglades restoration through the years. The conservation programs of USDA are improved by this legislation and I am pleased that the conferees to the farm bill recognize the promise of these programs to assist in Everglades restoration.

Mr. GRAHAM. I thank the distinguished Chairman and the ranking member of the Senate Committee on Agriculture, Nutrition, and Forestry for their work on the farm bill and the assistance it will render to restore the Everglades. For instance, work in areas such as the Kissimmee River system will serve, among other things, to enhance the natural storage of water necessary for restoration further south in the system. Implementing the type of conservation practices included in these Department of Agriculture programs in areas such as the Kissimmee River and Lake Okeechobee can improve restoration efforts substantially.

I look forward to working with Secretary of Agriculture Veneman, and other State and Federal officials to utilize these programs in a coordinated and effective manner.

WILD FISH

Mr. INOUE. Mr. President, title X of the farm bill contains provisions that would provide country of origin labeling for certain covered products. This program will specifically inform consumers right at their local markets whether they are eating U.S. products, or products produced under the laws of another nation. In a time of uncertainty about our economic, environmental, and personal security, we want to provide this level of assurance to our citizens and to our producers. U.S. origin labeling is important because it will allow consumers to vote with their wallets to support U.S. farmers, ranchers, and fishermen. This is important in the case of wild-caught fish, particularly in Hawaii, where we have traditionally relied on our vast ocean "backyard" for sustenance, chasing highly migratory species like tuna and swordfish as well as closer to shore species.

I ask the distinguished Senator from Iowa, one of the managers of the bill, if this is not the purpose of the country of origin provision?

Mr. HARKIN. Indeed, the distinguished Senator from Hawaii is correct about the intent of the provision.

Mr. INOUE. I thank the Senator. As Senator HARKIN has since learned, the provision contains a technical matter that would undermine this important purpose. As Hawaiian fishermen well know, because of their migratory nature, certain species of fish are often caught outside of the 200-mile U.S. exclusive economic zone—more than 50 percent of the catch landed by Hawaii vessels are harvested on the high seas. These include tuna, swordfish, and squid. Whether U.S. fishermen are in U.S. waters or on the high seas pursuing highly migratory species like tuna, from the time they leave the dock to the time they return to port, our fishermen are subject to U.S. law—some of the most stringent conservation, safety and health restrictions in the world. This has often led to economic hardship. I do not object to the purpose of such costly measures, but what do I tell these fishermen when they are undersold in the market by the foreign-caught fish, which are harvested in an indiscriminate and environmentally unsound manner? I would like to tell them that they will benefit from a U.S. label, and that their legal compliance will be rewarded in the marketplace. But the technical matter in the farm bill will not allow this to happen. Moreover, it will result in a labeling gap that will confuse consumers. Under the language in the bill, a migratory fish that is harvested beyond the 200-mile zone by a U.S. fisherman on a U.S. registered vessel, processed under U.S. regulations, and landed at a U.S. dock, does not qualify for a U.S. origin label.

Mr. HOLLINGS. I thank Senator INOUE for summing up a complicated issue in simple and clear language. When you and I discussed this issue, I was immediately concerned. There appears to be a simple solution for labeling of wild-caught fish: allow fish caught by a U.S. flag vessel to be labeled with the U.S. as the country of origin. This would have the added benefit of bringing the point of sale label into conformity with the approach taken by U.S. customs regulations. Moreover, the extreme perishability of some ocean products require processing at sea. For example, squid must be processed where ever it is caught or it will spoil—thus, if caught by a U.S. flag vessel on the high seas, it would have to be processed on the high seas according to U.S. requirements.

I had shared Senator INOUE's hope that this technical correction might be included in the farm bill, and I worked with him, and Senators DASCHLE and HARKIN toward that end. Although time did not permit the inclusion of the provision, I believe that Senator HARKIN may have a few words to offer.

Mr. HARKIN. I thank you Senator HOLLINGS. When Senator HOLLINGS and Senator INOUE brought this matter to my attention, I welcomed their exper-

tise in marine matters, and did my best to have the suggested technical amendment included. Regrettably, during the eleventh hour, it proved not to be possible.

I hope, however, that this amendment may find another vehicle for its speedy passage.

Mr. DORGAN. Mr. President, I want to thank the chairman of the Senate Agriculture Committee for taking the lead on making the broadband initiative a part of the farm bill. I also want to thank the ranking member of the committee and Senator DASCHLE for their work on this program. The \$100 million provided in the farm bill for broadband is unprecedented and long past due to ensure Rural America has the same access to broadband service as its urban neighbors.

Several years ago, I introduced legislation to establish a new Federal broadband program. The chairman is a cosponsor of this legislation. And now, after 2 years of a pilot program similar to my bill, the farm bill gives the rural broadband program under the Rural Utilities Service an authorization and funding. That funding will create hundreds of millions of dollars of broadband loans each year.

The Rural Utilities Service, RUS, once known as the Rural Electrification Administration, REA, has administered a telecommunications program for over 50 years. It has been an unprecedented success. In 1949, about 40 percent of American farmers had phone service. Today, that has changed dramatically and nearly everyone at least has a telephone. Not only do these investments need to be maintained, but we need to make new investments in the next generation of telecommunications technology, known as broadband, to ensure that all Americans have access to the Internet.

The RUS lending record in its telecommunications program which would be the envy of any financial institution in America. In over 50 years, there has not been a single loan loss in the RUS/REA telecommunications program. In recent years, the agency has been leading the American information revolution by financing some of the most advanced telecommunications systems in the Nation.

The broadband provisions of this bill should significantly advance the deployment of broadband technologies in all regions of the country. It should spur the deployment of new wireline, wireless, cable, and satellite broadband infrastructure and service. It promotes technological neutrality and a definition of broadband, which is meaningful, flexible and appropriate to spur significant advancement in all technologies.

For the purposes of ensuring a successful implementation of this program, it would be helpful if the chairman could respond to a few questions about the legislation.

Mr. HARKIN. Mr. President, I would be pleased to answer the questions of the Senator from North Dakota. But

first, I want to thank the Senator for your and your staff's work on this issue. Together, we've come up with a great initiative that will serve Rural America in the information age. The Senator and his bipartisan group of supporters are to be congratulated for their work on this important legislation. It will spur new investment in rural broadband.

Mr. DORGAN. Does the legislation give the Administrator of the Rural Utilities Service flexibility to adopt a definition of broadband, which encourages advancement in all modes of communications?

Mr. HARKIN. The Senator is correct. The legislation seeks to foster significant advancement in all rural applications of broadband. In this context, technological neutrality should not be used to preclude progress in any given technology. For example, what is broadband in a fixed setting may be different than what is broadband in a mobile wireless setting. In both cases, the measure of broadband capability should be based on capability of the network, not the individual devices used to access the network. This legislation is intended to help rural citizens gain access to modern broadband information networks.

Mr. DORGAN. Does the chairman expect the RUS to maintain its high standards of determining the financial feasibility of broadband loans?

Mr. HARKIN. This expansion of authority should not be viewed by anyone as a loosening of financial feasibility standards at the RUS. Simply put, if there is not a reasonable likelihood of repayment, the loan should not be made. That is how the RUS and the REA have operated for 65 years and that is how the agency should operate with this new authority.

Mr. DORGAN. Given that record of success and assuming a treasury rate of interest, would it be reasonable that the \$20 million a year included in this bill for the early years of this program could fund a treasury rate of interest broadband loan program of at least \$750 million a year?

Mr. HARKIN. Under credit reform, there are essentially two components to determining the subsidy rate for any loan program. Those components are any discount from the treasury rate of borrowing and the risk related to the loan. The RUS telecommunications loan program has not suffered a loan loss. In fact, the RUS telecommunications loan program has over its life, made money for the Government. Broadband lending within the RUS parameters does not necessarily bring with it a higher risk profile.

The process by which the Office of Management and Budget determines subsidy rates for Federal loan programs is sometimes viewed as a mysterious process to say the least, given the year to year swings in the subsidy rates for the same or similar programs and classes of borrowers. Given the record of the agency, however, and

given the treasury rate of interest assumption of your question, \$20 million a year in direct budget authority provided could generate a minimum loan level of \$750 million a year.

Mr. DORGAN. I thank the chairman.

Mr. JOHNSON. Mr. President, as the author of S. 280, the Consumer Right-to-Know Act, and the provision in the new farm bill requiring retail-level country of origin labeling for beef, pork, lamb, fruits, vegetables, peanuts, and fish, I feel compelled to offer my views on how country-of-origin labeling should be implemented by the U.S. Department of Agriculture, USDA. This farm bill provision is not overly prescriptive because I believe USDA deserves some degree of discretion to develop rules and regulations to ensure this labeling program is effective. That being said, I believe it's equally important for USDA to adhere to the intent of Congress in passing this important labeling legislation, and to comply with my intent as the primary author.

Well-funded opponents of country-of-origin labeling who like to import cheap meat and other products into the United States and camouflage those products as "Made in the USA" will make outrageous claims about how country-of-origin labeling is difficult to administer, how it will cost them and USDA resources, and how it just can't work. It's awfully ironic they say these things, when virtually every single other item consumers buy at the retail level indicate their country-of-origin. The fact is that labeling can be implemented in a low-cost manner, and Congress expects USDA to work with all interested parties to make labeling a reality.

Nevertheless, passage of country-of-origin labeling will not stop those who don't want consumers to know the origin of meat and other items at the retail-level to try to water-down and minimize this legislation through the rulemaking process and other avenues. Therefore, it's important that USDA know my intent with respect to this program.

My labeling provision amends the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) and adds subtitle D, a requirement for retail-level country-of-origin labeling for covered commodities at the final point-of-sale for consumers.

This section mandates retail-level, country-of-origin labeling for covered commodities, including beef, lamb, pork, farm-raised fish, wild fish, peanuts, and perishable commodities. The purpose of the section is to inform consumers about the origin of the meat, fish, peanuts, and perishable commodities they purchase at the retail-level. The items that qualify as covered commodities must be labeled with their country-of-origin.

Under present law, most products require labeling according to their country-of-origin if they are produced outside of the United States. However, some products, such as fruits, vegeta-

bles, and peanuts have been excluded from this requirement. Further, meat from livestock or fish born outside of the United States, or born and raised outside of the United States, and slaughtered or processed within the United States, are not required to be identified as a foreign product.

With respect to meat, the labeling requirement in the farm bill shall apply to all muscle cuts of beef, pork, and lamb, including, but not limited to, steaks, roasts, chops, tips, ribs, and loins, as covered commodities that must be labeled as to their country-of-origin. Furthermore, ground beef, including, but not limited to hamburger and ground beef patties, whether frozen, chilled, or fresh, ground lamb, and ground pork qualify as covered commodities for purposes of country-of-origin labeling.

If, however, a covered commodity is an ingredient in a processed food, the section does not require that item to be labeled as to its country-of-origin. For example, if beef, pork, or lamb is an ingredient in a can of soup, lunch meat, meat snack, frankfurter, meatball, meat salad, stew, pasta, frozen dinner, frozen entree, or frozen pizza, than the section does not require the food item containing beef, pork, or lamb to be labeled with its country-of-origin. However, this exemption shall not apply to ground beef or hamburger, as mentioned above, which must qualify as a covered commodity for country-of-origin labeling at the retail-level.

While retail-level country-of-origin labeling is required of grocery stores and supermarkets, food service establishments are not required to notify the country-of-origin of covered commodities that are prepared or served to consumers. Because many polls indicate consumers wish to know the origin of the food they eat, and many individuals consume food items from food service establishments, food service establishments and restaurants are encouraged to voluntarily notify the consumers as to the country-of-origin of the food products sold at restaurants.

At this point, I want to make it unconditionally clear that what is meant by this provision with respect to "retailer" is that any retailer selling any covered commodity, beef, pork, lamb, fruits, vegetables, peanuts, or fish, is required to indicate the country-of-origin of that covered commodity at the retail-level or final point of sale. While the definitions section of the country-of-origin labeling provision refers to "retailer" in the Perishable Agricultural Commodities Act, PACA, of 1930, this reference is made only to draw a distinction between retailers and restaurants, because the labeling requirement applies to retailers but not restaurants. Let me make it unquestionably clear right now that the only reason S. 280 and the farm bill country-of-origin labeling language refers to the word "retailer" is that Congress want-

ed it to be understood that country-of-origin labeling would be required at the retail-level, the final point of sale, as opposed to labeling in restaurants, regardless of whether the product to be labeled by its country-of-origin was a cut of beef or a fruit or vegetable. The intent is to require labeling of all covered commodities at the final point of sale, regardless of what the retailer sells, and not to inadvertently allow any retailer to avoid the labeling requirement simply because that retailer may only sell perishable agricultural commodities.

In the case of meat, the farm bill provision intends for retailers to designate a covered commodity as having a United States country-of-origin only if the meat is from an animal that was born, raised, and slaughtered in the United States. An exception is made for beef from cattle born and raised in Alaska or Hawaii, and transhipped for a period not in excess of a period of days through Canada into the United States for slaughter. I understand that the World Trade Organization, WTO, committee on Rules of Origin has not yet completed its work on harmonizing rules of origin on Chapters 1 and 2 dealing with cattle and beef. Therefore, I encourage the Secretary and U.S. Trade Representative to immediately develop a position constituting a born, raised, and slaughtered standard to determine the origin of meat within the WTO which will be consistent with this section and the current voluntary beef labeling program.

My legislation does not intend to prescribe the specific type or method of country-of-origin label that must be used on covered commodities. The means by which the country-of-origin is designated may differ on a commodity-by-commodity basis. For example, an affixed-label may designate the country-of-origin of a steak or package of ground beef, while a sign on a holding bin may indicate the country-of-origin of fruit or vegetables. The section provides examples by which the country-of-origin of a covered commodity may be provided at the retail-level, including a label, stamp, mark, placard, or other clear visible sign on the covered commodity or on the package, display, holding unit, or bin containing the covered commodity at the final point of sale to consumers. For purposes of consistency and equitable national treatment, I encourage the Secretary to work with industry to create a label that includes the country-of-origin and the commodity. For example, a cut of beef to be labeled as a product of the United States may be labeled, "United States beef." Similarly, a tomato from Mexico may be labeled "Mexican tomato."

With respect to the type or method of country-of-origin label to be applied or used for covered commodities, the Secretary is encouraged to seek input from producer and farm organizations, consumers and consumer groups, and industry and businesses affected by the

section. The Secretary shall attempt to create a labeling program that is easy-to-understand and as uniform as possible for like commodities to be covered under the labeling requirement. Furthermore, retailers and those responsible for country-of-origin labeling are encouraged to develop labels that are legible, noticeable, uniform, and easy-to-understand for consumers.

My legislation gives the Secretary discretion to work with those responsible for tracking the origin of items and for designating the country-of-origin to develop a system that meets the intent of the section in an efficient and convenient manner. I recognize that USDA must develop a system by which to verify the origin of animals for country-of-origin labeling to be effective. The section provides the Secretary with the authority to require a verifiable record keeping audit trail to help verify origin, as well as a requirement that anyone engaged in supplying a covered commodity to a retailer must provide information indicating the origin of the covered commodity. For the retailer to know the country-of-origin of a covered commodity, and for the Secretary to enforce this section, all participants and businesses affected by this Section should cooperate to develop this verifiable record-keeping audit trail.

However, especially concerning meat labeling, it is not necessary to impose a mandatory animal identification program in order to implement country-of-origin labeling because proven models already exist within USDA to verify the country-of-origin or birth of animals for various purposes. One such model is the quality grade certification system that signifies the quality grade of certain meat cuts, such as USDA "choice," "prime," or "select". The USDA stated in a report "The Benefits/Cost Analysis of Mandatory Country of Origin Labeling" released in 2000 that the Agricultural Marketing Service, AMS, and industry could model this certification program to implement country-of-origin meat labeling. Additional models that can be applied include the existing voluntary country-of-origin labeling program for beef, which uses an affidavit to verify origin, "Certified Angus Beef" and similar programs that USDA implements to aid industry in promoting certain meat cuts for breed, the National School Lunch Program, and the Market Access Program, MAP. USDA has effectively administered these existing programs. Therefore, I intend for the Secretary to capitalize upon these existing programs rather than creating a new mandatory animal identification system in order to verify origin. The programs used by USDA were listed in the section to serve as models for the department, producers, packers, retailers, and others to ensure the proper implementation of mandatory country-of-origin labeling.

Moreover, USDA Health Certificates issued by the Animal and Plant Health

Inspection Service, APHIS, ensures the tracking of all imported animals for slaughter without the need for a mandatory, animal identification system. By law, no animal may be imported into the United States without being accompanied by a USDA-APHIS health certificate. The application form for this certificate requires documentation as to the origin of the animal(s) being imported into the United States. The record keeping system applied for tracking imports may be helpful to the Secretary in carrying out this section.

It is also my understanding that many livestock auction markets and sale barns in the United States have requested individuals selling cattle or other ruminant animals to sign affidavits verifying that the cattle were not fed mammalian parts, so as to ensure cattle buyers and customers that those cattle will not contract Bovine Spongiform Encephalopathy, BSE or mad cow disease. The Secretary is encouraged to determine if this system of tracking animals for prevention of the spread of BSE may work similarly for keeping records for country-of-origin.

I intend that the enforcement of this section be implemented in a most reasonable fashion, so as to accommodate unintentional violations with the program. As such, the section provides the Secretary with the authority to first issue a warning to a retailer violating the section, rather than a fine. For example, on the first occasion a retailer is found out of compliance with the labeling requirement, the Secretary may notify or warn the retailer in writing, and provide the retailer 30 days in which to take steps to comply with the labeling requirement. If subsequent to the 30 day period the Secretary determines that the retailer has willfully continued to violate the section, the Secretary must provide notice and opportunity for a hearing with respect to the violation before any further enforcement action can be taken. Finally, after such steps are taken, and a retailer remains in violation of the labeling requirement, the Secretary may fine the retailer in an amount determined by the Secretary.

In the case of enforcement, I intend that the Secretary take into account the special circumstances of small businesses affected by this section. I recognize that this new program and its requirements may require some time and complexity to comply with, especially for small businesses, therefore, the Secretary is encouraged to cooperate with any small business affected by this section so that the requirements are understandable, reasonable, and simple. Small businesses may need additional assistance to comply with this section, therefore, I encourage the Secretary to take into consideration these and other special circumstances which may make it difficult for small businesses to meet the requirements. Furthermore, to the maximum extent practicable, the Secretary shall enter into partnerships with States to enforce this section.

Finally, I intend for the Secretary to promulgate such regulations that are necessary to implement the labeling requirements under this section as soon as possible. The Secretary may be under pressure from opponents to country-of-origin labeling to delay the implementation of this section. Those of us who wrote this legislation and worked hard to enact it will make sure that this section is implemented in an expeditious fashion, without unnecessary delay.

Mrs. FEINSTEIN. Mr. President I am a strong supporter of the American farmer. I represent the largest farm State in this Nation and I believe in protecting the family farmer and helping to provide for rural America.

California's farm economy produces approximately \$30 billion annually and I take pride in the great number and vast diversity of crops the State produces.

From the vegetables in the Imperial Valley to the dairy farms in the Central Valley and the wineries of Napa Valley, the State of California produces more of what goes on America's dinner table than anywhere else.

In March, I visited the great Central Valley of California to hear what my constituents had to say about the agricultural policy we craft here in Washington, DC.

I heard how much farmers depend on the programs in the farm bill and I am pleased that the Senate will be voting on the farm bill conference report today. Even though I have some concerns about what is in the conference report and this is by no means a perfect bill, I will vote to send this legislation to the President's desk because virtually every California farm and nutrition group has lined up to support it.

However, I want to highlight my serious concern over an egregious ethanol program in this farm bill that was included at the last minute in conference.

Mr. President, only 2 weeks ago the Senate passed a terrible energy bill that mandates three times the amount of ethanol we produce in our fuel supply. Now after mandating a market for ethanol in the energy bill we are providing billions of dollars in subsidies to corn farmers in this farm bill.

On top of the subsidies to the corn growers in the Midwest, and the mandated market for ethanol, and high trade barriers that protect the domestic ethanol industry, now, in a provision in this farm bill, we will be subsidizing the expansion of ethanol production through the "Bioenergy Program."

Many may wonder what the Bioenergy Program is. The Bioenergy Program, created in 2000 by the Department of Agriculture, provides cash payments to promote additional production of ethanol and biodiesel. Bioenergy includes: Ethanol, made mostly from corn; and biodiesel, made mostly from soybeans.

Congress has never authorized this program until now. The farm bill authorizes spending \$150 million annually over the next 4 years for a total authorization of \$600 million. The Congressional Budget Office anticipates that the program will not be fully subscribed and therefore scores the program lower at \$204 million.

Essentially, the Bioenergy Program pays subsidies to firms when they purchase additional corn to make more ethanol or soybeans to make more biodiesel. For example, if a company increases its ethanol production by 1,000 gallons, the government will reimburse the firm \$320 for the additional corn it took to make these 1,000 gallons of ethanol.

At best, this is an incentive to help small ethanol producers expand their production of ethanol. At worst, this is another government payout to ethanol firms like ADM to subsidize corn they would buy anyway to make their product.

In 2001, 26 ethanol firms, all based in the Midwest, received payments from USDA under the Bioenergy Program. Archers Daniels Midland received the most, \$7.5 million out of \$32.7 million in total payments or 23 percent of the overall amount. Under the Bioenergy Program authorized in the farm bill, ADM will continue to be eligible to receive \$7.5 million each year for the next 4 years, a total of \$30 million by 2006. ADM has sales of over \$20 billion annually, yet under this Bioenergy Program, the government is subsidizing its expansion and growth.

Consider the following:

No. 1. The Government already subsidizes farmers who grow corn, which is used to make ethanol.

No. 2. The Government subsidizes producers of ethanol by giving firms a 5.3 cent "tax break" from the 18.4 cent per gallon tax on gasoline.

No. 3. In the recent energy bill, the Senate mandated a market for ethanol that will force three times the amount we produce into the fuel supply by 2012.

No. 4. Domestic ethanol producers are protected from foreign competition by a high 54-cent per gallon trade barrier.

No. 5. On top of all this, why is Congress subsidizing ethanol producers to expand?

There is new information on the environmental and health impact of ethanol.

During the debate on the energy bill, I mentioned that I have grave concerns about the long-term effects of nearly tripling the amount of ethanol in our gasoline supply because the impact on the environment and public health is largely unknown.

Although the scientific opinion is not unanimous, existing evidence suggests that: one, reformulated gasoline with ethanol produces more smog pollution than reformulated gas without it; and two, ethanol enables the toxic chemicals in gasoline to seep further into groundwater and even faster than conventional gasoline.

And this week new evidence from the Environmental Protection Agency casts an even darker shadow on ethanol's environmental record. A letter was made public this week disclosing that toxic emissions from ethanol plants appear more dangerous than previously thought.

I wish we had known about EPA's recent testing of ethanol plant emissions while the Senate was debating the ethanol mandate in the Senate Energy Bill.

I would like to insert this letter for the RECORD and read from it.

The letter is to Bob Dinneen, president of the Renewable Fuels Association, the ethanol lobby. It is from Stephen Rothblatt, the head of EPA's air and radiation division in Region 5. Region 5 covers part of the Midwest.

The letter begins:

Recent testing performed at several ethanol production facilities indicates emissions of volatile organic compounds and carbon monoxide many times greater than that stated by the companies in the permitting process.

This finding by EPA raises new questions about the harm ethanol can cause the environment. Previously, emissions from ethanol plants were thought to be relatively benign. Under current law, ethanol plants are not considered "major sources" of volatile organic compound, VOC, emissions and they face a less stringent permitting process.

However, the recent findings alluded to by EPA in this letter indicate that ethanol plants may now be major sources of VOC emissions and therefore subject to a more stringent permitting process. VOC emissions are of great concern because they contribute to the formation of ozone, the main component of smog.

And these new findings are not confined to one or two plants. The letter indicates that emissions of carbon monoxide, methanol, formaldehyde, acetic acid, and other carcinogens at levels many times greater than the plant permits allow "are not unique to the tested facilities, but rather common to most, if not all, ethanol facilities."

In response to this letter from EPA, I wrote Administrator Whitman and I would like to include the two letters I sent yesterday in the RECORD.

I have asked the Administrator why the agency's findings did not surface until this week, and I asked EPA to report on the increase in emissions we can expect from ethanol plants if we triple the amount of ethanol that needs to be produced, as the Senate Energy Bill would require.

I am also particularly concerned about a part in the letter that mentions EPA's desire to "quickly address both State and Federal concerns and resolve them on terms most favorable to the industry." Why would EPA want to resolve this on terms most favorable to the industry when it is children, the elderly, and people with respiratory

problems who will suffer most from these harmful emissions?

It appears EPA is attempting to placate the ethanol industry because instead of enforcing the Clean Air Act by citing the ethanol plants for violations, EPA is trying to meet with ethanol industry representatives to resolve the matter quietly.

I am concerned that the EPA will not crackdown on ethanol plants forcefully because, according to this letter, the agency's primary goal is to satisfy the industry and not the public interest.

I hope the EPA will be able to complete a full scientific and health study on the impact of these ethanol plant emissions on the air we breathe. And I hope the agency will be forthcoming with the scientific results that led to this April 24th letter.

I believe the testing conducted by the Region 5 office raises important questions on the health and environmental consequences of more ethanol production and use.

It is clear to me that there is a lot about ethanol we do not know yet. I am very concerned about the mandate we passed in the energy bill.

I am also concerned about this egregious provision in the farm bill that pays ethanol producers like ADM to buy more corn. This provision is unacceptable and I would hope that in the future when we authorize new ethanol programs, they are the subject of extensive hearings and debate, not just slipped into the conference report without notice.

Having said all this, I would just like to take a few moments to highlight the provisions in the farm bill that will benefit California and explain why I support this legislation.

First, I want to thank the chairman and ranking member of the Agriculture Committee who have spend a tremendous amount of time on this bill. And I want to thank all the members of the Conference Committee who spent the last three months hashing out the differences between the House and Senate bill.

Mr. President, this farm bill will help provide economic stability for producers, make farmers and ranchers more competitive in world markets, and give needed assistance to rural areas.

For California commodity crops like rice, cotton, and wheat, the farm bill provides loan rates and fixed direct payments to provide an effective safety net for our producers. Growers, lenders, and rural areas of California have anxiously been waiting for the farm bill to be signed into law. This bill will alleviate a great deal of uncertainty for commodity producers.

I am also pleased that this farm bill will increase conservation funding by \$17.1 billion over the next decade. California will make great use of the programs authorized in this farm bill to enhance wild habitat, create new wetlands, clean up farm runoff, and curb suburban sprawl.

For growers of California's fruits, vegetables, and nuts there are funding increases for the purchase of specialty crops, including \$94 million for apples, and more funding for the Market Access Program.

MAP funds are sought by many California growers to develop markets for their products overseas.

I am happy to report that funding for the Market Access Program, MAP, will be authorized well above the current level of \$90 million annually. MAP funding will be ramped up to \$200 million by 2006. Dollar for dollar MAP funding is one of the best uses of money in this farm bill.

For California dairy farmers, the bill extends the milk price support program through 2006 at \$9.90 per hundredweight.

One of the most controversial parts of the farm bill throughout this debate has been the dairy section. The original Senate bill agreed to in the Agriculture Committee was drafted to benefit Northeastern dairy farmers at the expense of California and other States. This so-called "national pooling" proposal would have cost California dairy farmers \$1.5 billion over 9 years and driven up prices for consumers by \$1.5 billion over 9 years.

After a great deal of negotiation in the Senate and again in conference, I believe we have achieved something California dairy farmers can live with. We could not get everything we wanted, but dairy groups in California are supportive of the provisions in the bill.

For example, Michael Marsh, CEO of Western United Dairymen writes, "This bill has received more than a year of debate. The conferees worked hard to balance the needs of diverse agricultural interests and produce a consensus bill. We believe the bill is equitable and balanced."

The farm bill funds research at \$1.3 billion over the next 10 years to combat pest and disease threats and to stimulate scientific advances in agriculture. California is at the forefront of advances in agricultural research and the State will benefit greatly from the research funding in this bill.

For example, the Initiative for Future Agriculture and Food Systems program is authorized at an average of \$200 million annually.

This program awards research grants to California universities such as UC Davis on a competitive basis and usually a large percentage of the funding goes to California research labs and projects.

The farm bill provides \$6.4 billion for nutrition. For California, nutrition groups estimate this legislation will deliver more than \$1.7 billion to food stamp recipients in the State.

The farm bill also simplifies the food stamp program and restores benefits to legal immigrants. By making all legal immigrant children eligible for food stamps and making adult legal immigrants eligible for food stamps after they have resided in the United States

for 5 years, California will be relieved of some of the costs shifted to the State after the 1996 welfare reform bill.

The following groups are among those who have written to me to ask that I support this farm bill: the California Farm Bureau; National Conference of State Legislatures; California Citrus Mutual; Western United Dairymen; the Alliance of Western Milk Producers; California Food Policy Advocates; the California Grape & Tree Fruit League; United Fresh Fruit and Vegetable Association; the California Strawberry Commission; Calcot—the major cooperative representing California and Arizona cotton growers; the California Rice Commission; the Sacramento Central Labor Council AFL-CIO; the Milk Producers Council; the Nature Conservancy; National Farmers Union; the Children's Defense Fund; and many of the major food banks in California.

I believe this broad support demonstrates that the farm bill conferees were able to reach adequate compromises on most issues.

I would also like to highlight a few special provisions for California that the conferees agreed to:

No. 1. The farm bill includes provision to strengthen produce smuggling penalties.

The conference report included language from a bill I introduced last year to strengthen penalties for criminal violations of plant smuggling laws. This provision in the farm bill conference report will protect agriculture from the invasion of foreign species by strengthening criminal penalties for organized smuggling of fruits, plants, and vegetables into the United States. Under current law, violators are charged low fines for violating plant smuggling laws—simply a minor cost of doing business, not an effective deterrent.

No. 2. The farm bill includes provision to give the Secretary of Agriculture the authority to reallocate sugar export quota shortfalls.

The conference report includes a compromise worked out with Senator HARKIN, Senator LUGAR, and Senator BREAUX that would give the Secretary of Agriculture the option to reallocate any shortfall in exported sugar from supplying countries to other nations that would export more sugar cane to the United States.

This may help C&H Sugar, a struggling refinery in Crockett, CA, obtain more sugar cane from abroad to refine. In the past, C&H has had to temporarily shutdown and lay off some of its workers because they do not have enough sugar cane to refine. This is a small step, but it may help some.

No. 3. The farm bill includes provision extending a crop insurance pilot program to California.

The farm bill conference report includes a provision to allow California growers to qualify for Adjusted Gross Revenue Crop Insurance—a unique risk management tool provided by USDA to

give producers a "self-help" option of insuring a portion of their farm income. Adjusted Gross Revenue Crop Insurance provides protection against low revenue due to unavoidable catastrophes.

The program was first made available on a pilot basis in 1999. This year is the fourth year the program has been available and now California will join 17 other States where the program is currently offered. This program will benefit California specialty crop producers.

No. 4. The farm bill includes provision to allow California to grow, refine, and market sugar cane.

The conference report includes a provision that will allow California to join Hawaii, Texas, Louisiana, and Florida as a State with a sugarcane allocation. Growers in the Imperial Valley in California have been growing sugar cane for about 4 years now with the hopes they would be able to revive the area's stagnant industry. California farmers will now be able to grow, refine, and market sugarcane—adding to the State's great and diverse agricultural production.

Although this farm bill is far from a perfect bill, I am supporting it because I believe sending it back to conference would be counterproductive. Our farmers need a farm bill now and I believe this legislation will be well received in agricultural areas across this nation.

I ask unanimous consent that the aforementioned letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,

Washington, DC, May 7, 2002.

Hon. CHRISTINE TODD WHITMAN,
Administrator, United States Environmental
Protection Agency, 1200 Pennsylvania Avenue, Washington, DC.

DEAR ADMINISTRATOR WHITMAN: I was surprised to read that the Environmental Protection Agency (EPA) called for a meeting this week with ethanol industry officials to discuss findings by the agency that factories that convert corn into the ethanol are releasing carbon monoxide, methanol, formaldehyde, acetic acid, and carcinogens at levels many times greater than previously thought.

It is interesting to me that EPA's study into these harmful ethanol emissions was disclosed in an April 24 letter to the industry's trade group, yet the correspondence was not made public until this week. Why the delay? I am also concerned that the EPA might use the unusual forum of an industry meeting to cut a special deal for the ethanol industry outside the regular EPA process of plant investigations for emissions violations.

I believe that the science is pretty clear that the environmental record on ethanol is mixed and smog increases as a product of more ethanol use.

Therefore, based on the new information from EPA that "most, if not all, ethanol facilities" and releasing carbon monoxide, methanol, formaldehyde, acetic acid, and carcinogens, I would like to ask how much these toxins will be increased across the United States if we triple the amount of ethanol currently produced—the scenario mandated by recent passage of the Senate Energy Bill. Since this energy legislation is

now being considered in a conference committee, I am asking for an expedited response from your agency.

Thank you for your immediate attention to this matter.

Sincerely,

DIANNE FEINSTEIN.

U.S. SENATE,

Washington, DC, May 7, 2002.

Hon. CHRISTINE TODD WHITMAN,

Administrator, United States Environmental Protection Agency, 1200 Pennsylvania Avenue, NW, Washington, DC.

DEAR ADMINISTRATOR WHITMAN: To follow up on my earlier letter today, I am writing to request that the Environmental Protection Agency (EPA) provide my office with the scientific data from the recent tests performed on several ethanol facilities by your Region 5 office.

I would like to know more specifically what EPA has discovered about carbon monoxide, methanol, formaldehyde, acetic acid, and other carcinogenic emissions from ethanol plants.

I am also particularly concerned that your agency has chosen to remedy these harmful ethanol emissions by meeting only with industry representatives. The April 24th letter from EPA to the Renewable Fuels Association invites ethanol industry representatives to meet and says, "this approach can give certainty to the industry by quickly addressing both state and federal concerns and resolving them on terms most favorable to the industry." Why would EPA want to address this on terms most favorable to the industry when it is children, the elderly, and people with respiratory problems who will suffer most from these harmful emissions?

Please send me the "stack tests" that led to the April 24th letter as soon as possible. Thank you for your immediate attention to this matter.

Sincerely,

DIANNE FEINSTEIN.

U.S. ENVIRONMENTAL PROTECTION

AGENCY, REGION 5,

Chicago, IL, April 24, 2002.

BOB DINNEEN,

President, Renewable Fuels Association, Washington, DC.

DEAR MR. DINNEEN: Recent testing performed at several ethanol production facilities indicates emissions of volatile organic compounds and carbon monoxide many times greater than that stated by the companies in the permitting process. As a result, we believe that these facilities were not properly permitted and controlled with respect to a number of pollutants as they were initially constructed or modified. We expect that this circumstance is not unique to the tested facilities, but rather is common to most, if not all, ethanol facilities.

Normally, U.S. EPA would remedy the violations at each of these facilities, individually, through a lengthy period of information-gathering followed by the traditional enforcement process. By this letter, we would like to invite representatives of the Renewable Fuels Association and Region 5 ethanol production facilities to attend a brief meeting on May 6, 2002 from 1:00-3:00 pm at our Chicago office on the 3rd floor in Room 328 for the purpose of gauging your interest in exploring an expedited resolution to these issues. We feel that this approach can give certainty to the industry by quickly addressing both state and federal concerns and resolving them on terms most favorable to the industry.

We expect that this initial meeting will last no more than two (2) hours and will consist of a presentation, by the regulatory agencies, which describes the issues and our

proposed path toward resolution. If you have any questions, Ms. Cynthia King, of our Office of Regional Counsel, can be reached at (312) 886-6831.

Very Truly Yours,

STEPHEN ROTHBLATT.

Mr. BUNNING. Mr. President, I rise in opposition to H.R. 2646, the Farm Security Act of 2002.

This is the first time in my congressional career that I have been unable to support a farm bill. I voted for the Freedom to Farm Act in 1996. And I supported the farm bill before that—the Food, Agriculture, Conservation, and Trade Act of 1990. Many of my good friends support this bill, people I admire and trust. This is not an easy decision for me, but I sincerely believe it is the right decision.

There are a number of problems with this conference report. First, it reflects a fundamental shift in federal agriculture policy, such a dramatic shift that I believe will only confuse our farmers and eventually lead to more problems for rural America.

For years, federal agriculture policy has called for farmers to look more to the free market and away from government dependence. Going back to the Freedom to Farm Act, we have attempted to direct agriculture toward a market-oriented footing by reducing subsidies, cutting regulations and giving farmers more incentives and flexibility to plant crops that would allow them to make a decent living.

I'll be honest in admitting that the Federal Government has not done enough to keep up its end of the bargain—so far. We haven't cut the regulatory burden quickly enough, and we need to do better when it comes to passing improvements to the trade laws that open new foreign markets to our farmers. But that is no reason now to begin moving backwards, to turn the tractor 180 degrees in the opposite direction. We are on the verge of passing fast track legislation in Congress, and the new administration is clearly more disposed toward easing the regulatory burden our farmers bear. Things are now moving in the right direction.

However, the conference report before us completely undermines current agriculture policy by drastically increasing subsidies and turning back the clock toward the days when farmers were more dependent on the federal government than their own ingenuity.

I believe this will prove to be confusing to our farmers, and the lack of coherent federal farm policy will in the long run only lead to more uncertainty and problems for our agricultural communities. Because we know that American farmers produce the best crops in the world, we have for years preached the need to move away from subsidies and regulations and toward the hope and opportunity of the free market. If we pass this conference report today, the signal we send to rural America will be mixed and counterproductive, and only lead it to wonder what sort of helter-skelter policy flip-flops Congress will make next.

In hard times, farmers need help. We all know that. But instead of simply getting out the Federal Government's checkbook, the better solution is to empower farmers and rural communities, not to encourage them to become more dependent on a Federal Government that can't seem to decide from one day to the next what its agriculture policy is going to be.

I also worry that this bill will contribute to the decline of the family farm. Instead of focusing on the small farmer who needs our help the most, this legislation contains too many favors for the big producers at the expense of the little guys. For instance, when the Senate passed its initial version of this legislation, it capped at \$275,000 the amount of government support that any producer could receive. Now the conference report not only increases that amount to \$360,000, it contains so many loopholes that the actual ceiling is closer to \$2.5 million.

That's outrageous. By one estimate I have seen, 10 percent of the growers will be eligible to receive over ⅓ of the support generated by this legislation. Considering that in Kentucky the average size of our farm is 150 acres and most produce less than \$10,000 in income, this bill does not do my State that much good. The big guys and the corporate farms don't need our help; they're doing just fine. Now when we have the opportunity to help our family farms, this bill falls short.

I am also very concerned about the spiraling costs of this bill. Plain and simple, it's a budget-buster. According to the Congressional Budget Office, this bill represents a 70 percent increase over current projections for agriculture spending over the next ten years—74 billion in all. Many of the subsidy rates in the bill are pegged at 10 percent annual increases. These price hikes are simply not sustainable or wise at a time when we are unfortunately facing in the 2002 fiscal year a budget deficit of \$100 billion.

If we are going to balance the budget and restore fiscal discipline to the federal budget, all of us have to bear part of the load. Obviously, we cannot make up the entire budget deficit on the backs of farmers and our rural communities. But at the same time it would be unfair not to ask for at least a modicum of fiscal responsibility in this bill.

Additionally, there are problems with the fantastic complexity in this bill. As my colleague, Senator LUGAR, pointed out yesterday, the loan and payment formulae in this legislation are mind-numbingly complex, so complicated that the legislators who wrote the final version of the bill often cannot agree on exactly how they work. If the bean counters in Washington are having a hard time figuring them out, I know there are going to be serious problems when we try to implement this legislation in the real world.

I know that the Farm Service Agencies in Kentucky and throughout the

land are filled with fine folks who do a good job. But the payment schemes in this farm bill are so intricate that I am not sure anyone will be able to make them work, let alone the staff at the FSA who are already overworked and understaffed. In recent years, we have seen the closing of many FSA offices around the country, especially in Kentucky. And we know that the USDA is looking to close more. To now turn around and ask these officials to do even more with less is unfair to them, unfair to our farmers and likely to lead to more consternation and worse farm policy. If our farmers do not already have agribusiness advisors, they are going to hire them just to sort through what payments they are and are not eligible to receive under this legislation.

On a personal note, I am also bitterly disappointed that this legislation does not include specific help for the Kentucky thoroughbred industry. Over the past several years, our breeders have grappled with devastation caused by Mare Reproductive Loss Syndrome (MRLS). In Kentucky, we have many, many small thoroughbred operations, who are all hoping to catch lightning in a bottle and to win the Derby. But, sadly, many of these farms have suffered severe setbacks because of MRLS. The House proposal provided loans for small producers affected by MRLS. The final bill does not. That is a bitter pill that I cannot swallow.

I am afraid that this bill plays a cruel joke on our farmers. On the one hand, it raises price supports quickly and holds out the possibility of putting a few more dollars in their pocket in short run. But, on the other hand, I believe all of these extra production incentives will lead to so much overproduction of crops that it will eventually drive commodity prices through the floor and cause an income disaster in the long run. The legislation tells our farmers that they can have their cake and eat it too, and I just can't in my heart go along with this deception.

I do not cast this vote enthusiastically. I want a farm bill I can support. I want to agree with many of my friends in the agriculture community who support this conference report. But I cannot, in good conscience, support a bill that helps corporate farms at the expense of family farms. I am also very much afraid that this bill will turn out to be a nightmare for farmers. I hope I am wrong; I certainly do not wish any more trouble for my farmers in Kentucky. I am just afraid that this bill makes too many false promises that it cannot keep, and I cannot support legislation that I believe misleads Kentucky farmers.

Over time, I think my friends in agriculture will realize this bill is a mistake and that they have been sold a bill of goods.

Mr. MCCONNELL. Mr. President, I have been privileged over the past 18 years to serve what I believe to be the greatest men and women on the face of the earth, that is the people of the

Commonwealth of Kentucky. Serving the people of Kentucky means, among other things, looking out for the best interests of farm families and farming communities.

When I came to Washington, my first priority was to become a member of the Senate Agriculture Committee. A few years later, I was able to secure a spot on the Agriculture Appropriations Subcommittee. Over these past two decades, I have had the good fortune to develop strong and close relationships with the men and women in Kentucky who work the land and who put food on our tables. We have worked together through good times and through lean times. Let me say that we have had some memorable moments and historic victories. In fact, some of those victories have been called "miracles" by the farmers I proudly serve.

We will have more victories in the future, but this year's farm bill is not one of them.

Every farm bill, because of the nature of regional interests and political compromise, has winners and losers. However, I am particularly struck by the amount of money and the way it will be spent in this farm bill. Not because I do not believe the Federal Government has a financial role in assisting our farmers and rural communities, I do. But because I believe the Government's financial role should be fair and equitable and based on good farm policy. Far, far too many of the Federal tax dollars spent in this bill, will go to far, far too few farmers. I don't believe that is good for agriculture and I don't believe it is fair for Kentucky. Here's the central weakness of this bill, big farm operators will be made stronger and the small family farmer will be made weaker. For this reason, I cannot vote "yea."

The winners in this farm bill include: Large farm conglomerates who, because of the three entity rule and commodity certificates, will be able to receive almost unlimited Federal payments. Big landlords are almost certain to receive far higher cash rents for their land. State and local governments will recoup higher property taxes as a result of escalating farmland prices. Argentina and Brazil will be winners because they are likely to face less competition from the United States in soybeans. Trade lawyers will be retained to defend the United States from numerous complaints in the WTO. And, tax specialists will be hired to help millionaires defer or shelter incomes so as to keep their adjusted gross income below \$2.5 million per year so they can continue to receive farm subsidies.

It is a fact that in the United States only 40 percent of farmers receive Federal payments under the farm bill. And from 1996 to 2001, the top 10 percent of that 40 percent received 69 percent of all USDA payments and the top 20 percent of recipients received 85 percent of all payments. The remaining 80 percent of recipients received only 15 percent of all payments.

In Kentucky, only 25 percent of our 90,000 farms receive Federal payments under the farm bill. From 1996 to 2001, the top 10 percent of that 25 percent received 78 percent of all payments. This left 90 percent of Kentucky's farmers who are recipients receiving only 22 percent of the payments. In short, 3 out of 4 Kentucky farms will receive almost no direct Federal benefit from this bill.

Surprisingly this is all in a bill written by proponents proclaiming that their goal in writing it was to provide a safety net for the small family farm. Yet in this farm bill, Federal subsidies to the largest and richest farmers are the hallmark of their work. These same proponents, who oppose ending the death tax, which would do more for the family farm than any amount of subsidies, write a bill that concentrates federal farm subsidy payments even more in the hands of very few large crop farmers.

In fact, the commodity title essentially tells the farmer that the market doesn't matter anymore. The target prices now become the producer's price guarantee. This policy will encourage over-production which, in turn, will lead to lower prices. This, of course, favors larger farms, because the more you produce the more Federal payments you receive. The more money you have will also enable you to purchase more land to produce even more. This will put pressure on the smaller family farms to keep up. That will be difficult and I fear more and more family farms in Kentucky and across America will eventually disappear.

Now let us look at some of the losers. The U.S. taxpayer will be paying a lot more and receiving very little in return. American families ultimately will have to pay more for produce, peanuts, fish and meat. Market-driven farm policy is taking a step backwards. Young and aspiring farmers will find it even harder to buy farmland. Cash renters of farmland will be faced with higher cash rents.

I do commend a number of the bill's provisions such as the conservation and rural development programs. The cattlemen in Kentucky will be able to apply for EQIP funds to make environmental improvements on their ranches. Dairy farmers, particularly those in Kentucky, will benefit under a new national program. The hardwood tree farmers in my State also gain under the Conservation Reserve Program, but some of the most important provisions regarding hardwoods were deleted from the conference report at the last minute, which disappoints me. And the Nutrition Title makes improvements in our food assistance programs that help the neediest of our citizens. But these bright spots are not enough for me to vote for an agriculture commodity policy that overwhelmingly benefits the larger farm operators at the expense of the small family farm.

I find myself in agreement with some of my colleagues on the House side.

Congressmen JOHN BOEHNER (R-OH) and CAL DOOLEY (D-CA), both members of the Agriculture Committee and the Farm Bill Conference who voted against the conference report, stated that "On the whole, this bill ignores the lessons of the past and the truth of the free market. It represents the most sweeping non-military expansion of the Federal Government since the Great Society and will create more problems than it will solve."

I also agree with editorials in some of the newspapers across the country and in my State which have roundly criticized this farm bill. The Bowling Green Daily News editorial had this headline: "It's Good Ole Politics Down On The Farm," observing it's just election year politics deciding how our tax dollars are being spent. And the Kentucky Post/Cincinnati Post called the bill "Congressional Hogwash." The New York Times, with whom I don't usually agree, stated that "The farm bill agreed to by a House-Senate Conference Committee last week is a regrettable reversion to some of the worst policies of the past." Even the Wall Street Journal called it "one of the porkiest farm bills in history . . .".

Other opponents of this bill include: Senators PAT ROBERTS, RICHARD LUGAR, CHARLES GRASSLEY, and CHUCK HAGEL, all strong supporters of American agriculture; the Center for Rural Affairs; the Organization for a Competitive Marketplace; the Sierra Club; the Environmental Working Group; Environmental Defense; the Humane Society; and the editorial board of the Washington Post.

During an election year it's not uncommon for politicians to hold their noses and vote for expediency. I could just vote yes and try not to upset anyone, because there will be many in Kentucky who will disagree with my vote. I cannot in good conscience say to my farmers, the overwhelming number of whom operate small family farms, that I believe this farm bill would be good for them in the long run. I don't.

I am therefore going to oppose this farm bill because it spends too much on too few, sets U.S. agriculture policy back 10 years by taking the forces of the market-place out of agriculture, probably violates our trade agreements, and most importantly I believe it hurts the small family farm, and therefore rural Kentucky.

To understand my decision on this farm bill, you have to understand the nature of the Kentucky farmer. We are proud to have more than 90,000 farms in our State. These farms, however, are not large farms. They are not the large, plantation-style farms managed and controlled by corporate boards. The average farm in Kentucky is 151 acres and is dwarfed by the size of the average 434 acre farm in the United States. These are the family farmers that I look out for and fight for every day.

It is these small family farms, that I believe are ultimately shortchanged by

this bill, a bill that will put the government in charge of America's farms, cost roughly \$180 billion over 10 years during a time of war and growing budget deficits, increase subsidies by 70 percent, including America's first national dairy subsidy, and funnel the bulk of those subsidies to a handful of large corporate farms.

This farm bill may be good politics, but it's terrible policy. It will serve some farmers in Kentucky, but not enough. For those reasons, I have no choice but to vote no.

HARDWOOD FORESTRY

Mr. President, hardwood forests and related industries comprise one of the lead agricultural commodities in my State of Kentucky. I was pleased that versions of the farm bill considered by the Senate Agriculture Committee included incentives for expansion of hardwood acreage in Kentucky and throughout the United States. Particularly, I was pleased to have helped develop provisions in the Conservation Reserve Program recognizing hardwood forests for their unparalleled conservation value. Hardwood forests are one of our Nation's greatest naturally renewable resources providing a diverse landscape for wildlife, soil conservation, and improvements in water and air quality. And the aesthetic value of trees with seasonal changes in foliage cannot be disputed among tourists and our constituents enjoying their surrounding landscapes.

Unfortunately, in the final hours of the House-Senate Conference the incentives for hardwood forestry were scaled back with no opportunity for reconsideration, and in my opinion, no justification. In reviewing the final conference report, I was particularly concerned to see that an uncontroversial provision with no financial impact was removed. This provision would have instructed the Secretary of Agriculture to "take such steps as may be necessary to ensure that all hardwood sites annually enrolled in the conservation reserve program are reforested with hardwood species appropriate for the site being planted, and that the highest possible enrollment priority and conservation value is assigned to hardwood sites being offered for planting with hardwood species".

I state my strong support for this hardwood target within the Conservation Reserve Program.

Mr. LEAHY. Mr. President, as one of seven conferees representing the Senate, I rise today to speak in support of the conference report and urge my colleagues to vote in support of this bill. This farm bill will assist America's family farmers, expand economic opportunity in rural communities, strengthen programs to protect the environment and improve the nutritional safety net for low-income Americans. But one aspect of this new bill that makes it historic is the fact that, for the first time in a long, long, time, dairy farmers across our nation will have an adequate safety net that they

can count on to provide income support should prices remain low.

The national dairy program in this bill represents a carefully crafted compromise between many competing interests. First, it is a compromise among those regions of the country who support dairy compacts and those that don't. It's no secret that I would have preferred an extension of the Northeast Interstate Dairy Compact. It cost taxpayers nothing. After Members of Congress from other regions and the opposition of President Bush and Vice President CHENEY blocked these efforts, the Vermont Congressional Delegation—against great odds, but joined by allies from across the nation—urged creation of a national dairy program as a compromise. What we came up with is a new national dairy program that will provide cash assistance to dairy farmers comparable to what dairy farmers from Vermont and other New England States received under the Northeast Interstate Dairy Compact.

There should be no doubt that what the conferees intended was for USDA to implement this program in a manner as similar to the compact as possible. Indeed, the formula for determining the monthly payments is nearly identical to the formula used under the Compact—it even is based on the price of Class I fluid milk in Boston.

The Statement of Managers summarizes the provision by noting that "Under this program, participating dairy producers will receive monthly payments equal to 45 percent of the difference between \$16.94 and the price per hundredweight of Class I fluid milk in Boston under the applicable federal milk marketing order. No payments will be made for months during which the fluid milk price in Boston is \$16.94 or higher." Obviously, no negative assistance or negative "payments" can be paid to producers because that would not represent assistance or payments.

It is a very straightforward program. My staff met with several key USDA officials with significant responsibilities regarding the dairy programs, and with Keith Collins the USDA Chief Economist, to ensure that the language and time frames would work. I appreciate that the Office of Congressional Relations, USDA, helped set up that meeting.

We also requested more than one analysis from FAPRI showing how this new program would pay out to farmers, and to understand its possible impacts on production of milk by dairy farmers.

Some of my colleagues have asked how this formula was developed. After Congress consented to the Northeast Interstate Dairy Compact in 1996, the Northeast Interstate Compact Commission decided to support the price of Class I fluid milk sold into the six New England states covered by the Compact (Maine, Vermont, Massachusetts, Rhode Island, Connecticut, New Hampshire) at a level that at times would be

above minimum established under the prevailing federal milk marketing order in the Northeast.

The Compact Commission took testimony and held hearings and decided to establish a floor of \$16.94 per hundred weight under the Class I price. The floor was based on the price in Boston, so the floor for milk marketed outside of Boston but within the Compact region would vary, based on the local differential. The Northeast Interstate Dairy Compact only regulated sales of Class I fluid milk—which represents only about 45 percent of the total milk produced in New England. The percentage varies on a monthly basis. The rest of New England's milk is used to make other fine dairy products, such as Ben and Jerry's Ice Cream, or Cabot cheese. In other words, under the Compact, producers received payments on only about 45 percent of their total milk production.

The conferees tried to emulate this formula as closely as possible, while making sure it would work on a national basis. Like the compact, whenever the federal minimum price for fluid milk in Boston falls below \$16.94 per hundred weight, participating dairy farmers will receive a payment. Like the Compact, payments will be made on only 45 percent of the milk marketed by a producer—a rough approximation of the Class I utilization rate in the Northeast that is fixed, rather than varying on a monthly basis.

The conferees didn't just try to emulate the payment formula established under the Northeast Interstate Dairy Compact, they also emulated other elements of the Compact. For instance, the conference report requires the Secretary to make payments on a monthly basis not later than 60 days after the end of each month for which a payment is made. Timing of these payments is critical the Conferees wanted these counter-cyclical payments to be made when they're needed the most which is when the milk is marketed.

Under the time line set forth in the conference report, producers should begin receiving payments under this new national dairy program early this fall. USDA is required to begin signing up farmers to participate in the program not later than 60 days after the new farm bill is signed into law. As under the compact, all producers will receive payments on a monthly basis: USDA is required to pay producers not later than 60 days after the end of each month for which a payment is made.

In addition to representing a compromise among those supporting dairy compacts and those opposed to compacts, the national dairy program represents a compromise among those who wanted a counter-cyclical income support program for dairy farmers and those who wanted no such program. Much to my chagrin, the program is authorized only through September 30, 2005, and payments under the program are capped.

Now, I know others also lament the fact that there is a cap on eligible pro-

duction. While some of us believe the cap is too low, others complain that the cap is too high. But this is a compromise that will ensure that producers across the country benefit. Some of my colleagues have suggested that payments from this program will stimulate additional production and drive down prices. I don't believe this will be the case. Here's why:

First, this program is not permanent, it is temporary—it ends in 2005. Producers are not likely to make long-term investments to expand production based on a program that ends before they have had a chance to recoup their fixed costs.

Second, in the short term, there are practical limits to how quickly dairy farmers can expand production. Currently, there is a shortage of animals that would limit any production increases.

Third, our experience with the Northeast Interstate Dairy Compact has shown—as the General Accounting Office Reports have documented—that payments comparable to these—at least in the Northeast—have not stimulated massive expansions. In fact, last year, producers in the Northeast expanded at a rate below the national average.

But nevertheless, the Conferees agreed to cap the quantity of milk on which a producer can receive payments each fiscal year. While it is clear from the text of the law, and it was clearly the intent of the drafters, I want to point out that any milk production marketed in months when no payment is made to farmers is not to be counted toward the 2.4 million pound cap.

In other words, the cap only applies to the volume of milk produced in months which generated payments by USDA under section 1502, not on all the milk produced during the year. This is set forth in subsection (d) where it states that amounts to be counted toward the 2.4 million pound limit are counted "during the months of the applicable fiscal year for which the producers receive payments . . ."

Related to this point is another issue concerning the cap. Note that if all pounds are counted when a USDA payment is made, larger family farms could hit their cap in the first few months of any year when payment rates per hundredweight might be lower. But it would not make good policy sense to see a large family farm get a very small payment, for example, \$.10 per cwt. in the fall and then exceed the cap and get no payment when payments could reach \$1.00 per cwt. in the spring.

Since this national program was intended to be counter cyclical, farmers should be allowed to pick which months they want to submit for payments, for months when a payment is due.

The easiest way to implement this intent, would be that a farmer must not only market the milk but the farmer or agent must also report it to

USDA. If a farmer chooses not to report his or her production in a month, the farmer gets no payment that month but also his or her production does not count against his or her cap. This maximizes the opportunity this program offers for a strong counter cyclical protection.

Under this approach, USDA would then keep track of the first "countable" 2.4 million pounds of production each year, and then reduce the last check or eliminate checks for the remainder of the year. This would represent a very simple way for USDA to implement this provision and meet the 60-day deadline for "monthly" prospective payments set forth in subsection (e).

This approach will allow a larger farm operation to use the program when it is most needed. However, keep in mind that regardless which months are selected for payment, the cap of 2.4 million pounds per fiscal year still applies. This is the fairest way to be responsive to larger family farms under a tight cap in a program which was designed to be counter cyclical.

This would not be unprecedented: Grain and oilseed producers have this sort of flexibility—they are able to lock in loan deficiency payments and marketing loan gains at time of their choosing—at any point before they lose beneficial interest in their crops. Some producers even travel to neighboring counties to lock in higher LDPs. Most are successful in locking in LDPs during harvest-time lows, even though the season average price at which they market their crop generally is significantly higher. USDA should provide similar flexibility to dairy producers, allowing them to elect when to receive payments.

I am concerned about language which the other body insisted upon toward then end of the process. I am concerned about larger family operations where several family members have joined together for efficiency but the farm is still supporting more than one family. USDA should be open to viewing those farms as true multiple operations under this program. For other programs, and in other areas such as the South, USDA permits these multiple operations.

USDA should look at the totality of the circumstances in determining whether producers should be treated as having single or multiple operations. Farmers should not be penalized for working together to enhance efficiency. That was the whole point behind the definition of producer found in 1502(a)(5). That definition would have automatically included husbands and wives, fathers or mothers and adult children, adult siblings, and the like, working on the same farm. In most cases, each of the above would have each been entitled to application of a separate 2.4 million pound cap because they would naturally share in the risk of producing milk and would likely make significant contributions to the

dairy farming operation, as required by section 1502(a)(5).

For example, for a spouse living on the farm it would be hard to imagine a situation where the spouse would not "share in the risk" since part of the household income would come from milk sales. Also, in most situations a spouse would be making contributions of labor or management or some other valuable contribution. There is nothing in USDA Notice LD-505, dated March 14, 2001, regarding the definition of dairy operation which would preclude the family members mentioned above from being in, or setting up, separate operations. Since the intent of section 1502(a)(5) was to make the farm bill friendly to family operations the implementation of the "diary operation" definition should not undercut that pro-family approach.

On page 4 of that Notice, "dairy operation" is defined as "any person or group of persons who as a single unit produce and market milk commercially produced from cows and whose production and facilities are located in the United States." There is no reason to suspect that USDA intended that this should be interpreted as inherently anti-family. Many statements about this farm bill talk about its focus on the family farm.

In this regard, I would encourage the Farm Services Agency, USDA, to work with other USDA agencies and milk handlers and cooperatives to lessen the administrative burden on farmers. The intent is to provide a countercyclical safety net when needed most—and USDA should be aware of that goal when they are writing regulations to the extent regulations are needed.

While the text makes this very clear, it should be noted that this program is not a straight subsidy. It is a targeted safety net program to take the bottom out of crushingly low prices for small and medium farms that also provide so many benefits to rural communities and the environment even beyond the milk they produce.

Note that fresh drinking milk (Class I) prices fell \$.33 per gallon throughout the Federal Order system—which governs sales of 70 percent of all U.S. milk—on December 1, 2001 because of fewer consumers going out to eat after September 11, and other factors.

Of course, the focus of this national program and the focus of the formula which is used to compute the benefits is on "Class I milk." Payments are based on \$16.94 minus "the Class I milk price per hundredweight in Boston." This is based, of course, on the formula used in calculating benefits under the Northeast Interstate Dairy Compact Commission.

A significant feature of the new national dairy program is that it will be retroactive, covering market losses due to low prices since Dec. 1, 2001. On that date, there was a devastating drop in the price for Class I fluid milk. Producers should receive these retroactive payments at the same time they re-

ceive their first payments early this fall.

This "transition rule" found in subsection (h), provides that those payments are "[i]n addition to any payment that is otherwise available under this section . . ."

As I pointed out more than once during discussions, the goal of this subsection is to address the steep drop in dairy prices to farmers starting in December, 2001. The benefits of the Northeast Interstate Dairy Compact ended on October 1, 2001. The adverse impact of that termination started hurting New England farmers during that crash in milk prices in December.

The goal of subsection (h) for those farmers was to hold them harmless regarding the loss of the Congressional consent to the Compact. A second goal, since this now is a national program, is to compensate all dairy farmers for their market losses—not just New England farmers—since December 1, 2001.

Of course, that is a different goal than the prospective "monthly" program which provides monthly payments, for future months when they are due, and operates until September 30, 2005. That prospective program has a 2.4 million pound cap as set forth in (d). Indeed, (d)(2) "Limitation," states that, "The payment quantity for all producers on a single dairy operation during the months of the applicable fiscal year for which the producers receive payments under subsection (b) shall not exceed 2,400,000 pounds."

In addition, (d)(2) sets forth a limitation regarding each dairy operation and (d)(3) gives the Secretary authority to issue rules to ensure that producers do not reconstitute dairy operations for the sole purpose of receiving additional payments under this section.

This "limitations" language was inserted out of a concern that an uncapped program would lead to significant increases in production of milk. Also, there was a concern that farmers would reorganize in the future just to get higher payments under the national program.

These concerns do not apply to the benefits paid out under subsection (h) because farmers would need time machines to go back in the past and increase their production or to change their legal structure retrospectively. Indeed, the amount of production covered by (h) is the amount of "eligible production" as defined in section 1502(a)(2).

This approach to those dairy market losses in a sense makes up for the fact that programs for others farmers, non-dairy farmers, continued to exist after September 30, 2001, and were to be continued until the 1996 farm bill was to end on September 30, 2002. Thus, non-dairy farmers continued to receive some types of countercyclical, or other benefits, from the existing provisions of the 1996 farm bill. Dairy farmers did not enjoy those protections except for the price support program scheduled to end soon.

Thus, subsection (h) gives dairy farmers some relief from the huge drop in milk prices which they have suffered since December 1, 2001. In order to allow these farmers to pay off their debts, pay their bills, and keep in the dairy farming business, it is hoped that USDA will quickly compute the "transition" payment to be made on the "quantity of eligible production of the producer marketed during the period beginning on December 1, 2001, and ending on the last day of the month preceding the month the producers on the dairy farm entered into the contract [with USDA]." These payments should be made with the first "monthly" prospective checks to be issued under subsection (b).

Although I am pleased with the dairy provisions, I want to express my disappointment in the outcome of the downed animal provision in this bill. The intent of the Senate Agriculture Committee was to end the unnecessary suffering of downed livestock, animals that are not even healthy for us to eat, by calling for their humane euthanasia when they are brought to intermediate markets. The provision was included in both the House and Senate versions of the bill, but was changed substantially in conference.

I want to make it clear that I am unhappy with the changes made and that I am committed to passing the provision, as it was originally written, either through this committee or on another vehicle. I understand that Chairman HARKIN is interested in revisiting this issue as well and I hope that he will join me in completing the work that needs to be done for downed animals.

I request that the Secretary of Agriculture complete the study required in this bill within 6 months and I ask that she include, within the conclusions of the study, exactly how she plans to make every step from the farm through the slaughterhouse a humane trip for nonambulatory animals. I hope she will find, as 165 of my colleagues in the House and Senate have, that the only humane action to take is euthanasia at the intermediate market.

I also want to make a few comments about the conservation programs in the new farm bill. Although I am disappointed we were unable to sustain the level of funding for conservation that was included in the Senate-passed bill, I am pleased we were able to increase the level of conservation funding by roughly 80 percent.

The conference report includes a provision to increase funding for the successful Agriculture Management Assistance program created in the Agriculture Risk Protection Act of 2001. This program targets 15 states that have been traditionally underserved by crop insurance programs, including Connecticut, Delaware, Maryland, Massachusetts, Maine, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

This program was also expanded in the final House-Senate bill to include aid for all organic agriculture activities and to help producers develop new marketing opportunities, including opportunities for value-added processing. I expect this program to be administered in a very similar manner to the successful way in which it has been run over the past two years, with minor changes to accommodate the expansion of eligible activities. The program has been highly successful for the eligible states and I expect that it will continue to address the conservation and other critical needs of those states.

Also, during debate over the Senate version of the farm bill, Senator HARKIN included in the bill, at my request, a provision establishing a \$12 million minimum "floor" on conservation payments per State to address concerns I and many of my colleagues raised about previous farm bills, which tended to allocate the bulk of their funds to a minority of producers in single regions of the country.

With this language, I felt the Congress could truly show its concern that all states, in all regions of the country, receive a minimum level of much-needed conservation assistance to protect farms, community watersheds, open space, and wildlife habitat. The language was clear in its intent to ensure each state received at least \$12 million in conservation assistance by April 1 of each fiscal year if it had qualified applications for that amount of funds. The language also ensured that funds unused by a state would be returned to USDA and reallocated to other States, not the General Treasury.

This "regional equity" language was altered slightly in the final bill to minimize paperwork at USDA and maximize the ability of the Secretary of Agriculture while continuing to ensure at least \$12 million be made available to all states with eligible applications. The Secretary may do this however it is most effective: for example, with a reserve fund set aside to ensure all states receive needed funds.

As written in the conference report, the \$12 million includes applications for all programs under Subtitle D of Title XII of the Food Security Act of 1985, 16 U.S.C. 3830 et seq., excluding the Conservation Reserve Program, CRP, Wetlands Reserve Program, WRP, and Conservation Security Program, CSP. Before April 1 of each fiscal year, applications from producers in States that has not yet received at least \$12 million in conservation funding would have priority for funding for all conservation programs except CRP, WRP, and CSP. With respect to CRP, WRP, and CSP, producers in these underserved states would compete for funds without specific priority—on an equal footing with all other national applications. Because the Agriculture Management Assistance conservation program is not under Subtitle D, for eligible states, this program also effectively would not count toward the \$12 million

total, and would continue to be administered as it has been, successfully, since its creation in the Agriculture Risk Protection Act of 2001.

There are a number of other conservation programs that also are very important to Vermont and other New England States. I especially am pleased that funding for the farmland protection program—which began as a pilot program in Vermont—was increased to nearly \$1 billion. Never before has FFP received such levels of mandatory funding.

In addition, the conference report authorizes a new "farm viability" program. It was the conferees intent that this program be modeled after the very successful Massachusetts Farm Viability Program for purposes of farmland protection. The farm viability program will allow USDA to make grants—through eligible States or private land trust—to producers to help them assess the long-term viability of their farming operation. Using these funds, producers can hire experts to help them develop and implement a plan to improve their long-term business prospects. This might entail shifting to a different mix of crops or livestock, engaging in direct marketing through farmers markets or setting up a roadside stand, or even taking advantage of opportunities to profit from agri-tourism.

This program will help the limited funding for farmland protection go further. Many farm families enroll land in the farmland protection program in order to be able to pass along the family farm to their children. They want to know, before enrolling in the program, whether their children will be able to make a living on the farm. The farm viability program will help them determine this, and will help others who already have enrolled their land in FFP to continue to use their land as working lands.

Of course, the farm bill isn't just about farmers. I particularly am proud of the nutrition title of this year's farm bill. It will significantly strengthen nutrition assistance in this country. Food stamp benefits have been improved and simplified, funding for emergency food providers has been increased and numerous other advancements—notably funding for seniors' farmer's markets are included in this title.

I am proud that the nutrition title of this farm bill contains so many important simplifications in the program. All of the conferees, from both sides of the aisle and both chambers, were united in our desire to do what is right for working poor families and others that need help assuring that their families receive a nutritionally adequate diet.

I also am grateful for all of USDA's help and support throughout the conference. Time and again, Undersecretary Bost and his staff gave us invaluable perspective. They helped us understand where we needed to act and

where we could count on them to fix a problem. In this context, I would like to highlight a few of the most important of the provisions we adopted.

One of the provisions that excited all of us the most was transitional food stamps for families leaving cash assistance. Although we gave states broad discretion in this area, we hope they will apply this option to the maximum number of households.

Only those that have been found guilty of wilful misconduct of one kind or another are ineligible for transitional food stamps. The many households leaving TANF for procedural reasons, such as failure to keep an appointment, would remain eligible. Many families that decide to go it alone without further cash assistance simply stop communicating with the welfare office. The family may be unable to get through to an eligibility worker to inform her or him of its decision to withdraw from cash assistance or may not see the reason. Some of these families may have low-wage jobs. Others may be hoping to piece together various means of support to get by until they find work. Either way, these families need the help that transitional food stamps can offer. We urge states to provide it.

Once a family begins to receive transitional food stamps, we intend for those food stamps to continue for the full five-month transitional period. Even if the state takes the option to act on changes it learns about through other programs, it should not take any adverse action against the household's food stamps unless the state has definite information that the household is ineligible. Requiring households to contact the food stamp office or provide verification during the transitional benefit period would defeat the entire purpose of granting households a period of repose.

The other side of this, of course, is that since states would not be expected or allowed to take the usual measures to review the accuracy of the household's benefit level during the period, the state would not be held accountable through the quality control system for any errors in that household's benefits. As long as the state correctly adjusted the household's benefits from the last month it was receiving cash assistance, the state would not be subject to a finding of error during any of the months of the transitional benefit period even if the benefit amount in that prior month turned out to be in error. The error in the prior month could result in an error only if the household's case was sampled in that prior month.

In this connection, a state should be free to designate certain types of changes, such as cost of living increases in Social Security benefits or the addition of new members to a household, that it would act upon if it received word from another program and other kinds of changes it would disregard. As usual, the QC system

would only measure how well the state carried out the tasks it had elected in its plan to perform. Thus, a state that had elected to act only on new members added to a family might be liable for failing to provide food stamps to a new infant that was being added to the family's Medicaid coverage but would not be liable for processing changes in wages. In no event, however, should the household be required to provide information or verification or threatened with termination of its benefits.

The simplified definitions of income and resources also should simplify the program in important ways. We repeatedly added items to the list of things that states could not exclude at USDA's suggestion so that the Department would not have to add to that list by regulation. We were pleased that the final provisions met with the Department's satisfaction and that states can move forward in reliance on the list in the statute. Only under extraordinary circumstances do we expect USDA would need to add to either list.

Although cash in bank accounts that was readily accessible to the household would still count as a resource, a state could exclude the interest on those bank accounts from income calculations. This relatively tiny source of income is easy to forget and difficult to track. Excluding it is exactly the kind of simplification state agencies and households need as we move the food stamp program away from its old focus on serving welfare recipients to its new emphasis on the working poor and other diverse low-income populations.

States could, however, exclude accounts that households could not readily access, such as funds that states' TANF programs designate only to be spent for education, home or car purchases, or other specific purposes. States also could exclude any designated retirement savings, including individual retirement accounts, to the extent current regulations do not already exclude those items.

Jointly-held property also could be excluded if the household could incur legal liability by withdrawing the funds. Eligibility workers have neither the time nor the expertise to sort out potentially complicated ownership interests.

One of the simplifications that we expect will help states and households the most is the change to the standard utility allowance or SUA. In a cold state such as mine, heating and other utility bills inevitably affect low-income families' ability to purchase a nutritionally adequate diet. We believe we have crafted a provision that simplifies the treatment of utility expenses without reducing benefits for any significant number of households. The substantial cost estimate for this provision reflects that assumption.

Achieving our goals obviously depends on states having and maintaining adequate SUAs. Although the shift to a mandatory SUA should not increase federal costs except in the two

respects addressed in this amendment, neither should it save money at low-income households' expense. States that shift from an optional SUA to a mandatory one should be able to increase it somewhat in the transition without increasing federal costs.

Perhaps even more importantly, states need to faithfully observe USDA's regulation requiring annual reviews of the SUA's adequacy. In the past, some states let their SUAs stagnate for many years at a time. We were pleased to hear that USDA has been moving recently to achieve greater compliance with the updating requirement and that it intends to continue to do so. We know that many states lack the technical capacity to conduct detailed economic surveys to determine just what the optimal SUA might be. USDA, however, has allowed a state simply to compute the increase in utility costs from the time the state last changed its SUA and apply that percentage to increase the SUA. We trust that this sensible approach will continue and will be made available to all states.

At the same time we simplified in many respects, we did not intend to create new complexities. A question has arisen about the standard deduction provision of our bill. Obviously, 8.31 percent of the net income limit will not be an even dollar number since the net income limit figure is expressed in an even number of dollars. We do not intend to require state agencies to process standard deductions expressed in pennies. USDA could not give households a standard deduction that is less than 8.31 percent of the net income eligibility limit, but it clearly has authority to round that number up to the next largest whole dollar. This has not presented a problem in the past and see no reason why it would now.

We set up a new system of bonuses for high-performing states. We in no way intend to pre-judge what system USDA will select to give out those funds. USDA could rely on statistical measurements, as it does now, but it also could allow states to apply for bonuses in particular categories. Allowing states to compete for recognition and bonus awards for the most innovative means of correcting problems in program administration could provide useful lessons that could benefit other states.

A couple of ideas were advanced that we did not adopt. We rejected an Administration proposal to cut back on categorical eligibility for food stamps. Current regulations give states broad flexibility to determine what items receiving TANF or MOE funding should be considered benefits that trigger categorical eligibility. USDA approval is required only in limited, clearly delineated circumstances.

The Department argued that this policy is too broad, but we were not persuaded. The Department is free, of course, to renew its proposal with us if it feels strongly about this issue. It

should not, however, act unilaterally to restrict flexibility states have under current law and regulations.

Also, we made no change in the procedures for approving state plans to certify elderly and disabled households for food stamps based on information in the Social Security Administration's files. These would still go through the research waiver process, although as states and the Department gain more experience with these projects, we anticipate approval should become much easier. The waiver process is important, however, to ensure that we are not shortchanging households with high housing or medical costs. Also, the Department needs to make sure that eligible people are not losing out on food stamps during the period their applications for disability benefits are pending with SSA.

All in all, I believe that this package of simplifications and benefit expansions represent a significant step forward on the path the program has been traveling over the last several years. This package should strengthen the food stamp program's role as a work support and as a nutrition safety net for those going through difficult times. It deserves our full and enthusiastic support.

I would like to take this opportunity to comment more extensively on one of the most important aspects of the nutrition title, the restoration of benefits to legal immigrants. As my colleagues know, I remain deeply opposed to the benefit cuts to legal immigrants enacted as a part of the 1996 welfare law. I have worked ever since the passage of that law to ease the eligibility restrictions on legal immigrants in a wide array of programs. Immigrants are admitted into this country as legal permanent residents with the assumption that they will be a part of our communities, work and pay taxes, and serve at our nation's defense. It is unjust to exclude these hardworking individuals from access to critical work support programs and the safety net if they fall on hard times.

The legal immigrant restrictions in the food stamp program were the harshest of all of major federal benefit programs, causing more than one million legal immigrants to lose eligibility. Unfortunately, immigrants have not been the only group affected by the food stamp restrictions. Over 85 percent of immigrant families are households that include at least one citizen child. From 1994 to 1998, 1.2 million immigrants left the program, mostly due to the eligibility restrictions. Over the same period, 1 million citizen children of immigrant parents also left the program, representing a 74 percent decline for this group.

Immigrant advocates and emergency food providers believe that these legal immigrant parents are confused about their children's eligibility and that the parents believe if their children receive food stamps that it could have a negative impact on immigrant family members' immigration status.

Children of immigrants now make up a significant share of the childhood poverty population. Nationally, one in four children in poverty have immigrant parents. In order to continue to make meaningful inroads in reducing child poverty, it is key to find new ways to serve more effectively the children of immigrants.

Of course, the best way to resolve this problem would be to restore eligibility to all legal immigrants. Unfortunately, we did not have the resources in this farm bill to provide for such a restoration. Nonetheless, we have taken major strides to significantly ameliorate the restrictive rules. The final bill is based largely upon the immigrant restorations in the Senate-passed farm bill, which were expanded upon with overwhelming bipartisan support on the Senate floor.

We decided that if the eligibility for legal immigrant children is restored the food stamp eligibility rules for children will become less complex and easier to explain. This should encourage immigrant parents to apply for benefits on behalf of their children. If states, the anti-hunger community and the immigrant community can inform families that all poor children are eligible for food stamps, there will be a much greater chance of reaching those families confused about the current rules.

Another significant component of the immigrant provision is that it restores benefits to qualified legal immigrant adults who have lived in the U.S. for 5 or more years with that status. Of course, there are many types of qualified immigrant statuses. It will not matter if the immigrant held one qualified status such as asylee and then changed their status to something else such as a legal permanent resident. The five year clock begins from the time the immigrant first held a qualified status.

The adult restoration provides basic conformity in food stamp eligibility rules to those already in place in Medicaid, SCHIP and TANF. It is our hope that these new food stamp rules will make it easier for states to administer and for immigrants to understand. Finally, the legislation would allow legal immigrants receiving benefits under specified disability-based programs to qualify for food stamps.

Children will no longer be subject to sponsor deeming rules, although sponsor immigrant adults will continue to be subject to these rules. As a part of our deliberations, we reviewed USDA's recent regulations on sponsor deeming and found them to be an appropriate policy consistent with our understanding of how deeming should operate in the food stamp program—a balance of ensuring that needy immigrants are able to access food assistance while not providing assistance to immigrants who are being supported by their sponsors. We also appreciate that USDA was sensitive to not restricting food assistance to immigrants whose

sponsors refuse to cooperate by providing requested paperwork. We do not expect USDA to make any changes in this area.

When we were evaluating how to design these provisions, we placed great weight on the cost estimates that CBO provided for this package, as well as the price tag the Administration gave its own proposals in its FY2003 budget. Neither estimate assumed that any sponsors had to repay the federal government as a result of immigrants receiving food stamps. Under the new affidavits of support now in place, most sponsors are likely to be a very close family member of the immigrant's. This means that they are likely to live together and be a part of the same family unit or food stamp household.

In all the years that I have worked on the food stamp program, Congress has never required food stamp households to repay benefits for which they were eligible. Sponsor liability should not and does not circumvent that principle. We do not intend for a low-income sponsor to incur a debt for food stamps that he or she receives along with the sponsored immigrants.

Of course, we have no intention of allowing affluent sponsors to abdicate their responsibilities. But low-income sponsors who are a part of the food stamp household or family unit should not be billed for signing up other family members for food stamps. Consider a step-father who sponsored his new wife and step-child into the country some years ago. If he loses his job and he and his new family become eligible for food stamps, we want them to avail themselves of this critical temporary assistance. There should be no penalties for being eligible for and participating in the food stamp program.

With these restorations, we will come closer to righting a great wrong. Immigrants and immigration are a part of the history and heritage of our country. I am pleased that hard working immigrants who fall on hard times will be able to gain access to this important food assistance program. No member of our society should go without enough to eat. This legislation moves us further toward fulfilling that goal.

I urge my colleagues to vote for this conference report.

Mr. WARNER. Mr. President, it is with heartfelt regret that I must vote against the 2002 farm bill conference report. It had been my sincere hope this farm bill would improve conditions for the nation's farmers. Unfortunately, it is a budget buster that stimulates overproduction, devastates the Virginia peanut industry, and does not adequately protect the Chesapeake Bay. While I recognize the hard work and good intentions that went into this bill, I cannot in good conscience vote for it. It is not good for Virginia and it is not good for the nation.

Agriculture is a crucial industry in Virginia. Farming has been a way of life in Virginia since the first English settlers arrived at Jamestown in 1607.

Virginia is a recognized leader in tobacco, peanuts, and poultry production while cotton, corn and soybeans are rapidly gaining in importance. Farming represents almost 10 percent of the jobs in Virginia.

And there is no doubt farming is vital to the Nation as a whole. Our farmers produce the safest, most reliable, and most abundant food supply in the world. A stable supply of food and fiber is essential to our national economy and our national security. We do not want to depend on imported food the way we rely on foreign oil. Unfortunately, this conference report does little to ensure the long term health of domestic agricultural production.

This conference report will increase farm spending by 70 percent or about \$82.8 billion over ten years while the budget agreement only allows \$73.5 billion in new farm spending. These farm subsidies will cost \$200 billion over ten years or \$20 billion annually. While all this is done in the name of preserving the family farm, government subsidies since the 1930s have not prevented their disappearance.

Recently, the Congressional Budget Office estimated the Federal budget will operate at a deficit of \$100 billion this year. We are fighting an expensive war on terrorism. Now is not the time to increase spending on farm programs that may hurt the American farmer more than they help. Every dollar of deficit spending now puts the solvency of social security in jeopardy for future generations.

But while the conference report is bad for the country, it is particularly bad for Virginia. When the Senate passed the 2002 farm bill, I supported it because of some key improvements over the House farm bill for the peanut program and the Chesapeake Bay nutrient reduction pilot program. Now that the bill has emerged from conference, these important gains have been stripped out.

After the House of Representatives passed its version of the farm bill, Senator ALLEN and I worked to improve the bill and were able to achieve significant improvements in the peanut program. First, the target price in the Senate bill was \$520 per ton while it was \$480 in the House bill. Second, the loan rate in the Senate bill was \$400, while it was \$350 in the House Bill. Finally, the Senate version contained an 11-cent per pound quota buyout for 5 years, and the House version provided only 10 cents.

Make no mistake, the Senate target price was not as high as I believed it should be, but under the circumstances, it was a significant improvement over the House-passed bill. In years past, the peanut-producing States have stuck together during debate on the farm bill. Unfortunately, this year, Virginia was left with few allies on peanuts. We simply did not have the votes to make the improvements to the peanut program we wanted. In both the Cochran-Roberts and the Hutchinson substitute amendments, we had

negotiated to include a \$550-per-ton target price. Unfortunately, both amendments failed.

So while the Senate farm bill was far from perfect, I voted for it to support the Senate's position in conference. Now that the House-Senate conference on the farm bill is complete, I am extremely disappointed with the results. The target price has been reduced to \$495 per ton, a level far below the break even point for most Virginia peanut farmers.

And the conference report makes this new peanut program effective for fiscal year 2002. Peanuts have already been planted in Virginia. In the interest of basic equity, this new program should begin in fiscal year 2003. Farmers planting under one farm bill and harvesting under another illustrates that Congress is out of touch with rural America.

While the old peanut program was supposed to be a "no-net cost program", the new peanut program will cost the taxpayer upwards of \$4 billion. This is a bad deal for the taxpayer and a disaster for southeast Virginia.

Finally, the conference committee stripped out the \$70 million Chesapeake Bay nutrient reduction pilot program. The bay is a national treasure and vital to the economy of Virginia. This pilot program would have encouraged farmers in the Chesapeake Bay watershed to use less fertilizer and compensated them if this resulted in lower yields, creating a win-win situation for farmers and environmentalists. Unfortunately, the House did not agree to this provision.

This conference report hurts the very farmers it is meant to help. This farm bill is not good for Virginia and not good for America. It hurts Virginia peanut farmers. It endangers the Chesapeake Bay. It costs the taxpayers too much. And, it raids the Social Security trust fund. Accordingly, I must vote no on the 2002 farm bill conference report.

Mr. CORZINE. Mr. President, I rise to oppose the House-Senate conference report on the farm bill.

I do so, with deep regret. While I now live in a suburban New Jersey community and have for 25 years, I was raised on a 120-acre family grain farm in central Illinois. I know from experience the rewards of working the soil and tending the fields. And I know, too, the very real experience of living life on the economic edge, as so many of our Nation's farmers do.

But this legislation is not the way to help our farmers.

I opposed the Senate version of this legislation when it passed the Senate in February because I believed it was fiscally imprudent, hurt consumers as well as many of the farmers it was intended to help, subsidized one sector of the American economy to the exclusion of others, and because it provided relatively little assistance to New Jersey's farmers. Unfortunately, the bill that has come out of conference com-

mittee is worse on all these counts. For that reason, I must vote no again.

As I stated when I opposed the Senate version of this bill, the current system of subsidies is the wrong way to support America's farmers. These subsidies naturally lead to overproduction which distorts the market, unfairly benefit a limited number of the largest producers and impose excessive costs on all consumers and taxpayers. Furthermore, the system distributes these subsidies in a manner that leaves farmers in many States, including the Garden State, with little assistance. In fact, the amount New Jersey receives is estimated at a fraction of 1 percent. Let me repeat, a fraction of 1 percent of the total.

When the Senate first considered the farm bill, it took some steps to make an inequitable system somewhat more fair. It imposed a cap on payments so that no farmer would receive more than \$275,000 of subsidies per year. And it took the savings and used them, in part, to increase funding for conservation programs to a record \$21 billion, a good thing. These would have been good changes to a system that gives two-thirds of the commodity subsidies to 10 percent of our Nation's farms.

Unfortunately even those small reforms were lost in conference. The cap on payments was raised to \$360,000, but now includes several loopholes for agribusinesses to get around the limit. It is this provision that may wind up hurting many of those this legislation is intended to help, as family farms unable to compete with heavily subsidized agribusinesses are swallowed up by their very competition.

Making matters worse, the conservation funding was cut by \$4 billion to \$17.1 billion over current spending and is largely deferred until later years, making it less likely that it will be available at all.

I also am very concerned that the legislation's large increase in commodity subsidies would undermine U.S. trade policy and make it much harder to win concessions in international trade negotiations. That's because huge U.S. subsidies would drive down global crop prices, and adversely affect the economies of many other countries, especially developing nations. These nations then would be much less likely to open their markets to American companies. The end result would be that generous subsidies to a small handful of agribusinesses would end up undermining a much broader range of U.S. manufacturers and service providers, and would cost American jobs.

Another major concern of mine is that this legislation is fundamentally unfair to my State of New Jersey. The bill would perpetuate a system of agricultural subsidies that provides assistance to only 7 percent of New Jersey's farmers. This compares, for example, to other States in which as many as 60-75 percent of farmers receive assistance.

The reason why some States do so much better than New Jersey is that

producers of row crops, like corn, wheat, grain and rice get the bulk of the support. These commodities, by and large, are not produced in the Garden State to a significant degree. In New Jersey, our farmers grow large amounts of specialty crops, such as blueberries, eggplant and asparagus. In fact, New Jersey ranks second in the Nation for blueberry production, and fourth in the Nation for eggplant and asparagus production. Yet, though New Jersey's farmers meet much of the Nation's needs for these crops, none of our blueberry, eggplant or asparagus farmers receive support under the existing commodity programs. That is one reason that New Jersey got less than one-tenth of 1 percent of the total commodity assistance provided by the Federal Government in fiscal year 2001. Less than one-tenth of 1 percent.

The farm bill that the Senate considered in February made a few improvements to the existing system. And I voted in favor of those improvements, as well as improvements to the Food Stamp Program that are badly needed. However, as I have said, many of those improvements were lost in conference with the House of Representatives. As a result, we have a bill that tells New Jersey farmers that they are not equal to the corn, wheat, rice and grain growers in the South and Midwest. That their efforts do not deserve much federal support. I cannot support such a measure.

New Jersey ranks 49th in our return on tax dollars paid to the Federal Government. We don't receive enough for our mass transit needs. We don't receive enough for our housing needs. We don't receive enough to clean up our environment, even though we have more Superfund sites than any other state. New Jersey's situation merely highlights the imbalance in support for our nation's competing needs. I cannot support legislation that continues this inequitable distribution of Federal funds.

In fact, I wish I could support the excellent nutrition title contained in this conference report. It is outrageous that we subsidize farmers for disposing of surplus food and yet we prohibit low-income working immigrants who live in this country legally from receiving nutrition benefits. This bill would restore benefits for about 380,000 legal immigrants, which while a good first step, is still too little. The food stamp application simplifications and extension of transitional food stamps for families moving from welfare to work are measures that will ensure more children and families receive adequate nutrition and I strongly support these provisions. While there is a significant increase for nutrition programs, this conference report invests only \$6.4 billion in nutrition programs, which again is a fraction of one percent of the total cost of this bill.

In conclusion, this conference report is flawed in many ways. It perpetuates the existing inefficient and unfair system of farm subsidies and significantly

increases subsidies for favored crops. That means we will continue to subsidize a limited number of producers. We will continue to distort the market. We will continue to impose higher costs on consumers and taxpayers. And we will continue to treat my state of New Jersey unfairly.

For these reasons, I cannot in good conscience support this conference report.

Mr. DORGAN. Mr. President, I rise today to congratulate the chairman of the Senate Agriculture Committee, the ranking member, conferees and staff members who worked so hard to bring the new farm bill to the floor of the Senate for final passage.

I especially want to applaud them for the inclusion of a strong provision to encourage the deployment of broadband technology to rural America. Ensuring that all Americans have the technological capability is essential in this digital age. It is not only an issue of fairness, but it is also an issue of economic survival. But, as the demand for high speed Internet access grows urban America is quickly gaining high speed access, while rural America is, too often, being left behind.

Historically, our economy has been defined by geography, and we in Congress were powerless to do anything about it. Where there were ports, towns and businesses got their start. Where there were railroad tracks, towns and businesses grew up around them. The highway system brought the same evolution.

But the Internet is changing all of that. No longer must economic growth be defined by geographic fiat. Telecommunications industries and policymakers are proclaiming, "distance is dead!" But, that's not quite right: distance will be dead, only as long as we ensure that broadband services are available to all parts of America, urban and rural, and the bill we pass today is an important step toward improving Internet access in rural America.

To remedy the gap between urban and rural America, several years ago I introduced legislation to establish a new broadband loan program within the Rural Utilities Service. I am very pleased to have worked with the chairman and others to craft a broadband provision modeled after that bill that will give the rural broadband program an authorization and funding. This funding will create hundreds of millions of dollars of broadband loans each year.

This issue is not a new one. When we were faced with electrifying all of the country, we enacted the Rural Electrification Act. When telephone service was only being provided to well-populated communities, we expanded the Rural Electrification Act and created the Rural Utilities Service to oversee rural telephone deployment. In place for over 50 years the RUS telecommunications loan program has been an unprecedented success. In 1949,

about 40 percent of American farmers had phone service. Not only has that changed dramatically, with almost everyone having access to basic telephone service, but it is important to note that in over 50 years there has not been a single loan loss in the telecommunications program.

Today's legislation seeks to build on that success to make new investment in the next generation of telecommunications technology, known as broadband, to ensure that all Americans have access to the Internet. This will give RUS new authority to make hundreds of millions of dollars in low interest loans each year to companies that are deploying broadband technology to rural America. Loans will be made on a company neutral and a technology neutral basis so that companies that want to serve these areas can do so by employing technology that is best suited to a particular area.

Again, I commend the chairman and ranking member, and the staff of the Senate Agriculture Committee for their work on this provision. This program and the loans that will flow from it will be the biggest broadband investment program ever enacted in the United States and will go a long way toward ensuring that rural Americans have access to the next generation of technology.

Mr. BINGAMAN. Mr. President, I rise today to say a few words about the farm bill conference report on which the Senate will soon be voting.

Let me say at the outset that there is a lot of good in this bill. I wish I could vote for it. However, I will not vote in favor of this bill today, and I will explain why shortly.

Senator HARKIN and his staff have worked very hard to craft this farm bill in the face of very strong and competing State and regional interests. I know their task was not an easy one and it is not always possible to please everyone. Clearly, there are some provisions in this bill that will benefit New Mexico.

In particular, I would like to cite Chairman HARKIN's steadfast commitment to strengthening the agriculture conservation programs that help protect the environment.

I do believe the conservation programs should be the real centerpiece of this legislation. Unfortunately, funding for these vital programs was cut \$4 billion below the level in the Senate-passed bill. I am disappointed the Senate did not prevail in the conference with the House. Nevertheless, existing conservation programs, such as CRP and EQIP, as well as the new Conservation Security Program, will help protect New Mexico's farm and ranchland for future generations, though not as much as they would have under the Senate bill. There is a new Water Conservation Program that will help slow the depletion of the Southern Ogallala Aquifer in Texas, New Mexico, Oklahoma, and Kansas.

This bill has funding for a new Grassland Reserve Program and a Water

Conservation Program that will be helpful to farmers and ranchers in my State, especially with New Mexico now in the throes of an extended drought.

There is also mandatory funding in this farm bill for the Small Watershed Rehabilitation Program, which I cosponsored in the last Congress. This program supports reconstruction of the 100 small watershed dams in my State, many of which are 30 to 50 years old and reaching the end of their expected life.

Funding for the Market Access Program has been increased, which will help all farmers increase exports of their products.

I am pleased the conferees adopted my language that will allow New Mexico's Valencia peanut pool to continue to operate as an effective marketing association.

Within this farm bill's nutrition programs, I am pleased that Congress is finally restoring benefits for adult legal immigrants who have lived here for at least 5 years and all children of legal immigrants. I also support increased funding for the WIC and senior farmers' market nutrition programs.

This bill continues important rural development programs that have been critical to helping New Mexico's smaller communities improve infrastructure and promote economic development. There are new programs to train rural firefighters and to extend broadband service to rural areas. The additional funding for water and wastewater projects will be especially important to rural communities in my state facing major construction costs to meet EPA's new standard for arsenic in drinking water.

Finally, I cosponsored Senator JOHN-SON's bill that requires country of origin labeling of meat, fruits and vegetables, fish and peanuts. The farm bill includes these new labeling provisions. I do believe consumers deserve to know the source of their commercial food products.

That is some of the good in this farm bill. However, as I said, I will not be voting in favor of the bill, and I would like to take a few minutes to explain why.

This farm bill does nothing to stem the staggering cost to the taxpayers of subsidies for agricultural commodities. In fact, this legislation will increase Federal subsidies by nearly \$50 billion over the next decade; this is on top of the baseline funding of \$77 billion. The Federal Government's role in agriculture will grow dramatically under this legislation. By some estimates, forty percent of net farm income now comes from the Federal Government.

Nearly three-quarters of all of the new money in this bill goes to crop subsidy programs. As we all now know from the analysis done by the Environmental Working Group, the vast majority of these federal subsidies go to growers in 10 central and southern States for only a few specific crops. Such massive subsidies drive up land

prices and do nothing to stem over production, especially when commodity prices are low.

Even more troubling to me is the new national dairy subsidy program in this farm bill, which will cost taxpayers at least \$1.3 billion over the next 3 to 4 years. At the same time it will actually lower the average revenue for milk producers in New Mexico by an estimated 17 cents per hundredweight.

That is correct, you heard it right. This program costs taxpayers \$1.3 billion and will actually hurt dairy producers in my State. Moreover, we estimate that every producer with more than about 800 cows in all 50 States will lose revenue under this program. Because the average size of New Mexico's dairies is about 1,580 cows, nearly every producer in my State will be hurt by this legislation.

In the past decade, New Mexico has quietly come to the forefront of the nation's dairy industry. Milk production in my State has more than tripled since 1990. New Mexico is now seventh in the nation in total milk production and fifth in average milk production per cow. In the first 3 months of this year, production has grown 17 percent over the 2001 level. In Roosevelt and Curry Counties, production is up a whopping 32 percent.

There is no secret for my State's booming dairy industry. New Mexico is an ideal location for dairies because of our mild climate, which boosts milk production and does not require sheltering the animals from the weather. In addition, producers are moving to New Mexico because of the strong dairy infrastructure, moderate land prices, and well-integrated alfalfa industry. Currently, there are plans for 35 new dairies in New Mexico, most of which will have between 1,500 and 3,000 cows. These are not some kind of mega-industrial operations, but family-run farms just like dairies all over America.

The growth in dairy production in New Mexico is coupled with rapid growth in milk processing, including production of powder, cheese, and ultra-filtered milk. Soon, the Nation's first commercial plant producing milk protein concentrate will open in Portales, New Mexico. The economic impact of the dairy industry on New Mexico is now estimated at \$1.8 billion per year.

Because New Mexico has mostly large, efficient, family-owned dairies, my State is the big loser under this new dairy subsidy program. Independent analyses show the \$1.3 billion Federal subsidy will encourage overproduction and depress market prices nationwide. According to FAPRI's preliminary analysis of this legislation, the excess production will drive down national class III and IV milk prices by 17 and 28 cents/cwt, respectively. This means every dairy producer in America will get a lower price for all of his or her milk.

Meanwhile, under existing law, the Federal Government must step in and

purchase the surplus. The government already owns nearly a billion pounds of surplus nonfat dry milk, equal to an 18-month supply. In just the last month alone, the government has had to purchase 80-million pounds of nonfat dry milk at a cost of about \$70 million. This legislation will add still more to the government's already bulging powder inventory. The taxpayers, of course, will be asked to bear the cost of purchasing all of this excess production on top of the new \$1.3 billion subsidy. Sadly, this ill-conceived program will continue to erode the dairy industry for years to come.

Finally, we do not really know how much this program will cost because it depends on milk prices in the future and the number of participants in the program. The lower the price of milk, the higher the cost to the taxpayer. As I indicated, CBO scored the program at \$1.3 billion. However, the Food and Agricultural Policy Research Institute has performed an independent analysis and estimates the total cost to the taxpayers at \$3.6 billion—nearly three times more than CBO's estimate. Unfortunately, only time will tell how big the final bill will be for this program.

In short, the new dairy program is a real lose-lose proposal for the American people. There simply is no need for Congress to ask taxpayers to subsidize the dairy industry to the tune of billions of dollars.

From the outset, I said I could not support a farm bill that contained any massive new national dairy subsidy program. This bill suffers the added defect that it actually harms the dairy industry in my State. In fact, New Mexico's producers are hurt more than producers in any other state.

I would like to read part of a letter addressed to me from the Dairy Producers of New Mexico:

The Farm Security Act of 2002 is not good for New Mexico. It introduces a new, expensive, and counter productive direct payment provision to dairy producers on some of their milk.

The letter goes on:

This is not good policy for dairy farmers—it turns them from business people in the market to people on the government dole. It is not good for taxpayers because it mispends their money. It is not good for our Nation because it interferes with international trade.

I ask unanimous consent that the full text of this letter be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. (See Exhibit 1.)

Mr. BINGAMAN. I would have liked to be able to vote for this farm bill, but regrettably, I cannot.

I will vote no on this conference report.

EXHIBIT 1

DAIRY PRODUCERS OF NEW MEXICO,
Roswell, NM, May 1, 2002.

Hon. JEFF BINGAMAN,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR BINGAMAN: On behalf of Dairy Producers of New Mexico and its membership, I want to thank you and your entire staff, particularly Dr. Dan Alpert, for representing our New Mexico dairy producers. We recognize that national dairy policy is very complex and regionalized, and often contentious. It is indeed very comforting to us to know that our U.S. delegation takes a stand to protect New Mexicans in the face of national politics.

The Farm Security Act of 2002 is not good for New Mexico. It introduces a new, expensive, and counter productive direct payment provision to dairy producers on some of their milk. The over one billion dollars thrown into the dairy economy will result in reduced milk prices on all milk regardless of the size of farm that produces it. The family run dairy farms in New Mexico will be especially hard hit.

According to FAPRI, the average payment will be about 85 cents a hundredweight but that will only be on the first 2.4 million pounds produced or a maximum payment of about \$20,400. This payment will be more than offset by the average milk price on all milk of 14 cents a hundredweight. For the average dairy farmer in New Mexico that is about \$52,500 per year.

This is a real loss of income. It is not a loss just to the dairy farmers, but to their families, their employees, and their vendors. The economics of the rural New Mexico communities will suffer this loss as well.

The Farm Security Act brings us anxiety— anxiety as to when and how the government will again adversely impact our industry.

This is not good policy for dairy farmers—it turns them from business people in the market to people on the government dole. It is not good for the taxpayers because it mispends their money. It is not good for our Nation because it interferes with international trade.

History will show that your amendment offered last December was wise and those who voted for it and stuck by their votes had a better vision for dairy than the Farm bill now before the Senate. It's a battle that we appreciate you taking on and fighting on our behalf.

Yes, there are some provisions that we like. These include dairy price support program extension of \$9.90/cwt for six years; authorization of a new national Johne's disease control program; the extension of the Dairy Export Incentive Program (DEIP); fixing the statutory mandatory inventory and price reporting language to prevent further costly reporting errors by the USDA; and funds for dairy and other livestock producers through the Environmental Quality Incentives Program (EQIP). Those were by and large non controversial and they do not need to come at the great cost imposed by the dairy market loss program.

Again, Senator, we appreciate all of your hard work for the dairy industry in New Mexico. We sincerely appreciate your efforts on behalf of our family farmers.

Sincerely,

SHARON L. LOMBARDI,
Executive Director.

Mr. SMITH of New Hampshire. Mr. President, today is a sad, sad day in America. It is a sad day for the U.S. taxpayer and a sad day for the family farmers of our country. I believe the Wall Street Journal said it best when they editorialized, "that great rooting,

snooting noise you hear in the distance, is the sound of election-year, farm-state politics rolling out of the U.S. Congress."

My colleagues know I stand for fiscal conservatism, so I don't imagine that many are surprised by my opposition to the farm bill 2002 conference report. But a "no" vote does not adequately describe my disappointment, my disgust, or my dismay at this, the largest non-military expansion of the Federal Government since the Great Society.

House and Senate conferees approved a farm bill that expands payments to farmers by nearly \$50 billion over the next decade. More than 90 percent of this increase will go to farmers producing just five crops: wheat, corn, rice, cotton and soybean. Two-thirds of this money will benefit a mere 10 percent of farmers. If the goal of the so-called Freedom to Farm Act of 1996 was to wean farmers off the trough of government assistance, this bill represents a bloating of agriculture's dependency on the taxpayer's dime.

In these times of war and deficit spending, should we really be directing precious taxpayer dollars in such an irresponsible manner? I read an estimate that this legislation will cost the average American household \$4,377 over the next 10 years, \$1,805 in taxes and \$2,572 in inflated food prices because of price supports. And for what, I ask? To prop up wealthy corporate farmers? To encourage farmers to continue overproducing unprofitable crops for which there is more supply than demand? To reinstate subsidies for honey, wool, and mohair?

Even the one provision in the Senate-passed version of the bill that made it somewhat palatable, payment limitations, was gutted to the extent that it is no longer meaningful: the cap was raised and loopholes, the prized toy of our top legislators, included to make the one attempt at payment control utterly ineffective. What good is a payment limitation that can be completely circumvented?

In response to some of the criticism that has been ladled on this pork-barrel monstrosity, Senators HARKIN and DASCHLE point to the \$17.1 billion included for conservation programs. I find it ironic that they continue to do so when environmentalists are critical and have pledged opposition to the bill. As the ranking Republican member of the Senate Environment and Public Works Committee, I have to say, at what price conservation? It is worth the total price tag? I think not. What the conservation title represents is a transparent attempt to buy votes from those States that do not benefit from the commodities title. I am supportive of the conservation programs this bill funds. My State of New Hampshire relies on these programs. But I will not fall for it. Why should New Hampshire taxpayers, or any taxpayers, be asked to foot the bill for encouraging farmers to get on the Federal dole when our goal should be to do just the opposite?

This bill is a step backwards, as far as I am concerned, in agricultural policy. Our Chamber's two working farmers, Senators LUGAR and GRASSLEY, oppose its passage. I only hope that fiscal sanity will take hold of my colleagues and prevent this fat-laden conference report from ever reaching the President's desk.

Mr. KOHL. Mr. President, I rise this afternoon to commend Chairman HARKIN and all of the farm bill conferees on their work related to H.R. 2646, the Farm Security and Rural Investment Act of 2002. The Senate passed its version of this legislation on February 13, 2002 and I am pleased that the conferees were able to finish their work so we can send this legislation to the President for his signature and quick enactment. I am confident that the U.S. Department of Agriculture will work expeditiously to implement the new programs created in this legislation in time for the 2002 crop year. Rural America needs the assistance provided through this "rural" economic stimulus bill, and I am pleased that today we will respond to their needs.

I am especially pleased that this legislation includes the creation of a new, national dairy program that supports all dairy farmers regardless of location and regardless of the end use of their milk. I am also pleased with the increased investment in nutrition funding for programs like food stamps, the WIC and Seniors Farmers Market program. Finally, I am supportive of the enhanced commitment to conservation spending on programs like the Farmland Protection Program, the Conservation Reserve Program, the Environmental Quality Incentive Program and the new Conservation Security Program.

Of particular interest to my State of Wisconsin is the creation of a new, national dairy program that will, for the first time, create a more meaningful and credible safety net for all of our Nation's dairy farmers. This new program, while not perfect for any one region, moves us beyond the regional and divisive debate over dairy compacts. I am pleased that gone are the days of regional trade barriers and milk price fixing cartels that artificially support the price of milk in one region at the expense of farmers in others.

In addition to extending the very important dairy price support program at \$9.90 per hundredweight, this farm bill creates a new counter-cyclical program that will provide assistance to farmers when the price of milk falls below \$16.94 per hundredweight. A payment rate will be calculated by taking 45 percent of the difference between \$16.94 and the class I, fluid, price in Boston. That payment rate will be made on the first 2.4 million pounds of a producer's production, or approximately 133 cows. The payment rate per hundredweight will be the same for all dairy farmers regardless of location and regardless of what their milk is used for. We in the

Upper Midwest have argued over the years that all dairy farmers should be treated the same regardless of the end use of their milk and I am pleased that this conference report supports that position.

In addition to increased support for our dairy farmers, the Farm Bill Conference Report also provides nearly \$6.4 billion in funding for nutrition programs. These nutrition programs include food stamps, the WIC and Seniors Farmers Market Nutrition Programs and the emergency food assistance program. This legislation also provides food stamp benefits to legal immigrants. The nutrition title of the bill is very important to our producers who provide the commodities for the programs, as well as low-income and less fortunate individuals who need help in getting access to a more nutritious and well-balanced diet.

Beyond the much needed increase in nutrition funding, the Farm Bill Conference Report also provides a much needed increase in conservation spending. The Farm Bill Conference Report reflects a total increase of 80 percent for conservation programs. Specifically, this legislation provides a new 20-fold increase for the Farmland Protection Program, a 10-fold increase for the Wildlife Incentives Program and phases up to achieve a \$1.1 billion annual funding level for the Environmental Quality Incentive Program, EQIP. I am also pleased that there is an additional enrollment of 1.2 million acres for the Wetlands Reserve Program which works extremely well in Wisconsin.

Despite the many positive provisions in this farm bill, I am disappointed that the House Conferees refused to adopt two very important Senate provisions. I am disappointed that the House Conferees refused to adopt the Senate language regarding the ban on packer ownership of livestock, which the majority of the Senate supported in two separate votes. I am also disappointed that the House Conferees did not accept a meaningful limitation on farm payments.

First, this conference report does not include the so-called "Johnson Amendment," which would ban packer ownership of livestock. On December 11, 2001, with my support, the Senate adopted this amendment in order to provide ranchers who raise livestock with more marketing opportunities and hopefully a higher price for their product. However, the House Conferees, under pressure from the meat industry including large packers, refused to accept this provision. Without a ban of packer ownership of livestock, independent producers will continue to be shut out of markets, face lower prices and less competition while packers continue to give preference to their own supplies of livestock. I support Senator JOHNSON's call for hearings on this important issue in the Senate Agriculture Committee, and to investigate abusive market practices in the livestock sector.

Second, I am disappointed that the conference report does not include a meaningful limit on the level of farm subsidies going to large farmers located predominantly in the south. This conference report, while reducing the overall payment limit to \$180,000 annually is meaningless as the "triple-entity" rule remains in place. The final bill retains loopholes that not only permit a recipient to double the \$180,000 level to \$360,000 through the "triple-entity" rule but also makes it effectively limitless for the purpose of marketing loan gains and loan deficiency payments. The conference report also allows for the continued use of the generic certificate program. This program allows the largest of producers to enjoy the benefits of the marketing loan program without repayment while allowing the producer to hold onto their commodity for future sale on the open market. The loopholes that remain make the payment limitation provisions in the conference report meaningless and I am disappointed that the conferees could not agree on a way to prevent large payments from going to those producers who need the assistance the least.

I realize this bill is not perfect. There are provisions and changes that I wish could have been included in the final conference report. But this bill restores a much needed economic safety-net to an industry that experiences wide fluctuations in prices. The combination of a new counter-cyclical dairy program, increased nutrition spending and an increase in funding for conservation programs makes this new farm bill one that I can support and one that I think will help our farmers and ranchers across the country. We have a commitment to rural America to ensure farming remains a viable industry in our Nation and I commend Senator HARKIN for his leadership on this very important legislation.

Mr. FEINGOLD. Mr. President, I want to make a few comments on my opposition to the farm bill conference report. While I strongly support the dairy provision that Senator KOHL and I helped secure for Wisconsin's dairy farmers, I am deeply concerned that the conference report eliminated a number of important Senate-passed provisions that targeted assistance to small and medium-sized family farmers.

Specifically, I am concerned that the conference committee weakened the Senate-passed payment limitation amendment and reduced the conservation funding. It then used these funds for the misguided purpose of increasing payments to corporate owned farms and agribusinesses. I am also deeply disappointed that a number of Senate-approved amendments aimed at providing competition in rural America were completely eliminated in the conference committee.

I am disturbed that the conferees stripped the payment limitations provision that both the House and Senate

supported. As my colleagues will recall, the Senate voted 66-31 to target Federal assistance to small and medium-sized family farmers by imposing a \$275,000 payment limitation on overall payments.

I support the Senate-passed provision of a \$275,000 payment limitation, but this conference report permits up to \$360,000 and includes significant loopholes. I am not sure who this increase is meant to benefit. I know it isn't benefiting many people in Wisconsin, where only 14 out of our 60,000 farms receive over \$275,000 in government payments.

At the same time that the bill provides increased funds to the largest producers and agribusinesses, it reduces funding for important conservation programs that benefit family farmers of non-traditional crops such as those produced in Wisconsin. Many Wisconsin commodities—such as potatoes, sweet corn, green beans, cranberries, and cherries—are simply not eligible for most commodity programs, but do receive benefits under a number of the conservation programs.

Wisconsiners certainly support a strong safety net for America's farmers, but this bill is fiscally irresponsible. The Congressional Budget Office now estimates that the bill before us would cost \$124.6 billion through 2007, or almost \$21 billion annually. That is about \$2 billion more a year than previously calculated. I cannot support a bill where payments are targeted to larger agribusinesses instead of family farmers. Moreover, these new numbers indicate that this bill would force Congress to retreat from other budget priorities, including shoring up Social Security and Medicare.

This bill also does not contain important Senate-passed provisions that would have added much needed competition to rural America. It makes little sense that the conferees rejected the Senate-passed ban on packer ownership and my amendment giving farmers a choice of venue to resolve disputes associated with agricultural contracts.

The Senate-passed packer ownership ban would have been an important first step to provide a competitive marketplace, and curtail the vertical integration by agribusinesses. My amendment reforming mandatory arbitration clauses would have ensured that the decision to arbitrate is truly voluntary and that the rights and remedies provided for by our judicial system are not waived under coercion. Again, more than 60 Senators supported my amendment, but it was dropped in conference.

I do want to join Senator KOHL and my other colleagues to commend the dairy provision included in this farm bill. This provision finally begins to move our dairy policy in the right direction by treating all dairy farmers the same—regardless of where they live. I am proud to have worked with my senior Senator to have defeated efforts to extend and expand the north-

east dairy compact and to have established a national safety net that provides equal support to producers regardless of where they live. I am also pleased that this program has a sensible limitation in terms of its payment structure. By capping these payments at the first 2.4 million pounds of production, we will help to ensure that large factory farms out west do not flood the market with milk and depress the price for those in the upper Midwest.

So it is with regret that I must oppose this legislation, because I am proud of what Senator KOHL and I were able to secure through the dairy safety net. But Wisconsin taxpayer dollars should not be used to support agribusinesses and others who put our farmers on an un-level playing field in the marketplace.

Mrs. BOXER. Mr. President, the farm bill has been the subject of a lengthy debate among many diverse interests. This bill is the product of compromise and like any compromise, it is an effort to satisfy a wide range of viewpoints.

California agriculture is itself very diverse, and I have heard from many groups in the State on this Farm bill. What I have heard from California constituents overall is that on balance, this farm bill is a net positive for the State.

I have a stack of letters from Californians on this bill—and I have listened carefully to what they have had to say. I have been asked to support the bill by a long list of California groups, including: the California Farm Bureau; Western United Dairymen; the Alliance of Western Milk Producers; California Citrus Mutual; California Apple Commission; California Walnut Commission; Diamond of California; California Dried Plum Board; California Strawberry Commission; Sunsweet Growers, Inc.; California Rice Commission; Farmer's Rice Cooperative; Sacramento Central Labor Council/AFL-CIO; International Longshore and Warehouse Union, Local 17; Calcot, Ltd. representing 1700 grower members; Dunavent of California—California Cotton Farmers; Anderson Clayton Corp.—Serving the California Cotton industry; California Food Policy Advocates—representing food banks throughout the State; Los Angeles Coalition to End Hunger and Homelessness; Health Access; National Council of La Raza; Coalition for Humane Immigrant Rights of Los Angeles; National Immigration Forum; Jack Fleming Ranches; Big Valley Packers; and Meyers Farming.

These groups represent many different interests—from California dairy to specialty crops, cotton and rice farmers, labor unions, advocates for food banks, advocates for humane treatment of legal immigrants on food stamp policy, just to name a few.

These groups have one thing in common. Each has asked for my support on final passage of the Farm Bill Conference Report.

Some wish California could do better in the farm bill. I do not disagree.

I am particularly disappointed that the farm bill conference report includes \$4.2 billion less for agriculture conservation programs than the Senate passed bill. The Senate version of the bill set aside a record \$21.3 billion for conservation. Unfortunately, the House did not maintain this level of support. However, the conference report contains an 80 percent increase in conservation funding over previous farm bills. This represents an important step in the right direction.

The conferees also decided to drop a provision that I authored to deal with Sudden Oak Death Syndrome. This syndrome has already killed many of California's beloved oak trees and has hurt our wood product and nursery industries.

It is my understanding that the Sudden Oak Death language was the victim of a broader controversy over other provisions of the forestry title. I hope I can count on my colleagues to move this desperately needed and non-controversial legislation as a stand-alone bill.

I also remain concerned about the equity in the distribution of resources in this bill. California specialty crops, in particular, should get a greater share of Federal resources. There are improvements in several programs available to specialty crop growers, but the bill does not go nearly as far as it should to ensure an equitable distribution of Federal dollars to California.

At the same time, there are many good things about the bill for California, and on the whole, I believe the strengths of the conference report outweigh the weaknesses. Let me take a few minutes to explain why.

The California dairy industry benefits from a price support program that assures an important safety net in difficult times. California dairy farms will also benefit from a new formula that will provide additional access to environmental improvements funding through the Environmental Quality Incentives Program.

Specialty Crop producers in California—such as walnuts, dried plums, and pears also benefit from a number of programs in this bill, including a minimum of \$200 million per year authorized for purchases of surplus commodities for school lunch and other programs.

The Market Access Program has been substantially increased in the conference report from the current \$90 million per year increasing to \$200 million over 6 years. This program helps California agriculture market its products abroad, including our dairy, specialty crops and our wine industry. I have worked for years to save this program and increase its funding. The substantial increase authorized in this bill is a real victory for California farmers.

Rice and cotton farmers and the communities they live and work in have suffered difficult economic times. The

commodity payments in this bill give these farmers a light at the end of the tunnel. An important reform included in the bill are new limitations on payments to multi-millionaire farmers. This is a reform I strongly supported and I am pleased that it is included in the final conference report.

I am also particularly grateful that the House and Senate conferees set aside \$50 million to be used specifically for water conservation efforts in the Klamath region. I would have preferred the \$175 million in the Senate bill, but the \$50 million provided will make a significant contribution to the needs of the people and the wildlife in the Klamath basin.

The Nutrition title of the farm bill will also provide substantial benefits to my State. In California, the nutrition title has the potential to deliver more than \$1.7 billion in new assistance to more than 3.5 million people. According to the California Food Policy Advocates, an organization that works with food banks throughout the State, "this is one of the most important pieces of Food Stamp legislation since the landmark 1977 Act."

The conference report also restores eligibility for participation in the Federal food stamp program for many legal immigrants who lost those privileges in 1996 as a result of welfare reform.

Legal immigrants pay taxes, are eligible for the draft, and many proudly serve in the Armed Forces. Yet, 1 in 10 immigrant families with a citizen child report not eating for at least one day during the past 6 months. One in four is forced to cut the size of their children's meals due to lack of resources. This bill will provide critical assistance to the neediest members of our immigrant communities.

Along with Senator GRAHAM, I also sponsored an amendment that is in the final bill authorizing \$10 million over 10 years for farm worker training.

Training farm workers to upgrade and expand their skills leads to added value for agricultural crops and increased worker productivity. It also improves worker pay, thereby helping to alleviate poverty in farm communities.

On balance, this farm bill includes key provisions that are important to the agriculture economy in California. After carefully considering the pros and cons on this important legislation, I have decided to support final passage of the Farm Bill Conference Report.

Mr. JEFFORDS. Mr. President, I rise today to express my support for the farm bill conference report. It has taken us months to get to this point, but we now have a comprehensive farm bill that addresses the needs of our farmers, as well as our consumers. I thank the members of the conference committee for their hard work and dedication, and I urge my colleagues to recognize their good work by voting in favor of final passage.

The 2002 farm bill represents a step forward on many issues. This is evident

in several of the provisions in the bill, especially those relating to dairy, conservation, nutrition and preservation. In these areas, the new farm bill goes well beyond current policy, building on the successes of yesterday, to help meet the demands of today.

I am particularly encouraged by the program this farm bill puts in place to protect our Nation's dairy farmers. House and Senate conferees have achieved consensus on legislation that provides direct, counter-cyclical payments when the Boston Class I price falls below a target price of \$16.94 per hundredweight. When the price of fluid milk drops below this level, farmers will receive a payment on 45 percent of the difference between \$16.94 and the market price. These payments, capped at 2.4 million pounds of milk per year, will be paid to all producers across the Nation. To ensure the counter-cyclical nature of these payments, the 2.4 million pound cap is intended to apply only to milk production marketed during months when payments are made to producers.

These counter-cyclical payments are especially important in my home State of Vermont, and throughout New England, where the expiration of the Northeast Interstate Dairy Compact has left producers vulnerable to volatile dairy markets. Since July of 1997 until September of last year, the Northeast Dairy Compact made payments to producers during months when Class I prices fell below the compact over-order price of \$16.94. If the compact had been in place, producers would have collected payments each of the last 5 months due to the steep decline in prices last December. Since then, dairy markets have remained depressed, with no recovery forecasted in the near future.

Recognizing that the loss of the compact has significantly impacted dairy farms in New England, this legislation makes payments under this program retroactive to December 1, 2001. Retroactive payments will not only help our farmers in New England, but they will make up for the losses that all producers have endured since last December. These losses have been incurred on all milk, and it is my expectation that retroactive payments will be made to cover each gallon produced during that period.

The dairy program included in the 2002 farm bill will continue to deliver payments almost identical to those producers received under the compact. And, although my farmers would rather see these payments taken out of the marketplace than out of the treasury, I know for many of my producers, these payments will mean the difference between staying in business, rather than calling the auctioneer.

While the dairy program is by far the most important provision in the farm bill for my farmers, I am pleased that this legislation includes an 80 percent boost in funding for conservation programs. This money will increase the

funding levels of programs that have proven successful, as well as establish a new program to provide incentives to producers for continuing and adopting conservation practices on working lands.

Although some of us would have preferred that additional funding be provided for conservation programs focused on improving water quality and protecting wildlife habitat, this legislation offers important resources that will help agricultural producers improve their stewardship of the land. The Conferees have included a provision in the bill to authorize the Secretary of Agriculture to enter into stewardship agreements with State and local agencies, Indian tribes, and nongovernmental organizations and to designate special projects to enhance technical and financial assistance provided to agricultural producers. This provision will help agricultural producers meet the requirements of the Clean Water Act, the Safe Drinking Water Act, and other environmental requirements.

The Senate passed farm bill had included a number of provisions that would have encouraged the development of pilot programs and new efforts to promote this kind of cooperation and partnership. Although these provisions were not included in the final bill, the Conferees have made clear in the Statement of Managers that they intend for the Secretary to use her authority to establish such partnerships. I believe such partnerships could be a valuable tool in addressing water quality issues, particularly nonpoint source pollution. There couldn't be a better time to encourage water utilities, landowners and the U.S. Department of Agriculture to work together to utilize the conservation programs to protect drinking water source areas.

Farmers are great caretakers of our land. I am encouraged that we have given them greater resources with which to preserve our open space, protect our rivers and streams, and sustain the vitality of our rural communities and economies. I support the Senate's emphasis on conservation in this farm bill and believe that it will provide an important foundation for promoting sound environmental practices in agriculture.

I am also delighted that this farm bill authorizes such sums as necessary for the Office of Rural Development of USDA to establish a national historic barn preservation program. This provision allows farmers to receive funds administered through States and nonprofit organizations to bring older barns into productive use, or make necessary investments in functioning facilities to prevent them from falling beyond repair. I strongly urge my colleagues to appropriate the Senate authorization level of \$25 million that was included in the Senate farm bill.

In my home State of Vermont, the State Historic Preservation Office currently administers a small-grant pro-

gram for barn preservation that has been funded by the Vermont Legislature since 1993. While this program has been very successful, applications continue to significantly outnumber the grants made through this program. Federal funding through the new national historic barn preservation program will help address the growing backlog of requests for barn preservation grants in Vermont and across the country.

Historic barns are some of America's greatest national treasures, symbolizing the agricultural foundations upon which our Nation was built. Preserving these barns will not only ensure their survival for generations to come, but will also provide practical benefits to farmers, and the communities and economies that surround them.

Finally, I would like to commend the Senate Conferees for their efforts on the nutrition title of the farm bill. Although the conference report includes less funding than was originally included in the Senate bill, conferees fought to include \$6.4 billion over 10 years for nutrition programs. This title includes several provisions that will improve and enhance the food stamp program. Although there was resistance in the House, I am pleased that the restoration of food stamp benefits to legal immigrants was included in the final bill. The benefits that were taken away from immigrants in the 1996 Welfare bill have finally been returned to immigrants that have been in the United States for 5 years.

Other important modifications to the food stamp program serve to extend transitional benefits to those leaving welfare and allow States to better align food stamp regulations with other public programs such as TANF and Medicaid. These provisions strengthen the existing food stamp program and extend eligibility to those in need of assistance.

In closing, I would like to praise the Conferees for their vision in crafting this Conference Report. I believe this legislation takes a step in the right direction in improving the regional equity of America's farm policy. It is only fair that we work to help all of our farmers receive a fair price for their product regardless of size, region or commodity. I know that my farmers in Vermont work as hard as any in the Nation, and because of that they deserve the same protection against the volatile markets that others share. I'm pleased that this bill provides them with this protection.

Finally, I would like to commend Majority Leader DASCHLE and Assistant Majority Leader REID for their leadership in getting a contentious bill through the Senate, and for seeing the farm bill through to final passage. Majority Leader DASCHLE was instrumental in this effort, and I am personally most grateful.

Mrs. MURRAY. Mr. President, 6 years ago, Congress passed a farm bill that simply did not work for farmers in Washington State.

It destroyed the safety net for Washington State wheat growers and did little for other farmers and ranchers in my State. Congress was forced to respond with four consecutive years of emergency payments.

The farm bill before us is not intended to guarantee any Washington farmer a profit. It simply guarantees what it should guarantee: A safety net for our commodity producers when prices are low. That is a fair approach and one I believe the nation can and must support to ensure our long-term food security.

I support this bill because it is a victory for our farmers and ranchers, the working poor and seniors, rural communities, and the environment.

However, this new farm bill is not a perfect one for Washington State. The final bill strikes some provisions that I believe in very strongly, and it makes new policy choices that do not work for my State's producers.

The Senate farm bill would have expanded Washington State exports by lifting the restriction that prohibits private financing of sales of food and medicine to Cuba. Unfortunately, the House leadership remains committed to an irrational, lose-lose policy toward Cuba. As a result, the Senate amendment died in conference.

The House leadership was also responsible for defeating an amendment by Senator BAUCUS to provide emergency assistance to farmers and ranchers hurt by drought and other natural disasters. Farmers and ranchers throughout the West deserved better on this issue.

I want to say how disappointed I am with the direction this bill takes on dairy policy. On many fronts, from exports to conservation, the bill will help all dairy producers. Unfortunately, the new dairy market loss payments strongly discriminate against West Coast dairy farmers. We had an opportunity to craft a dairy policy that worked for all producers nationwide. Instead, Congress again chose to create regional winners and losers.

The Senate farm bill included my amendment to promote better cooperation between Native American tribes and the U.S. Forest Service. It also included an amendment sponsored by Senator CANTWELL that would require the Inspector General of the U.S. Department of Agriculture to investigate any future deaths of forest firefighters in the line of duty. The House refused to adopt these common-sense amendments.

Finally, the Senate farm bill included my amendment that would allow communities to develop plans to bring high-speed access to rural areas. Unfortunately, the House conferees refused to accept it, and it is not included in the final bill.

I look forward to working to pass my legislation to promote rural broadband development and to promote a stronger relationship between tribes and the Forest Service. I also look forward to

revisting the other issues I mentioned above in future legislation.

While I am disappointed with a number of decisions made by the conference committee, this new farm bill includes many of the priorities I identified prior to the debate.

I am very pleased the farm bill restores food stamps for legal immigrants who have been in the United States for five years, and it restores food stamps for all children and disabled individuals regardless of how long they have been in the United States. The legal immigrant provision is the centerpiece of a new \$6.4 billion investment in better nutrition policy. The bill will also streamline the Food Stamp Program and rationalize the quality control system.

The conference bill helps Washington state recover salmon and improve conservation practices. The \$17.1 billion in new conservation spending over the next ten years will promote water conservation, help dairy producers, ranchers, and farmers protect water quality and save farmland and open space from development through an expanded Farmland Protection Program.

The bill enhances economic development in rural communities by providing \$100 million in loans and loan guarantees to establish high-speed, high-quality broadband service. The bill also makes an important attempt to reduce the backlog of water and wastewater projects in rural areas.

This new farm bill strengthens our Nation's energy security by investing \$405 million in renewable energy and biodiesel development. The Senate bill included the first energy title ever included in a farm bill. Given the uncertain future of the energy bill passed by the Senate, I am pleased this section survived the conference negotiations.

With respect to an issue I have worked for three years on, the farm bill sustains struggling apple growers through \$94 million in direct assistance. With Senator CANTWELL, I fought hard to include this funding, and I want to thank Senators DASCHLE and HARKIN for their work in protecting this vital assistance in conference.

The conference bill establishes a new safety net program for many eastern Washington farmers by creating marketing loans and loan deficiency payments for producers of dry peas, lentils, and small chickpeas. I was an early cosponsor of similar Senate legislation. Peas, lentils, and chickpeas are important rotational crops for our wheat growers, and they help to break disease cycles.

The bill increases the Market Access Program to \$200 million by 2006. In 1999, and again in 2001, I introduced legislation to enhance our agricultural trade promotion programs. The final bill supports my efforts to open and expand overseas markets for U.S. farm products.

The farm bill mandates country-of-origin labeling for meat and fish, and fruits and vegetables. I believe this is a

great idea for farmers and ranchers, but also for consumers. However, it is my understanding the conference report would not allow fish caught by U.S. fishermen in international waters to be labeled as produced in the United States. That is a concern to fishermen in my state who fish in international waters.

In another win-win situation for farmers and consumers, the final bill increases purchases of fruits and vegetables for federal feeding programs. That means better nutrition for our young people and a larger market for our fruit and vegetable growers.

Finally, I want to mention an amendment I authored that was included in the Senate bill and the final bill. My amendment authorizes emergency assistance for farmworkers when natural disasters strike. While Congress has often been slow to provide natural disaster assistance to farmers and ranchers, it has rarely provided meaningful assistance to farmworkers. We should not ignore these workers when disaster strikes.

Implementing this farm bill will not be easy and there will be challenges along the way. I look forward to working with my farmer, ranchers, and rural communities to ensure that we implement this bill quickly and fairly.

Mr. WYDEN. Mr. President, today I rise to support the 2002 farm bill conference report because it is good for Oregon producers at home and in the world market.

Agriculture in Oregon is a \$3.5 billion business. There are 40,000 farms in Oregon, totaling over 17 million acres. The average farm size is 430 acres, with a stunning variety of crops, made up of 10,000 plus wheat farms in the eastern part of the State to 100 acre vineyards in the western part of the State.

Overall, the Oregon Farm Bureau supports this farm bill. Oregon wheat and barley growers are anxious to see the workings of the new loan rates and market transition payments. They are also pleased to hear that all changes are in effect for the 2002 crop.

Oregon dairy producers tell me the compromise that maintains a permanent \$9.90 milk price support program will help them in the long term, whereas the establishment of a 3.5 year National Dairy Program to provide assistance to all U.S. dairy producers will help them in the short term.

Oregon's wool producers are pleased that the conference report provides marketing loans or loan deficiency payments to them based on a loan rate of \$1 per pound for graded wool and \$.40 per pound for non-graded wool.

This conference report also provides \$94 million, nationally, for apple producers who have suffered low market prices.

But those are just specific examples of how this conference report will be good for Oregon producers. In a more general sense, this conference is good for Oregon's specialty crop producers in the following ways: specialty crop

purchases for section 32 requiring not less than \$200 million for fruits and vegetables. At least \$50 million of that amount is for schools through the DoD Fresh Program; MAP funds—\$650 million over the life of the bill, hitting the authorized ceiling of \$200 million in the fifth year; Technical Assistance for Specialty Crops provides \$19 million for exporter assistance to address barriers that restrict US specialty crop exports; \$400 million for food assistance of which some is destined for specialty crop purchases; in addition, increased funds for school lunch programs, the WIC program, and the Seniors Farmers Market program, of which Oregon is one of the pilot States; and, Country of Origin Labeling for fresh meats, fruits, vegetables and fish will help Oregon's producers.

In addition, while some environmental organizations are not pleased by the increases provided in the conservation title of this conference report, Oregon farmers will benefit overall from the 80 percent increase in conservation programs. Specifically, \$50 million is provided for the Klamath Basin under a new Water Conservation Program that provides cost-share incentives and assistance for efforts to conserve ground and surface water.

The nutrition title is supported by Oregonians who strongly supported, and were successful in maintaining, the provision that reinstates food stamp benefits for legal immigrants. Oregonians will benefit from simplifications to the TANF and food stamp programs.

Oregonians will also benefit from the \$1.03 billion Rural Development title that will, in addition to other new and improved rural development programs, make \$100 million available nationally to allow rural consumers to receive high-speed, high-quality broadband service. It also provides \$50 million for the Rural Firefighters and Emergency Personnel Grant Program which will help as rural Oregon communities face increasing fire danger from public lands.

For years I have supported increased funding for agricultural research. Research dollars have been important to Oregon agriculture because they enable Oregon agriculture to be competitive in the world markets. This title increases funding from \$120 million/year to \$200 million/year in fiscal year 2006.

This conference report contains a new \$100 million cost share program to assist private non-industrial forest land owners in adopting sustainable forest management practices. It also authorizes research pilot programs in carbon sequestration for agriculture producers and forest land owners. Both of these programs will be available to Oregonians, regarded as leaders in these areas.

There are additional programs in this conference report that will benefit Oregonians that I have not specifically mentioned. However, the real work will begin when the President signs this conference report into law, as he has

indicated he will do. We will start the arduous process of implementation. I will be there, with my Senate and House colleagues, as that process moves forward to make sure the intent and spirit of this law is adhered to: to encourage environmentally sound, economically stable agriculture.

Mr. STEVENS. Mr. President, the farm security and rural development act of 2002 contains two important provisions for the protection and revitalization of Alaska's wild salmon industry. One is country of origin labeling and whether the fish is farm raised or wild caught and the other, a report on efforts to promote and use pouched and canned salmon within the food and nutrition programs of the Agriculture Department.

Last year, Chilean pen-raised, farm salmon was purposefully delivered the same time as Alaskan fishermen brought their salmon to market. It was and is the intent of Chile to devastate and erase the Alaskan wild-salmon market. Canada, Norway and China are increasing their farmed salmon capabilities and are flooding the U.S. market with pen-raised, pellet-fed, and chemically-enhanced salmon. In fact, dye is injected into the flesh of pen-raised salmon in order to obtain the orange and reddish salmon color that occurs naturally in wild salmon, which are born in fresh water streams, then travel out to the deep ocean and back again to the same stream to spawn.

The conference committee report includes a provision that will require any retail seafood product in the United States to be labeled at the time of sale with its country of origin and whether the fish is wild-caught or farm-raised. This will help consumers make informed decisions about the seafood they put on their dinner tables. Alaskans know that wild fish from our waters are healthier and better tasting than farmed fish from overseas. This provision will allow the rest of America to make a more informed choice between pen-raised and wild salmon and learn about all the benefits of Alaskan seafood.

The conference committee also retained an amendment which calls on the Secretary of Agriculture to report to Congress on efforts to expand the promotion, marketing, and purchase of U.S. pouched and canned salmon within the food and nutrition programs of the Agriculture Department. It is imperative to the short term success of Alaska's salmon industry to move existing inventories of pouched and canned salmon. The farm bill does a great deal to insure the commodities markets for southern and midwestern farmers, and these provisions will begin to provide some assistance and much needed protections for America's fishermen, the farmers of the sea.

An amendment that did not remain in the conference committee report, but is absolutely necessary considering how pen-raised salmon are altered and chemically developed, is the eligibility

of wild seafood for an organic product promotion effort. This amendment by my good friend and colleague FRANK MURKOWSKI, would have directed the Secretary of Agriculture to incorporate wild seafood into the organic labeling program. Wild salmon that go out into the oceans and feed in their natural habitat are by definition organic and completely natural, void of hormones or other chemicals and are undeniably deserving of the "organic" label.

Mr. KERRY. Mr. President, I would like to congratulate Senator HARKIN for his hard work in bringing this farm bill together. As Chairman HARKIN said yesterday, this conference report is not anyone's idea of perfection. It's not the bill Senator HARKIN passed in the Senate, nor is it, I think it's fair to say, the bill that Senator HARKIN or any of us might have written were legislation written to match an ideal standard. But the legislation before us today is a product of hard work and tough negotiating, and U.S. Senators are only afforded the opportunity to vote on what's before us, to make a judgment about whether we're going to provide relief and support to farmers in Massachusetts and nationwide in need of relief today, or whether we're going to vote it down and hope for an ideal farm bill the legislative process itself has proven will not be forthcoming.

Given that choice, I will support this farm bill—I will support it because it will meet needs in Massachusetts and all around the country that are absolutely critical and which we cannot afford to leave unmet.

This legislation includes record amounts of funding for land and water conservation programs, nutrition spending and reestablishing a dairy program that keeps small dairy farmers in business. This bill increases spending for land and water conservation programs by \$17 billion an 80 percent increase. This funding allows producers to qualify for assistance if they voluntarily incorporate conservation practices on their lands. In addition the bill provides \$1 billion for the Farmland Protection Program, which provides for protection around urban areas and prevents sprawl. Massachusetts has a model program for protecting farmland and this funding will only allow us to preserve and protect more farmland in the Commonwealth.

Nutrition and food programs under this bill total \$6.4 billion. Like most of us I would have preferred the Senate number, however as we all know compromises have to be made in large bills such as this. We all should be proud of the fact that this bill restores benefits to legal immigrant adults who have lived in the United States for at least 5 years. This bill also restores benefits to children and the disabled without a 5-year waiting period. The bill will also provide benefits for working families moving from welfare to work.

The dairy provision in the bill is very important to Massachusetts as well. I wish to thank Senator LEAHY for all of

his work in this area. He has crafted a compromise that allows small dairy farmers in the Northeast to compete with larger producers in the Midwest. I am especially grateful that the dairy provisions are retroactive to December 1, 2001 so that these small dairy farmers who have been severely impacted by the expiration of the old Northeast Dairy Compact, in October of last year, can now look forward to much needed help as they struggle to survive. This is yet another way that we can protect open space and prevent urban sprawl by giving these small dairy farmers a helping hand.

This bill contains an authorization for a \$10 million buyback of groundfish permits in New England. I strongly believe that we need to help family fishermen just like we lend a hand to farmers. The fishermen in New England are reeling from a recent court decision that has reduced their ability to fish by a minimum of 20 percent and in some cases by 75 percent. These fishermen are going to need some help and I intend to work with my colleagues to get these fishermen some assistance so that they can retire with dignity and seek opportunities elsewhere.

As I stated earlier, this is not a perfect piece of legislation. I am disappointed that the bill does not contain the strong payment limitations that were contained in the Senate bill nor does this conference report prohibit meat packers from owning livestock. I supported both of these amendments when we debated this bill in the Senate and I believe that both of these provisions would go along way to protecting rural America and small family owned farms. I wish to go on record as saying that I will work with my colleagues Senators JOHNSON and WELLSTONE to have these measures enacted in the future.

I remain very concerned about a flaw of this legislation, one which I know many Democrats worked very hard to avoid but which remains a serious problem in this bill. Without meaningful payment limitations we run the risk that large, powerful, corporate farms will continue to gobble up America's small, family-owned, environmentally responsible farmers. We cannot allow this to happen. This bill should protect rural America rather than subsidize another round of corporate giveaways that put at risk our environment, endanger the livelihood of family farmers, and lavish hard earned taxpayer money on corporations that need it the least. By that measure, this farm bill is a far cry from what our family farms need the most, and I would respectfully suggest that in the future we consider a whole host of efforts that do better than this bill does today.

We all should remain concerned about the cost of this legislation as well. The bill will increase the cost of Federal agricultural programs by \$45 billion over the next 6 years and \$73.5 billion over the next 10 years. With our

country at war against terrorism and our economy still not recovered we should all be concerned about the deficits that this country could potentially face.

Lastly, the conference report contains a number of animal protection provisions that I do not support. Particularly troubling were the provisions on animal fighting and downed animal protection that were nearly identical in both bills and yet the conference report contains a weakened provision. I strongly believe we should revisit these issues at the earliest possible time.

In summary, this bill is not perfect, but it is the choice before us, and in the Senate this year I see no better choices being offered. And while I think it's critical that we do better in the future, that we strike a better balance, I do not believe it would be in the best interests of our nation to deny family farmers and America's small farms the lifeline they so desperately need today.

Mr. THURMOND. Mr. President, I rise today to speak on the conference report for H.R. 2646, the Farm Security and Rural Investment Act of 2002, FSRIA Act. This is the eleventh farm bill since the Congress enacted the Agricultural Act of 1949, the last permanent farm legislation, and the first farm bill of the 21st century.

The previous farm bill, the Federal Agriculture Improvement and Reform Act of 1996, the FAIR Act, contained at least three favorable objectives—to instill market discipline upon U.S. agriculture, to foster agriculture exports, and to eliminate Government-mandated planting requirements. That legislation represented the most radical change in farm policy since the inception of Federal farm programs in the 1930s, and in my view was a step in the right direction.

I would have preferred a farm bill which would assist family farmers in becoming more efficient and more productive, thereby becoming more competitive. Instead of strengthening market oriented agricultural sector, I am concerned this bill will make farmers more dependent upon government subsidies.

Our farm policy should promote the strength and ability of American agriculture to produce more and safer food and fiber with fewer chemical inputs. The United States has a competitive advantage in the production of many crops and most kinds of livestock. However, American farmers and ranchers are plagued by low prices. While this bill attempts to deal with low farm gate prices, it does not address the fact that U.S. agricultural producers sell in a world market where low prices are the norm. A U.S. agricultural policy that results in American food and fiber products being produced at higher than world prices does no good for American farm families.

I am very concerned about the regional bias in this bill. Southern cotton, rice, and peanut farmers, particu-

larly large family farms State will be adversely affected by the payment limitations. These large farms are some how construed to be corporate farms when, in fact, most are family farms. Also, I am not satisfied that our peanut farmers are being treated fairly. This bill ends the peanut quota program, the last of the old style farm quota programs, and enacts a peanut marketing loan program, affecting both farmers and rural communities. We should have a farm bill that treats all farmers equally, that allows them to be competitive, and that continues to provide the American consumer with wholesome, good quality food and fiber.

I note that this bill authorizes considerable spending for conservation. There is nothing more important to agriculture than conservation. In South Carolina, it is said that if you do not take care of your land it will not take care of you. It is encouraging that successful programs such as the Environmental Quality Incentive Program are strengthened in this bill. However, I question the addition of programs, which in my State could lead to land being taken out of agricultural production. Once taken out of agriculture, the land rarely returns to the farm and that increases the demand for land thereby raising the price of land or the land rental.

I am disappointed the FSRIA Act does not do enough to strengthen our agricultural research assets including our land-grant university system and the Agricultural Research Service. The research done by these institutions and agency have materially added to the competitiveness and productivity of American agriculture. They should be cultivated and given the funding they need to continue their outstanding research. Emphasis should be directed at ensuring these results are translated into practical measures that can be used by the food and fiber sector of our economy. More could also have been done to help beginning farmers. However, no piece of legislation is perfect.

I thank the conferees for retaining my amendment regarding farm reconstitutions in the conference report. As I said in prior statements I made earlier this year, the Department of Agriculture could have handled the problem itself without legislation. Flue-cured tobacco producers and quota owners in the Carolinas and Virginia will be better off with this amendment. This amendment will allow flue-cured tobacco allotments and quotas to continue to be transferred through the process of farm reconstitutions.

Despite my concerns regarding the shortcomings of this bill, I will vote in favor of the conference report. Throughout my long career in public service, I have fought for the farmers of my State. This bill will provide farmers with financial resources to improve their efficiency and productivity.

Mr. BYRD. Mr. President, since Congress passed the 1996 farm bill, farmers

throughout America have been pointing out the holes in the farm safety net that was intended to help family farmers and prevent the demise of America's agriculture industry. The new farm bill, The Farm Security and Rural Investment Act of 2002, authorizes a wide variety of U.S. Department of Agriculture programs and strengthens the safety net for America's farmers, ranchers, and rural communities.

This farm bill, not unlike other authorizing bills that have moved through the Congress in recent years, approves, in one broad stroke, huge amounts of spending on the mandatory side of the budget. Without adequate controls and without the political will to make tough decisions, mandatory spending has been annually eating up greater portions of the nation's budgetary resources.

That is not to say that there are not a number of worthwhile, and necessary, provisions in this bill. Certainly we do not wish to see our agricultural industry go the way of others that have drifted overseas, where costs are lower and health and safety precautions are weak or nonexistent. Moreover, at a time when we are becoming more attuned to the real threats of bioterrorism and agroterrorism, our farming industry and the need to preserve it can be seen in a new and different light. But Senators need to be more aware of the fact that voting for authorizing legislation is not just supporting policy. It is advocating spending, often uncontrolled mandatory spending, that has a real effect on our national budget. It also meets expectations for additional discretionary spending by authorizing new and expanded discretionary programs. I hope that Senators will remember that later this year when we debate the overall discretionary spending levels.

I am disappointed about a few items that are not included in this farm bill. For example, I had hoped that this bill would include funding for livestock producers who are suffering from drought conditions that we know are going to worsen. Previous farm bills had provided this sort of assistance, and I wish that this one had. On the positive side, this bill provides funding for a number of programs important to America's family farmers and rural communities. It, as well, makes important repairs to the farm safety net. But, unfortunately, the conference report also allows significant holes to remain when it comes to the humane treatment of animals.

Procedurally, it is discouraging that certain provisions to protect animals included in both the House and Senate-passed versions of H.R. 2646 were eliminated or weakened during conference committee action. For example, both the House and the Senate versions included an identical provision to prohibit the interstate transport of animals for the purpose of fighting, but this language was weakened during conference. At the same time, a provision included only in the Senate

version of the bill that would permanently limit the scope of Animal Welfare Act protections—the so-called birds, rats, and mice prohibitions—was retained during conference.

The conference report, however, also eliminates the Senate-passed provisions that would have improved the standards of care and treatment for certain puppies intended for sale as pets. It is unfortunate and disappointing that the conference committee made these decision. Clearly, there is still so much more to do to promote the humane treatment of animals. Animals cannot vote, and cannot write or call to voice their concerns, but they do have many advocates, and I count myself as one of them.

While the farm bill conference report is deficient in its protections for animals, the bill includes provisions that will greatly help family farmers and rural communities in West Virginia, and throughout the nation.

By providing \$17.1 billion for conservation activities, for example, the bill will help farmers in their efforts to be good stewards of their land, even while they continue to cultivate crops. Farmers from many states, including West Virginia, will also benefit from the expansion of assistance for producers who grow non-commodity crops—crops like apples, peaches, and many types of vegetables. In addition, dairy farmers can look forward to counter-cyclical payments that will provide more assistance when prices are low.

The new farm bill will also make a significant investment in rural communities. The Rural Development programs authorized in this bill will help rural communities invest in the kind of basic infrastructure necessary for economic development. Most notable is the \$360 million provided to fund the backlog of applications for water and wastewater development projects.

Although I am disappointed with the limited protections for animals included in the new farm bill, overall, The Farm Security and Rural Investment Act of 2002 conference report is a compromise I shall support.

Mr. HARKIN. Mr. President, many Senators have not had the time to digest the many pages of the conference report and final legislative language of the nutrition title. I would like to take this opportunity to provide some detail on the provisions so that Senators will have a full understanding of what we have achieved in their conference report.

When we set out to re-authorize the food stamp program our goals were to improve benefits for the neediest families and to simplify the food stamp program, making it easier for States to administer and to remove obstacles for working poor families. We wanted to strengthen the program and ensure that eligible needy families can participate in this critical nutrition and work support program.

We have taken significant steps to improve benefits for households with

children by improving and reforming the standard deduction. Currently, all households, regardless of their size, receive the same \$134 standard deduction from their income before food stamp benefits are calculated. This approach effectively limits benefits for larger households, which typically include children. The legislation solves this problem by making the deduction more responsive to household size. Now, all households will receive a standard deduction set at 8.31 percent of that year's poverty line. Another aspect of this change is that the standard deduction will be indexed for inflation each year. Indexing the standard deduction will help maintain the food purchasing power of food stamp benefits over time. This provision will take effect with all of the other annual adjustments in the food stamp program's benefit structure. Some States apparently are concerned that this will be a difficult deadline to meet. USDA should take a pragmatic approach toward those States that are working in good faith to implement the provision in a timely manner, but who may miss the deadline.

One of the most significant benefit improvements included in the nutrition title is restoring food stamp eligibility to legal immigrants. The Senate passed food stamp restorations for legal immigrants with overwhelming support. It is gratifying to see the majority of the Senate proposal in the final package. The bill restores eligibility to three groups of legal immigrants. First, it restores eligibility to qualified low-income legal immigrant children regardless of their entry date into the United States. Second, it makes qualified legal immigrant adults who have lived in the United States for 5 or more years with that status eligible. Finally, the legislation allows legal immigrants receiving benefits under specified disability-based programs to qualify for food stamps.

Children who are made eligible under this provision are exempt from sponsor deeming, although adult sponsored immigrants are still subject to sponsor deeming rules. The policy USDA implemented last year on deeming represents a reasonable and balanced approach to providing food stamps to low-income families in need, while still ensuring that sponsors remain responsible for immigrants that they bring into this country. USDA should maintain this policy.

Immigrants frequently live with their sponsors. Over the years, Congress has consistently rejected proposals to require food stamp recipients to repay properly issued food stamp benefits. That principle is not incompatible with sponsor liability. Low income immigrants may be deterred from participation if they believe that their family members may be sent a bill if they participate in the food stamp program. We do not intend for low-income sponsors who are a part of the food stamp household or family

unit to incur a liability as a result of their family's or household member's participation in the food stamp program.

The broad restoration for adults will bring food stamp rules into conformity with Medicaid and TANF immigrant eligibility rules for recent immigrants. Now, under all three programs, an adult becomes eligible for benefits 5 years after obtaining a qualified status. The 5 year waiting period begins when the immigrant gains qualified status regardless of what type of immigrant status he or she had prior to that point. This alignment should make it much easier for immigrants to understand the immigrant eligibility rules in the three programs and for States to administer them.

Since 1996, the proportion of food stamp recipients who work has increased dramatically and the proportion who receive welfare has plummeted. Food stamps is no longer a mere adjunct to cash welfare programs. It is a work support program and a nutritional safety net for a wide spectrum of low-income people. Paperwork and administrative requirements that might have been appropriate when food stamps were a supplement to welfare have become unnecessary barriers to meeting the nutritional needs of more diverse eligible low-income households.

Although some States have shortened their applications, current rules require information on too many obscure types of income and resources, even though few households have these items. This approach is the result of a policy that seeks to cast a very wide net in collecting information about households' incomes and resources. A solution to this problem is to narrow the applications' scope to those relatively few types of income and resources that would make a significant difference in the food purchasing power of applicants.

Sections 4102 and 4107 of the bill allow states to conform their definition of income and resources in the food stamp program to definition in their TANF and Medicaid programs. Each section lists major items that fairness requires to be counted. USDA will have the authority to add to the list of items states cannot exclude. Since we worked closely with USDA in crafting the statutory list, the Department should not have reason to exercise that authority in the absence of unforeseen circumstances. In addition, the legislation does not require states to wait for new regulations before simplifying their programs.

States now have the option of semi-annual reporting in the Department's current regulations. This bill allows States to extend semi-annual reporting to the vast majority of the food stamp caseload. States will be able to conform their food stamp reporting rules more closely to those of Medicaid and other work support programs.

Separate rules and requirements for each program burden both families and

state administrators. Joint guidance or regulations from USDA and HHS can make a real difference. Families should be able to comply with both programs' requirements by completing a single report. An eligible family should not put its food stamps at risk by complying with Medicaid reporting requirements. The Department should ensure that this no longer happens.

The same procedural protections the Department has long applied to monthly reporting are just as appropriate for any other system of periodic reporting. Just as a household that files a late or incomplete monthly report needs a second chance, so too does a family having trouble with a quarterly or monthly report. In addition, the Americans with Disabilities Act and rules for individuals with limited English proficiency would apply equally no matter what period is covered by the report.

USDA should further reduce reporting burdens for the elderly and persons with disabilities using the broad regulatory authority it used in late 2000 to reduce burdens for many types of households.

To reduce the number of reports required of households, the conference report provides states the option to freeze households' deductions between eligibility reviews with two limited exceptions. First, if the household reports that it has moved, the food stamp office will have to provide the household a shelter deduction based on its new circumstances. Second, whenever the Department's regulations require the food stamp office to act on a change in earned income, it will have to apply the 20 percent earned income deduction to the new amount. Any household that believes this freeze is causing it a hardship may reapply and have its benefits recalculated without waiting for the next scheduled review of its eligibility. States may implement this change as soon as it becomes effective. Significant new regulations from USDA in this area are not expected.

The conference report does not include a Senate provision that would have replaced the current food stamp re-certification process with a re-determination process. In years past, the rigidity of certification periods was a serious problem, but USDA has taken steps in recent years to introduce flexibility and allow certification periods to be extended simply and easily. The allowance of transitional food stamp benefits, both as they exist today under USDA regulations and as expanded in this legislation, further reduces the need for fixed certification periods.

Families leaving welfare can face particular difficulties with the food stamp program's current procedural requirements. Recent studies have shown that as many as 60 percent of families leaving cash assistance do not continue to receive food stamps even though almost all are still eligible.

To ensure a much smoother transition from cash assistance to work, this

legislation provides States with a new option to provide up to 5 months of transitional food stamps to families leaving cash assistance. Since virtually all of these families are already eligible for food stamps, the goal of the program is to eliminate any unnecessary administrative hurdles that families or States might face. When a household leaves the State's cash assistance program, the state will simply subtract the cash benefit from the family's income and recalculate food stamp benefits. There will be no contact between the State and the household and no procedural requirement on the household. This transitional benefit amount will be the correct food stamp benefit for all purposes. The benefit will essentially be frozen for the next 5 months, except that States will have to update the benefit to reflect any general changes in food stamp benefit amount such as an increase in the thrifty food plan.

States may also elect to adjust the transitional benefit if they become aware of changes in the household's circumstances. For example, if a mother reports the birth of a child to the Medicaid program, the State can elect to increase the food stamp allotment to reflect the new child. In addition, the household retains the right to re-apply to have its food stamps recalculated based on current circumstances. This is especially important in cases where the wage-earner in the family loses a job.

Families that pay or receive child support can have special difficulty under current rules. These payments may fluctuate for any number of reasons. Keeping track of them can be difficult for both the food stamp office and the household. In addition to established regulations, USDA circulated some useful guidance on this subject last year and may want to do more.

Many States do not have computers in their child support enforcement agencies that can communicate effectively with the systems that calculate food stamps. The bill requires USDA to establish simplified systems for using data from child support agencies even if it is a few months older than most information used to calculate food stamp benefits. Unless a household submits more current information, the State would use what it has. This legislation only addresses families that pay child support. A State should not rely upon State data about child support a family receives unless, under the income anticipation rules, it is reasonably certain that the family will continue to receive those amounts.

Although the focus of the bill is on procedural simplifications, we did simplify the program's benefit calculation rules in some respects. Simplification is not intended to be applied in ways that would reduce benefits. New rules for estimating households' utility costs in this bill will allow States to elect to allow use of a flat, standardized amount used to calculate the shelter

deduction for families with utility bills other than telephone. States do not have to inquire further into the family's living arrangements. This simplification as long as USDA and states ensure that these standardized estimates keep pace with increases in utility costs. States do not have to inquire further into the family's living arrangements. This simplification will not reduce benefits as long as USDA and states ensure that these standardized estimates keep pace with increases in utility costs.

The Senate bill included a simplification in the procedures states use to convert weekly and biweekly earnings into monthly income. However, the Department's current regulations already allow states to do that if they follow these same conversion procedures in TANF. Accordingly, the legislative provision was not adopted, but USDA should encourage more states to take this regulatory option.

The other simplification we made in the food stamp benefit structure involves people who live in institutions and are unable to manage their own food stamps. This will primarily involve people who are recovering from substance abuse problems and some people with severe disabilities. Although these procedures can apply to homeless people or to women living in shelters for victims of domestic violence, we expect many people in those facilities will choose to retain their own food stamp benefits because of their relatively brief stays or because they need to obtain some of their meals outside the shelter. Where, however, the recipient consents or is incapable of managing his or her own affairs, this provision will allow the benefit to be calculated under a standardized formula that will not require the institution to gather a great deal of detail about the circumstances of each resident. USDA's current rules that define an institution as a facility consistently providing more than half of a recipient's meals will continue to apply and limit this provision's scope. We also included safeguards to ensure that persons leaving centers in mid-month will receive their fair share of benefits for the remainder of the month and will get help from both the center and the food stamp office to re-enter the regular food stamp program.

Many States have been operating EBT for some time now and have a great deal of experience. This legislation requires USDA to issue a report on the current status of EBT. It requires USDA to provide a wide array of information on how systems are operating, including issues with contract renewals and client access. The report will include valuable information about how states ensure that claimants have full access to their food stamps within EBT systems and on how they ensure that EBT complies with the Americans with Disabilities Act and the Rehabilitation Act.

The Senate bill included a provision to ensure that households that have accumulated benefits in an electronic system would not have their benefits made inaccessible for some time. Elderly and disabled households who often receive very small food stamp benefits and store them, might otherwise lose food stamp benefits. The Department is already planning to implement this policy via regulation, so the bill does not include the provision.

Reforms to the food stamp quality control system in the bill are based to a great extent on the recommendations of the National Academy of Sciences. The current quality control system, for measuring program performance, only focuses on payment accuracy. Under the new system, payment accuracy will not override the program's basic goal of providing food assistance to eligible families.

Under current law, States with payment error rates in excess of the national average face fiscal sanctions each year. Thus, close to one-half of the States are in violation each year. The new system focuses on those states with persistent payment accuracy problems. Only those States which USDA is statistically certain have payment error rates above 105 percent of the national average will be targeted as problem States. When a State exceeds this threshold for 2 consecutive years, USDA will be required to take action and may use any combination of three specific options as its response.

First, USDA may require the State to reinvest up to 50 percent of the sanction to improve administration of the program. The bill does not specify in what activities States should reinvest, although states may use reinvestment funds to improve program access. States have discretion to determine what type of reinvestment will most improve its program. Second, USDA can designate up to 50 percent of state's potential liability to be held at risk, but cannot collect sanctions during the year in which they are assessed. The State must pay at risk amounts from the previous year if the State's error rate is subject to sanction in the current year. If the State is not subject to sanction in the following year, the amount held at risk is automatically waived. Finally, USDA can waive any portion of the sanction amount. Sanctions that are not reinvested or held at risk must be waived.

USDA should consider the causes of the State agency's problems, and whether the State's error rate is declining along with other relevant factors when determining how much of a State's sanction to waive. If a State is making progress on reducing its error rate, USDA should consider a waiver of its sanction. As under the current system, States may appeal these decisions. If a State loses an appeal, USDA may withhold funds that have not yet been reinvested pending appeal. The Department should not use this authority in a way that undermines rein-

vestment plans when a State raises an appeal in good faith.

The Senate bill would have adjusted sanctions for States doing a particularly good job of serving low-wage working families or immigrant households. USDA assured the conferees that it would continue its current practice of adjusting sanctions to account for enrolling high or rising numbers of participants more likely to involve errors, such as working poor households. USDA should also continue to adjust for the impact of high numbers of legal immigrant households and, in the future, to adjust for other factors, as the need arises.

The current system will remain in place for fiscal year 2002. USDA may use its authority to waive the fiscal year 2002 sanctions for those States that would not have faced sanctions under the new system. Similarly, it may waive sanction amounts in excess of the new sanction formula.

The new system begins in fiscal year 2003. No State will be subject to paying a sanction until 2005. The administration requested this delayed implementation timetable. USDA must now ensure that this delayed effective date does not undermine the progress states are currently making toward lowering error rates.

The legislation provides \$48 million each year for new quality control performance bonuses to States. Bonuses will be provided to States with the best or most improved performance relating to correcting errors, reducing rates of error, and improving eligibility determinations and other indicators of effective administration determined by USDA in consultation with the States. Correcting errors is crucial. USDA should recognize and reward States that improve their staff training and establish systems that give State administrators early warning when eligibility workers encountering problems. USDA should also consult other program experts such as client advocates, research organizations and academics.

The bonuses should be balanced and reflect many important aspects of State administration, in addition to payment accuracy and program integrity. Timeliness and denying benefits only to those applicant households that are truly ineligible, should be a significant portion of the bonus calculation.

Regrettably, the conference agreement does not include the Senate provision to move toward the more reasonable version of the time limit for able-bodied adults without dependents that the Senate passed in 1995 and again in 1996. Congress should revisit the issue in the near future, but in the meantime, the administration should continue to do everything possible to limit harsh and inequitable effects of this provision.

In addition, the bill restructures the employment and training funding to eliminate the requirement that 80 percent of employment and training funds

be set-aside for individuals subject to the time limit, although it does reserve a small amount of money specifically for that population. USDA should give this group of people and the States that elect to serve them special consideration when distributing employment and training funds. States that have agreed to ensure that no one who is willing to work is denied benefits under the time limit should receive the funds to do so.

In this bill, States have a greater flexibility to provide employment and training services to people that are subject to the time limit yet do not meet the definition of a work activity. Such individuals can still benefit from, for example, job search activities and training programs that are less than 20 hours per week. USDA should respect the broad authority states already have to decide how to coordinate and apply these various employment-related requirements under the act.

This bill also eliminates the current \$25 cap on the amount States may reimburse E&T participants for expenses other than dependent care. This cap had not kept pace with inflation and limited States' ability to provide needed work support as part of their education and training programs. USDA should continue its longstanding policy of providing States with broad flexibility in providing these funds to employment and training participants.

This nutrition title is among the strongest that the Congress has ever passed. It will improve benefits, support families' efforts to move from welfare to work, and simplify program rules. The bill will improve nutrition benefits for low-income Americans and reduce hunger and poverty in our country for a number of years into the future.

THE PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I yield myself whatever time I have remaining.

THE PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I want to take this opportunity to close my part of the debate on this farm bill. We will be voting very soon. I want to say a few things.

This is a comprehensive bill. This isn't a bill just for commodities for one part of the country or other. This is a comprehensive bill that takes into account a lot of different factors. This is a farm bill that has taken a long time and a lot of hard work, both in our committee and in the Senate, under the leadership of, first, Senator LUGAR, and under my chairmanship beginning in the middle of last year; also, on the House side, under the chairmanship of Congressman COMBEST, and his ranking Member, Congressman STENHOLM.

We have had a lot of debate on this bill in the committee and on the floor, and, quite frankly, a lot in conference also.

Out of this has come, I think, a good bill, a strong bill—a bill that is good for all of America.

Is it a perfect bill? No, it is not perfect, at least not from my viewpoint. And I daresay, there isn't one Senator here who would think it would be perfect from his or her viewpoint. I am sure that everyone here can find one or two things they do not like in the bill. But keep in mind, it is a comprehensive bill for America and for our future.

The bill comprises a number of different parts which I think enable us to turn the corner. If I were to say what was my view on this farm bill, it turns the corner from where we have been in the past.

In commodities, we have strengthened income, we have provided stability and predictability. We have ended the Freedom to Farm. Freedom to Farm was built on a two-legged stool: low loan rates and AMTA payments—direct payments.

Well, if you ever tried to sit on a two-legged stool, you know it is unstable, it is unpredictable, you never know which way you are going to fall.

So this bill puts four legs under that stool for our farmers and our ranchers: higher loan rates, a target price, a direct payment, and conservation—four strong legs under that stool by which we support and enhance our farmers' livelihoods. So we have turned the corner.

Large farms in the past got everything. Under Freedom to Farm, it was a dog-eat-dog world. And in a dog-eat-dog world, the biggest dog gets it all. We have turned that corner. Now, for example, people like Scottie Pippen and Ted Turner and Sam Donaldson will not be able to get a dime from this farm bill. I cannot tell you how many editorials I have seen lately saying the farm bill continues to give all this money to people like Ted Turner and Scottie Pippen, and people like that. Absolutely untrue. We have turned that corner. They now will not get one single dime.

We have more help for our moderate and mid-sized farms, with the higher loan rates, with the conservation payments, with the target price. We have support in here for beginning farmers. We even have a specific provision in here for organic farmers, which we have never had before. We have a provision in this bill for specialty crops, a floor of \$200 million a year for the purchasing of fruits and vegetables. That helps small orchards, small vegetable farmers, in every state, like in Washington, in Michigan, and in New England. This is good not only for them but for the health and welfare of America. So we have turned the corner in just focusing on the biggest farmers and in focusing only on a few crops.

We now are saying to moderate and mid-sized farmers: You, too, will have support and help. We say to farmers who are growing specialty crops: You now have support and help. We say to organic farmers: You now have support

and help. We say to farmers who want to practice conservation: You now have help. And especially to our smaller and mid-sized farmers.

So we have turned the corner. On conservation, we have an 80-percent increase in conservation, a huge increase over 1996 Farm Bill. We have turned the corner. The Conservation Reserve Program, nearly 3 million more acres will be added; the Wetlands Reserve Program, we have more than doubled it; the Wildlife Habitat Program, a fourteen-fold increase; the EQIP program, to help our livestock farmers clean up and stop runoff into places such as the Chesapeake Bay and the Mississippi River and the Missouri River and the Great Lakes and our crop producers to reduce their nutrient run-off, among many other important conservation activities, five and a half times more money. More money for EQIP than we have ever had before, going from \$2 billion to \$11 billion.

There is a new provision for ground water protection that we have never had before; \$600 million to help conserve ground and surface water. There is a brand new conservation program called the Conservation Security Program that will help all farmers, especially our moderate and mid-sized and small farmers be good conservationists, like they want to be, like many of them are already. This will help support them and encourage them to be even better conservationists in the future. We have turned the corner on conservation. This is a program that many farmers are eagerly waiting for and I strongly encourage the Secretary to expedite implementation of CSP so we no longer leave producers out of conservation programs and so we no longer continue to ignore the stewards of our nation's natural resources.

On nutrition, as I mentioned, the last farm bill did not even include a nutrition title. We included it in this farm bill at a level of \$6.4 billion, almost twice what the House level was. Yes, I say to my friend from Texas, you bet we restored food stamp benefits to legal immigrants who have lived in the United States for at least 5 years. The President himself wanted that. We also said that children and people with disabilities don't have to wait 1 day to get food stamps. Yes, we answered that need.

We also did away with a lot of the red tape and the paperwork associated with the food stamp program. In addition, we provide 5 months of food stamps for people who are making the transition from welfare to work.

On the Emergency Food Assistance Program—the TEFAP program it is called—we provide more money for commodities that are distributed in food banks and food pantries.

There are 33 million Americans—13 million of whom are children—who go to bed hungry every night. This farm bill speaks to them. That is why 51 organizations, including Second Harvest, Bread for the World, the Children's De-

fense Fund, the Food Research Action Center, and many others—51 food groups—in America support this bill and urge its passage. Our bill sticks up for needy people. We say, they, too, are part of our great country.

Someone said we are buying votes in this bill for commodity programs. How about nutrition? How about all the money we put in for nutrition, for all the poorest people in America, for legal immigrants? Many of them cannot vote. We are not buying any votes there. But we are meeting a humanitarian need and we are meeting our obligations as a decent and caring society.

Rural development: We provide the funds to clear up the backlog of water and wastewater. Broadband access: This is the first time we have money in there to bring broadband access to our small towns and communities. We have a Rural Equity Capital Fund we have never had before, a provision to provide for grants and loans for value-added businesses owned by farmers around small towns and communities. We have turned the corner on rural development.

Energy: This is the first time ever we have had a title in the farm bill dealing with energy, to provide grants and loans to farmers and ranchers for renewable energy—wind, solar, biomass, that type of energy—to build biofuels processing plants for soy diesel, soy lubricants, ethanol. Yes, we are providing new markets for our farmers out there, and the new market is energy—energy for our country, to make us energy independent, to provide us the kind of independence that we need in energy, based on renewable resources on our farms and ranches. It is the first time ever. We have turned the corner.

On trade, we provide more money for the Market Assistance Program, to make sure we are able to sell our value-added products overseas, and we have the Foreign Market Development Program to get our bulk commodities overseas. We have provided more money for that. So we have turned the corner there.

We have heard a lot of talk about competition. I will say this, we have done more in this bill on fairness and transparency than any bill since the Packers and Stockyards Act was passed in 1921—more. Farmers and consumers scored a big win, and the big meat processors suffered their biggest loss in decades when we kept the country of origin provision.

The PRESIDING OFFICER (Ms. STABENOW). The Senator's time has expired.

Mr. HARKIN. Madam President, I ask unanimous consent that I be given 4 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. I thank my colleagues for giving me this time.

The big meat processors lost out. We got country-of-origin labeling, as well as a crucial amendment to the Packers

and Stockyards Act that brought swine production contractors under the Packers and Stockyards Act. So now farmers who have swine production contracts have the same protections against unfair practices as poultry growers and livestock owners. This provision makes sure that the Packers and Stockyards Act evolves with the changing industry.

We were also able to keep a provision to make it clear that farmers who have marketing and production contracts have the right to discuss those contracts with their close advisors and family, no matter what the contract or the meatpacker says.

Let me say this about payment limits. Do I wish we could have done more? Yes. But I want to point this out: Right now the payment limitation is \$460,000, the maximum that any one person can get or any one entity can get under the freedom to farm bill. The House came with \$550,000. They raised it. We brought it down to \$360,000. It is \$460,000 now. We brought it down to \$360,000. We were at \$275,000 in the Senate. The House was at \$550,000. So we actually came in closer to the Senate at \$360,000. As I mentioned, we cut out the Scottie Pippens and the Ted Turners and all those people who were getting payments. That has ended.

We set up a commission that will have members appointed from the Senate, from the House, and from the administration, to advise us on further processes that we should do to address the issue of payment limitations.

And this is another thing we did: We provide for transparency. From now on, we will be able to track every payment made to every farmer, track it right from the beginning right down to who gets it. Right now, people hide behind entities, such as partnerships and co-ops and corporations. Now, with transparency, we will see who gets what, for the first time ever. So now we have transparency in all of our programs, transparency in the EQIP program, transparency in the commodity price support program.

So, yes, we have turned the corner on competition. Maybe we did not get to the goal of where we want to be, but we have turned the corner. From now on we are going to have transparency. We are going to have a better handle on exactly who is getting what.

I conclude my remarks by saying: You can vote no on this bill. I could pick out two or three things, if I wanted to, and vote no myself. But this bill moves us forward, to turn that corner, to turn away from the Freedom to Farm bill and what it stood for, and to chart a new course for the future. We can vote no on this bill. All that means is we go back to Freedom to Farm, with none of the provisions I just mentioned applicable. They would all be gone. Is that what we want to do? Step back in time? Step back to where we were? I don't think so.

The bill is not perfect, but it is a good, strong, fair, and equitable bill for

farmers and ranchers all over this country. It is fair and equitable to our consumers because they are still going to continue to get the most reliable, safest, cheapest food anywhere in the world. We meet our social obligations in ensuring that we provide food and food stamps to those most needy in our society. That is why I urge Senators to vote for this bill and move it ahead.

I thank all of our staff members who have worked so hard on this bill. In particular, I thank Mark Halverson, my staff director. When this is all over, I will tell him he has to go to bed and get some sleep because I don't think he has slept in about a month or two or three. I thank Charlie Rawls, our general counsel; Bob Sturm, chief clerk, who made sure everything was set up for us in our meetings, took care of all the paperwork; Rich Bender; Karil Bialostosky; Seth Boffeli; Kevin Brown; Alison Fox; Amy Fredregill; Sara Hopper; Ellen Huntoon; Eric Juzenas; Susan Keith; Jay Klug; Stephanie Mercier; Frank Newkirk; Doug O'Brien; Vershawn Perkins; Erin Peterson; Lloyd Ritter; Terri Roney; John Moreland; Bob Soukup. I thank all of those.

I ask unanimous consent for 1 more minute to continue to thank my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. I thank particularly the family members of these individuals, the spouses, significant others, the children. I know they haven't seen spouses, loved ones, parents, father and mother, in this case, for some time because of the long hours we have worked. Sometimes when Members would go until 9 or 10 at night, we went home. Staff stayed until 1 or 2 in the morning to clean up the mess we made and do all the paperwork and get us ready for the next day. I particularly thank their families.

I close by saying my special thanks to my ranking member and my good friend Senator LUGAR from Indiana. I know we disagree on this bill, but there are a lot of things on which we do agree. There are a lot of things we worked very closely on when we developed the bill in committee. I look forward to working with him in the future.

This is not the last farm bill. This is not the end of what we will do to address the needs of rural America and our people who live there. I look forward to working with Senator LUGAR.

As I said, we may have a disagreement, but I echo what someone said the other day: Senator LUGAR has been from the beginning intellectually honest and forthright in his approach on this farm bill. No one can fault that. We just see it differently; that is all. But he has been a great friend. He has helped move the process forward. Even though he didn't agree with the bill, he wanted to make sure the process moved forward. I think that is the mark of a true Senator and a statesman—to make sure, even though you

don't agree, that the process must continue forward.

I thank my good friend and my ranking member Senator LUGAR for his help and his support in getting us to this point where we now are approaching a final vote on the bill.

Mr. LUGAR. Madam President, I thank my colleague, the distinguished chairman, for his generous remarks. I will simply say, as I did at the beginning of the debate, he came into the chairmanship of the committee at a difficult time. This is a long process. He and his staff have done a remarkable job, and our staff has worked with them. We look forward to continuing to do so.

We are going to have much more of an agenda before the Agriculture Committee. The distinguished chair will be a part of that as well as the distinguished majority leader who is on the floor whose remarks we now await.

I do have a disagreement with my chairman, but we have expressed our views at length and hopefully to the profit of all who have listened to this debate.

I thank the Chair and yield the floor.

Mr. HARKIN. Madam President, I wanted to thank the legislative counsel who worked so hard on this: Gary Endicott; Darcie Chan; Janine Johnson; Heather Flory; and Tim Trushel. They were indispensable in helping us work through this bill.

I thank the Congressional Research Service: Geoff Becker; Joe Richardson; and Jeff Zinn. I thank the Congressional Budget Office analysts. When we always asked them, in the middle of the night, they would come through with the information we needed. They are David Hull, Jim Langley, Greg Hitz, Valeri Baxter-Wolmer, and Lanette Walker. And at the USDA Office of General Counsel, I thank Dave Grahn and Pia Rutenburg.

I will yield the floor, but someone asked me what was the best thing we had going for us when we went into conference with the House. I said: We had our secret weapon. We had the majority leader of the Senate.

The majority leader is a valuable member of our Agriculture Committee. I can't think of anyone who has worked longer and harder for our farmers and ranchers in America than TOM DASCHLE. Since the day he first came to the House of Representatives, we have been close friends. We have worked together. He has been one of best leaders on agriculture in all these years. It is a source of pride to me to have him on the Agriculture Committee with us.

I can tell you, it was a great source of pride in getting the job done and getting us to this point that Senator DASCHLE was there with us every step of the way, helping us out and bringing us to the point where we are.

I publicly thank my good friend, my leader, Senator DASCHLE, for all of his help on this.

The PRESIDING OFFICER. The distinguished Senate majority leader.

Mr. DASCHLE. Madam President, I will use my leader time to finish comment on this bill before we go to a vote. I will try to be brief because I know Senators are hoping to have the opportunity to vote very shortly.

Let me simply return the compliment of the distinguished Senator from Iowa, the chairman of the committee. He and I have spent more hours than either of us have been able to count over some long months with the hope and expectation that we would be coming to this point. His extraordinary tenacity, his leadership, his vision for agriculture, his ability to work with all sides, his ability to articulate positions of our caucus and of Senators with whom he both agreed and disagreed is remarkable.

The people of Iowa have had many proud moments in their history. I cannot think of a prouder moment for the State of Iowa, this special time for us as we bring this very important issue to a close in the Senate.

In the most heartfelt way, I offer my congratulations to Senator HARKIN for his leadership.

I must say, without being repetitive, his comments about the distinguished Senator from Indiana are so true. There isn't anybody in this Chamber I have greater respect for than DICK LUGAR. I am reminded again why, as I watch how effectively he presented his arguments. The old adage about disagreeing without being disagreeable applies exponentially in so many ways to DICK LUGAR. He is never disagreeable. He will disagree and he will make his voice known and heard, but he is a remarkable Member of this body. I am honored to serve with him and to work with him on all issues, especially this one.

My colleagues have thanked their staffs. I could not go to the vote without thanking publicly Bart Chilton, Jonathon Lehman, and Mark Childress of my staff, especially. As Senator HARKIN has noted, we would not have accomplished what we did were it not for their remarkable work, their tremendous effort, night and day, and well into the night, sometimes into the wee, early morning hours, in order to achieve what we were able to accomplish over these past several weeks and months. But those three individuals deserve special thanks.

I must say, whatever I can accomplish as leader is only accomplishable because of the tremendous professionalism my staff demonstrates daily. Mark, Bart, and Jonathon certainly have done that in this case in ways for which I will never be able to thank them adequately.

It is no secret that many of us have had difficulty supporting farm legislation in the past. So I can sympathize with Senator LUGAR as he articulates his reasons for opposing this particular piece of legislation. He has been an advocate of prior farm bills because he believed in them. I am an advocate of this bill because I believe in it. I be-

lieve in it because I think it does so many things we have heard the chairman so eloquently articulate just now. I will not recount them; to do so would be redundant. But I really believe that, for the first time in a long time, we will be able to send a message of hope to farmers and ranchers all over the country; hope to farmers in South Dakota who may have lost some of the reason for hope in recent years; hope to young farmers who really want to become part of rural life and productive citizens, as the farmers and ranchers of the future; hope to those who believe we can do better in nutrition and find ways to do a better job with conservation; hope to those who believe we can figure out a way to balance the imbalance that exists now in the unfair trading practices used by some, and make sure consumers have the ability to know where their products are coming from now with country-of-origin labeling.

So I must say, this is a great day for agriculture. This is a great day because we send a strong message to our farmers and ranchers of all generations, and to those who look to us for some expectation that they can survive and achieve great things, having chosen this wonderful profession. So I am very pleased with the result. I am hopeful that our colleagues on both sides of the aisle will support this result with a resounding vote this afternoon.

I hope we can continue to build on what we have done. I have heard my colleagues come to the floor and suggest that now what we have to do is focus our attention on packer concentration. I heard Senator HARKIN speak powerfully about his determination to continue that effort. So we know our work is not done, but we do know we have accomplished a good deal. We have created a foundation for the next 6 years upon which we can build even more—sending hope and creating even better and more promising days in the future for our farmers and ranchers, the likes of which I didn't think we would see this year.

I thank the Chair and my colleagues, and I thank those on the committee. I thank the conferees, and I thank our staffs for a job well done.

I yield the floor.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Madam President, how much time remains on our side?

The PRESIDING OFFICER. Two minutes.

Mr. LUGAR. Madam President, I thank the distinguished majority leader for his very thoughtful and generous comments. It is my privilege now in the remainder of our time to thank people who have been very vital to this farm bill and with whom certainly I have had the pleasure of serving in this committee. They are our minority staff and detailees. I would like to name each one.

Obviously, Keith Luse, my right-hand person, who is right by me now,

our staff director throughout all of this; Dave Johnson, chief counsel; Carol Dubard; Andy Fisher; Michael Knipe; Walt Lukken; Andy Morton, our economist, who has been so helpful during this debate and for many years; Terri Nintemann; Carol Olander; Chris Salisbury; Erin Shaw; Daniel Spellacy; Pat Sweeney; Mark Tyndall; Dave White; and Benny Young. All of them are very able people, with great futures ahead of them. We look forward to continuing our work with the majority staff and with our distinguished chairman.

With that, I yield back the remainder of our time.

Mr. HARKIN. Madam President, on this vote, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the conference report to accompany H.R. 2646. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from North Carolina (Mr. HELMS) is necessarily absent.

I further announce that if present and voting the Senator from North Carolina (Mr. HELMS) would vote "no."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 64, nays 35, as follows:

[Rollcall Vote No. 103 Leg.]

YEAS—64

Akaka	Dorgan	Lott
Allard	Durbin	Mikulski
Baucus	Edwards	Miller
Bayh	Feinstein	Murkowski
Biden	Fitzgerald	Murray
Bond	Frist	Nelson (NE)
Boxer	Harkin	Reid
Breaux	Hollings	Rockefeller
Burns	Hutchinson	Sarbanes
Byrd	Hutchison	Schumer
Campbell	Inhofe	Sessions
Cantwell	Inouye	Shelby
Carnahan	Jeffords	Smith (OR)
Cleland	Johnson	Snowe
Clinton	Kennedy	Stabenow
Cochran	Kerry	Stevens
Conrad	Kohl	Thurmond
Craig	Landrieu	Torricelli
Crapo	Leahy	Wellstone
Daschle	Levin	Wyden
Dayton	Lieberman	
Dodd	Lincoln	

NAYS—35

Allen	Enzi	Nelson (FL)
Bennett	Feingold	Nickles
Bingaman	Graham	Reed
Brownback	Gramm	Roberts
Bunning	Grassley	Santorum
Carper	Gregg	Smith (NH)
Chafee	Hagel	Specter
Collins	Hatch	Thomas
Corzine	Kyl	Thompson
DeWine	Lugar	Voinovich
Domenici	McCain	Warner
Ensign	McConnell	

NOT VOTING—1

Helms

The conference report was agreed to. Mr. HARKIN. I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

Mr. LIEBERMAN. Madam President, I voted today for the farm bill because

I believe that it provides some needed relief to our strapped farm industry as well as provides some new and much-appreciated assistance to the farmers of Connecticut. Our farm economy right now is in dire shape, and farmers from across the nation have pleaded with the Congress to give them the assurances that this bill possesses. I do not believe it is a time at which we can turn our back on the nation's farmers.

The bill also provides some precedent-setting relief to the often ignored farm industry in my home state of Connecticut. In particular, the extension of the dairy program, the new assistance for the speciality crops that dominate our farmland, the increases in conservation funding over the status quo, and the various incentive programs for organic agriculture all will bring benefits to Connecticut farmers. Finally, the provision of \$600 million annually in new nutrition programs, including the restoration of food stamps to many legal immigrants, will allow many Connecticut residents to provide essential supplies of food for their families.

While this bill does provide support for who depend on the land for their living, like most legislation it is not perfect, and so I cast this vote with some reservations. I am concerned that several of the features that made the Senate-passed bill desirable have been weakened in conference. In particular, the conservation funding has been reduced and appears to be backloaded far into the future. The payment limitations that were adopted in order to ensure that funds were distributed more equitably, and not disproportionately to large corporate farms, also appear to have been weakened. While I cast my vote today for this bill, I hope that we can revisit these important issues in the near future.

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Madam President, I ask unanimous consent the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Madam President, the majority leader has asked me to announce there will be no further rollcall votes tonight.

ANDEAN TRADE PREFERENCE EXPANSION ACT—Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The assistant legislative clerk read as follows:

An act (H.R. 3009) to extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

Pending:

Daschle amendment No. 3386, in the nature of a substitute.

Dorgan amendment No. 3387 (to amendment No. 3386), to ensure transparency of investor protection dispute resolution tribunals under the North American Free Trade Agreement.

AMENDMENT NO. 3387

The PRESIDING OFFICER. The question is on agreeing to amendment No. 3387.

The amendment (no. 3387), was agreed to.

Mr. REID. Mr. President, I move to reconsider the vote.

Mr. DASCHLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, I would like to take this time to talk in some detail about the Trade Adjustment Assistance Reform Act, the underlying bill. This is a bill which is a renamed version of S. 1209, which was reported out of the Finance Committee last December. It is the first part of a trade package to which the pending motion—actually it is the first part of the substitute underlying the bill.

I think it is important to put this bill in context. That is why I want to spend some time reviewing the history of the TAA program, its purpose, and recent proposals for reform, and how those factors are reflected in the bill.

I also want to review some important points about what this bill does and does not do. Unfortunately, there is a lot of misinformation out there. I want to clear up some of the inaccuracies that have cropped up about specific parts of the bill.

Last, I want to review my efforts to make this a bill with bipartisan appeal. That has been my goal—and, I think, one I share with Senator DASCHLE and Senator BINGAMAN—from the beginning. I really believe we have achieved that goal. So I want to touch on how that happened as well.

First, I will start with a little history.

Trade Adjustment Assistance—what we call TAA—was created in the Trade Expansion Act of 1962 and revised to its current form in the Trade Act of 1974. It was last revised in the 1993 NAFTA Implementation Act, which created a special program for NAFTA-impacted workers.

The purpose of the TAA program is to help workers who lose their jobs and firms that face layoffs as a consequence of international trade.

In 1962, President Kennedy said.

Those injured by . . . trade competition should not be required to bear the full brunt of the impact. There is an obligation [for the Federal Government] to render assistance to those who suffer as a result of national trade policy.

When President Kennedy said those words, the United States had a trade surplus. Imports amounted to less than 5 percent of GDP. But the President and a bipartisan majority of the Congress were wise enough to realize that the benefits of increased trade are not

evenly distributed. They realized that we, as a government, have an obligation to help those who are displaced by trade policy to get back on their feet.

Today, as well all know, there is a huge trade deficit. Imports as a share of GDP have tripled. These facts can lead to only one conclusion—the rationale for having a strong, effective trade adjustment assistance program are even stronger today than they were when the program was created. That is why 66 percent of Americans responding to a recent poll agreed with the following statement:

I favor free trade, and I believe that it is necessary for the government to have programs to help workers who lose their jobs.

Congress has regularly reauthorized the TAA program—about every 5 years—and always with bipartisan support. It was with that history in mind that Senator BINGAMAN, Senator DASCHLE, and I embarked on this current exercise to reauthorize and reform the program.

But before turning to the specific provisions of the bill, I want to spend a moment on what the current TAA program does.

There are currently three TAA programs: regular TAA for workers, NAFTA-TAA for workers, and TAA for firms.

The two worker programs run out of the Department of Labor. They help workers who lose their jobs due to trade to get retrained for new careers. To achieve that goal, TAA provides a very modest level of income support to tide over workers while they retrain. It also pays for training and provides job search and relocation assistance where needed.

The TAA for firms program provides technical assistance to mostly small- and medium-sized businesses that face layoffs due to import competition. The program helps firms become more competitive so they can retain and expand employment.

People sometimes call TAA the “Cadillac” of U.S. displaced worker programs. I find that misleading. It is true that TAA provides more benefits than other U.S. programs for displaced workers. But please remember that no one wants to be in TAA. The prospect of a government check for about \$250 a week is not an incentive to linger in this program when you have a mortgage to pay, a family to feed, and medical expenses to pay. I hope we can get past this “Cadillac” discussion and get down to the real issues.

The TAA program has a 40-year history, and we have learned some things from experience. Over the last few years there has been a growing consensus that it was time to take another look at this program and see how it could work better.

In the past 2 years, the GAO has done four very comprehensive studies of every aspect of the TAA program. GAO has noted some problems in the way the program operates and made some concrete recommendations for reform.