

Republican side who are saying if they are not going to follow their word, we are not going to follow—The Senator from Vermont then says: If they are not going to take my amendment, then I am not going to allow the other three to be voted on. That happened earlier today.

There is plenty of blame to go around. But to stick it on any one party is the wrong thing to do. And to proclaim that we really want to have this bill done without taking it through the regular process is a misnomer—and I need to have my rights—and I appreciate this time to speak. The majority leader was very kind in that. I appreciate the way he let us at least work for a day, an interrupted day and a partial day at that, before the cloture motion went into effect.

I thank the Chair and yield the floor.

#### FOOD CONSERVATION, AND ENERGY ACT OF 2008—CONFERENCE REPORT

The PRESIDING OFFICER. The conference report will be stated.

The bill clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2419), to provide for the continuation of agricultural programs for fiscal year 2012, and for other purposes, having met, have agreed that the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment, and the Senate agree to the same. Signed by a majority of the conferees on the part of both Houses.

The conference report is printed in the proceedings of the House in the RECORD of May 13, 2008.

The PRESIDING OFFICER (Ms. CANTWELL). The Senator from Iowa is recognized.

Mr. HARKIN. Madam President, here we are, finally after a long year and a half. That is how long I have been chairman. Of course, my friend and ranking member was chairman before that, actually started the farm bill when he was chairman. So I guess we can say after about 2 years we are finally here with this farm bill on the floor for final passage and ready to send to the President.

It has been a long road to get to this point. But it has been a road I have had good friends to travel with, good colleagues to travel with. We have had a few bumps along the way, but through it all, we have come here on the floor of the Senate with a strong, good farm bill, and it came from the House today with a strong 318 votes. So the House has passed a conference report with 318 votes this afternoon.

As I said, some people call it a farm bill. Here is the title of it: the Food, Conservation and Energy Act of 2008. Food, Conservation, and Energy Act. We do not have “farm” in it. Farm is subsumed under food and conservation and energy, because all three of those apply to our farmers today. So we have a bill here, a Food, Conservation, and Energy Act, passed with bipartisan votes in the House.

We have a coalition of over 500 farm, conservation, nutrition, consumer, and religious groups all together supporting this bill.

This is my seventh farm bill, counting my time in the House of Representatives and my time here in the Senate. I have never seen a farm bill in all of those years with this much broad support. As I said, over 500 farm, conservation, religious groups, antihunger groups, consumer groups, all are supporting this bill.

This is a food bill. Why do I say that? Because \$10.4 billion of new spending in this bill, every single penny of the new money allocated to our committee by the Finance Committee on this side, the Ways and Means Committee on the House side, every single penny of that \$10 billion was put into nutrition, plus another \$400 million, \$10.4 billion.

Now, with the changes to nutrition program included in this bill, 67 percent of all of the spending in this bill goes to nutrition; 67 percent. Then I will talk on why we call it a conservation and energy bill in a few minutes. But let's talk about the food aspect of this.

In the last dozen years, we have seen a steady erosion of the food safety net for our low-income families. Let me point to the standard deduction in the Food Stamp Program. This chart indicates what has happened. In 1996, the standard deduction—that is the deduction you take to see if you qualify as a family to get food stamps. In 1996 it was \$134 a month. That was frozen in 1996. It has not moved since. It remains \$134 to this day for the vast majority of families. But think of all of the increases low-income families now have to pay: higher energy prices, higher food prices. Everything else has gone up. So you wonder why so many people have fallen through the safety net of having an adequate supply of food? It is because we froze it in 1996. Twelve years later now, it has not moved. Now we have increased everything else around here for everybody in 12 years but not for low-income Americans. This Congress—I do not mean this Congress, but I mean all of these Congresses—we have not met our responsibility to low-income Americans. We finally do it in this farm bill.

If the standard deduction in 1996 of \$134 had kept pace with inflation, it would be \$188 today rather than \$134. Well, we could not go as high as \$188, so we went to \$144. So now we have increased the standard deduction of \$144 a month. But the single most important thing is we have indexed it for inflation in the future. No more will we have an erosion because of inflation that hurts our lowest income families in America. So that is the important thing. We have indexed it for the future.

Secondly, the asset level. Under current law a family can have no more than \$2,000 in assets and still qualify for food stamps. We did not raise it in this bill, but we indexed that also for

the future. So we have two indexes here for the future; one on the standard deduction and one on the asset level.

For the first time ever, we exclude retirement and education savings from counting against the asset limit. Here I give accolades to my colleague from Georgia, Senator CHAMBLISS. It was his intervention that provided that low-income seniors do not have to dip into their retirement savings to meet their food needs. If they are temporarily out of a job, for example, but they have retirement savings, they can still qualify for food assistance and they will not have to dip into that savings. Again, I compliment my colleague from Georgia for fighting hard for that.

We also did something on childcare costs. Here again is something we have not kept up with, and it hurts our low-income families. Right now the childcare deduction is \$175 a month. It has been there since 1993. Think about childcare costs since 1993. It has been \$175 ever since then. Right now the average cost of childcare per month is \$631 average. We only allow \$175 for food stamp recipients to qualify. So there is a \$456 a month gap and it is growing.

In this bill, we remove the cap. There is no longer any cap on childcare expenses. Whatever your childcare expenses are, that is what you can deduct from your monthly income to qualify for food stamps.

Again, we have also raised the minimum benefit by 50 percent, and we index that to the future.

This bill also provides relief for our food banks. Our food banks in this country provide a backstop for people who may get food stamps but they run out before the end of the month. They do not have enough to get their families through, so a lot of times they go to our food banks.

Well, what has happened? What has happened is that the bonus commodities to our food banks have gone down 75 percent since the 2002 farm bill; 75 percent. That is why we keep hearing from our food banks that they are running out of food. They do not have enough to meet the requirements of people who come in. They need something to get them through the weekend, get them through a holiday, because they do not have enough food and they do not have food stamps.

What we did is put \$1.2 billion of new money into the TEFAP, the Temporary Emergency Food Assistance Program, which provides staple commodities to food banks. This year we have raised it. Current law provides for \$140 million annually. Here we raised it to \$250 million.

As soon as this bill is passed and either signed by the President, which I hope he will do, or we override the veto and it becomes law—as soon as this bill becomes law, immediately \$50 million will go out to the food banks around America immediately. Then we index that for the future. So we have indexed the TEFAP commodities for the future.

Lastly, we know low-income Americans have the highest incidence for diseases and illnesses, such as heart disease, obesity, diabetes, and diseases related to diet.

A lot of that is because low-income people have a difficult choice to make in terms of their purchases of food. Some of the healthier foods, such as whole grains, fruits, vegetables, those types of things, are generally higher priced. So to stretch their dollar as far as possible, low-income people go in the grocery store and they stretch their food dollars to get to the next paycheck. But the foods with the least nutrition happen to be the cheapest, and it gets them through the month.

In this bill we provide a pilot program with about \$20 million to put incentives in there for low-income Americans to see if we can give them incentives to purchase healthier foods as part of their diet.

Lastly, I want to quote here Vicki Escarra, who is president and CEO of America's Second Harvest. I think she summed it up all well on behalf of all the antihunger groups.

On behalf of our nation's food banks, I urge Senators to vote in favor of this hunger-fighting farm bill. Millions of low income Americans are on the brink of catastrophe, facing some of the most difficult economic times they have had to endure in years. I urge Senators to support this vitally important and necessary legislation.

That is why we talk about this as being a food bill, because 67 percent of the new money goes for nutrition.

This bill does not just provide food in this country for low-income individuals, but also for poor people abroad.

There has been a lot of talk about the McGovern-Dole Program. This is a program, of course, named after former Senators Dole and McGovern that provides money and food for a school lunch program in other parts of the world, in places where they have low income, a lot of hunger. It is a good program because not only does it get a good meal to kids at least once a day, but it is a magnet to get kids in school. In countries where maybe 60, 70, 80 percent of your disposable income goes for food, one nutritious meal a day to a child saves the family a lot of money. If the place to get that food is in a school, you ought to send your kid to school. So it does two good things. In this bill, we provide \$84 million in mandatory money for the McGovern-Dole School Lunch Program for kids in other countries and I expect that additional money will be provided through the appropriations process, as it has in the past.

There is one other area that deals with food and health. That is the specialty crop title of the bill. We have two new titles in this farm bill, the livestock title and the specialty crop title. They have never been in the farm bill before.

Under specialty crops, we have a 100-percent increase in the level of farm bill spending for specialty crops pro-

grams. This is an historic investment. The 2002 farm bill provided \$1.3 billion. We provide \$2.7 billion in this bill, just shy of \$3 billion—a 100-percent increase in support for fruits, vegetables, organics, farmers' markets, horticulture—all in this farm bill. That is one of the reasons why the 120 groups that have interest in fruits, vegetables, and organics are supporting this legislation, because of all we have provided to support our fruit and vegetable farmers and organic farmers, who comprise the fastest growing segment of American agriculture. We have \$22 million to help farmers who are trying to transition from conventional production into organic. We also provide more for farmers' markets. We provide more money for research into organics to get it up to a level where it matches the level of organics in our food supply chain.

For those interested in organic agriculture, we have really invested heavily in those who want to become organic farmers, those farmers' markets where they may collect organic products, and even farmers' markets that may not be organic but may provide locally-grown produce.

We have put money into this bill to provide support for what I would call aggregators—an entrepreneur who understands that perhaps Whole Foods can't go out to each individual farmer for a supply of organic foods, so you need somebody in the middle to put all this together. That is what we have done. We have provided funds and support in this bill for entities that would aggregate, go out to each individual farmer and pull the organic foods all together—it doesn't have to be organic, it could just be locally-grown—bundle them, and then they can sell those to Whole Foods or Safeway or Hy-Vee out in my area.

This is an opportunity to help organic producers get into the market, also for locally-grown produce. It doesn't have to be produce. It could be meats, poultry, beef, whatever that is local, to also get them into the market supply as well.

The last thing I will say in terms of health and specialty crops pertains to the fruit and vegetable snack program. This is something we started in the 2002 farm bill.

I sort of have a history on this. In the 1996 farm bill, I introduced amendments to get vending machines taken out of schools. As anyone can see, I was a spectacular failure at that one. But as time went on, it became clearer that vending machines were not the only problem. The problem is what kids were eating in school. If we could provide healthier foods for kids in school, we would all be better off.

Again, we know low-income kids in these schools are the first to get diabetes and be obese and have all the problems that lead to illness and disease later on.

In the 2002 farm bill, I tried an experiment. I put in a provision to supply

about \$6 million to test a theory of mine. The theory was that if you gave free fresh fruits and vegetables to kids in school, they would eat them. If they would eat the fresh fruits and vegetables that were free, they would not be eating candy and sugary snacks, cookies, things such as that.

So we tried it. The idea behind it was not to do it in the lunchroom but to do it in the classroom or in the hallway outside the classroom, not just at lunch but in the morning when kids got the growlies about 9 o'clock in the morning.

The idea was to provide it as a snack when kids got hungry in the morning or in the afternoon and not just in the lunchroom.

I have to tell you, a lot of people said to me: Harkin, you are nuts. You are going to have kids throwing apple cores around, orange peels, banana peels. They will be throwing grapes at each other. They are going to make a mess.

I said: OK. Let's see what happens. It is all voluntary. No school has to participate. If they participate and they don't like it, they can drop out the next day. But let's see what happens.

So we took 4 States, 25 schools in a State, 100 schools, and an Indian reservation just to see what would happen with that \$6 million, providing free fresh fruits and vegetables. What happened to my test? Every single school says that they don't want to drop out. They want to continue. And we don't have kids throwing apple cores around and orange peels and things like that. These kids are eating better. They are better behaved. Talk to any teacher who has had experience with this program, talk to any principal, and they will tell you these kids are better behaved. They eat better. They go home and tell their parents about the great fruit and vegetable snacks they are getting, and then they tell their folks to buy them at the grocery store. Those four States have now gone to eight States. We are up to about \$8 or \$9 million a year now.

So because this has been so successful, this conference report has \$1 billion in it to expand the Fresh Fruit and Vegetable Program nationwide. Again, we can't do it all next year, so we ramp it up. It has to be ramped up over several years. But in 5 years, by the time we ramp this up, we will be at \$150 million a year. And when we reach that level, nearly every low-income elementary school kid in America who is in a school that has a high rate of free and reduced priced lunches, every one of those kids is going to be getting free fresh fruits and vegetables as a snack during the day.

Think what this will do for our kids and their health. I am really happy about this. I am happy first that the test worked. Now I am happy that we are going to take it nationwide to every State. We are targeting it to elementary schools, and we are asking States, since this goes to the States, to further target it to those schools that

have a majority of low-income kids so we can get to them first.

Again, this is helpful not only to the nutrition of our kids but also to the specialty crops all over America because we are going to rely upon them to grow these crops and make them available for the fruit and vegetable snack program.

We said the second part was conservation. Let's talk about the conservation part of this bill. On this chart, I compare the proportion of funding going to conservation as compared to the commodity programs in each farm bill back to 1985. The red portion is the part that goes for conservation as compared to commodities. Why do I compare it to commodities? Because this is the part of these farm bills that go to farmers. The conservation share of the total of conservation and commodity payments has never been even 20 percent. But look at 2008: 41 percent of what we are putting out to farmers is in conservation. We have never done that before. We have never even come close to that before.

I was proud of the 2002 farm bill. In 2002, I said we would put more into conservation in the 2002 farm bill than ever before. That was true in 2002. In 2008, we have more than doubled the share of conservation that goes out, to 41 percent.

The administration said one of the reasons they wanted to veto the farm bill was because we didn't put enough into conservation. But the administration's own bill only put \$4.2 billion into conservation, as scored by the congressional budget office. Our bill puts \$5.2 billion into conservation, as scored by the same neutral financial accounting, using the same assumptions. So we exceeded what the administration asked for in total conservation spending. And what's more, we have done it in a way that is going to clean up our soil and water, provide incentives to farmers to be good conservationists.

In the all-important EQIP, the Environmental Quality Incentives Program, we put in \$15.8 billion over 10 years in total funding. For the Conservation Security Program, now called the Conservation Stewardship Program, we provided \$12 billion over 10 years. Why do I single those out? Because those are conservation programs that go to working lands.

Most people think of conservation as taking land out of production. In the past, that has been true. We still do some of that with the Wetlands Reserve Program, and in the Conservation Reserve Program. For fragile, erodible acres and wetlands, taking the land out of production is often the best way to conserve the land, and provide vital wildlife habitat.

But we know, because of the demand for food and the high prices of our commodities, more and more land is coming out of the Conservation Reserve Program. It is being tilled. It is being cropped. This is a free country and these are voluntary programs, so if a

farmer has completed a Conservation Reserve Program contract, the land can go back into production if the farmer chooses.

But what we can do about it is put more money into conservation on working lands, to give incentives to farmers to be good conservationists. One of the most important programs, I believe, is the Conservation Stewardship Program. This is a program I included in the 2002 farm bill.

We put in place what was then called the Conservation Security Program, an uncapped entitlement program to go to farmers to be good conservationists on working lands, to give them the incentive to protect the soil, the water, and the wildlife habitat.

CSP has had a little bumpy history, I will be the first to admit, because of rules and regulations that were written and cuts to funding. First of all, they limited enrollment only to specific watersheds, rather than making it available to producers across the country. That was very discriminatory. So under this bill we have revamped it. We have made it applicable to every farmer in this country, no longer just based on watersheds. Every farmer willing to meet the eligibility requirements can get into this program now. The program will be available to producers from Florida to Washington State and from New Mexico to Maine. The program pays not for what you grow, but for how you grow it—the environmental benefits your conservation activities produce. We are devoting over \$12 billion over 10 years to the program. We will enroll, under this program now, about 13 million acres a year.

Now, what does this mean? It means we will be giving payments to farmers to take care of the soil, to protect the water, provide wildlife habitat, and to be good producers and deliver important environmental benefits. We know we have to have the production, we have to produce the food and the fiber in the country. But you can have both production and a good, clean environment at the same time. They are not mutually exclusive.

This picture I have in the Chamber shows what I mean. This is what we ought to be about: This is a farm. A river runs through it—but the farmer is using good conservation practices to help keep the river clean. What you see along the river is a barrier strip of grass and trees; barriers to stop the runoff of fertilizer or pesticides that may be put on the land, to keep it from going into the stream. You do not farm right up to the riverbank. The farm is using minimum tillage. And in different fields around the farm you see different kinds of crops. You have a crop rotation that goes on. The farmer has also planted trees as wind breaks along the fence rows.

That is what the Conservation Stewardship Program is all about: making sure we have good production but good stewardship of the soil, good protection

for the water, and good wildlife habitat and corridors at the same time.

Why do we need to devote federal spending on conservation? I have a photograph I show you in the Chamber that was taken on April 14, 1935, now known as Black Sunday, near Liberal, KS. This terrible dust storm rolled across Kansas. All of us in grade school have seen this picture in our textbooks of the dust clouds rolling over Kansas in 1935.

Because what had happened? What had happened is, after World War I, because of the demand for food around the world and here, we plowed up everything in the plains States—lands that been unplowed for thousands years. We plowed it up, and when the rain didn't come, it turned to dust. People say: Well, that was 1935. Well, that was 1935, yes.

Let's take a look at another picture I have in the Chamber, taken within a few miles of that picture you saw from 1935. Look at this. Now we have a color picture—the same big dust clouds rolling over the plains—taken in 2006.

Let's not make the same mistake again. That is why we have put so much effort and so much into conservation on working lands—yes, to make sure farmers can make a profit, they can grow the food and the feed and the fiber we need for our people and for exports, but to do it in an environmentally sound way, which can be done so we do not have to have those dust bowls any longer. So we are going to have more land in production and more need for conservation.

Lastly, on conservation, there are important needs across this country, not just in the midwest. Here is a chart of the Chesapeake Bay watershed. Those of us who have been around this area for any time or who have ever been out to the Chesapeake Bay know how polluted the Chesapeake Bay is—killing the fish, taking away a livelihood for so many people who rely on the Chesapeake Bay; not only that, destroying breeding grounds for many of our fish that then go back out to the ocean.

As shown on this chart, this is the watershed that drains into the Chesapeake Bay. It covers Virginia, West Virginia, Pennsylvania, New York, Delaware, and Maryland—all those States. We heard from the Congressmen and Senators and people who live in those areas saying we have to do something to help clean up the Chesapeake Bay. And we did. We put \$438 million into this bill to help protect the uplands, to take care of it before it gets down to the Chesapeake Bay. So we have done, I think, yeoman's work in this area in helping to help clean up the Chesapeake Bay.

Lastly, I said food, conservation, and energy bill—energy—energy. Now, I have a chart in the Chamber on that. Let me say this: High gasoline prices and diesel prices are hurting our families all over this country. I know. I hear about it all the time from my constituents. The prices at the pump are

hurting people, especially in rural areas, where people have to drive a distance to get to work.

But we have studies that show because of the supply of ethanol in this country, the price at the gas pump is 29 cents to 40 cents a gallon cheaper. In other words, if it were not for ethanol, the price of gasoline at the pump would be 29 cents to 40 cents a gallon higher than it is today.

So what we did in this bill is, we recognized a couple things. We need more production of clean renewable energy here in America. We need to get off the oil pipeline. But we also recognize the impact it is having on grain. So we have put a lot in this farm bill to move us to cellulose production, biomass production of ethanol in the future. This bill ramps up our capacity to produce clean renewable American energy, not only from grain, but from wood, trees, wood chips, switchgrass, miscanthus, corn stover, wheat stover, oat stover—all kinds of things we basically do not use today. We put over \$1 billion in this bill to move us aggressively in that direction. So we can build biorefineries, we give support for farmers who want to grow dedicated cellulose crops for this purpose, and we give them help in growing them, transitioning them, storing them, and transporting them. This is a chart to show you we can do biomass and build biorefineries, and it helps our rural communities and helps America. There is over \$1 billion in this bill to move us in this direction.

Two last things in rural development. We have included policy in this bill to get broadband to rural towns and communities all over America. Second, we put \$120 million in the bill that will go out right away to reduce the backlog in water and wastewater treatment facilities in our small towns and communities.

I come from a small town of 162 people, where I still live, where about 25 years ago every well in my hometown—including mine—tested unfit to drink. But we got rural water, we got clean water. In my house, I now have clean rural water, and every house in my small town of Cumming has that. We know what it means, and I know what it means firsthand. So we have to get better water and wastewater for our small towns and communities, and we have done that in this bill.

Lastly, there is a lot of talk about reform. Maybe the White House says we did not reform enough in agriculture. We have done what the administration asked in reforming this bill. We now have direct attribution, so we will know from now on exactly where every dollar, every dime goes, to whomever gets it. We did away with the three-entity rule, and we significantly reduced the cap on adjusted gross income.

Now, I want to be clear about this. Right now if you have \$2.5 million of nonfarm income, you would still qualify for farm programs—right now. The administration wanted to reduce that

to \$200,000. We reduced it to \$500,000, moving it from \$2.5 million to \$500,000, and put a cap on nonfarm income. That is real reform.

Second, if the majority of your income today is from farm sources, you can have an income of \$5 million, \$10 million, \$20 million—no limit—and you will still get farm program payments. Under our bill, we put a cap of \$750,000 on farm income. If farm income is more than \$750,000 then no direct payments. That is real reform. It may not be as much as some might like, but I will tell you, it is far beyond the limits we have now.

I know some of our colleagues had to bite down pretty hard on this because they represent farmers who have higher input costs. They have bigger operations because they have to in order to survive. So I know they have had to take a hit on this. But this is real reform. I commend those members of our committee who worked with us on this to make sure we could have these reforms and bring it here where we are today.

The last reform we put in this bill: We put in a new optional program for farmers, an average crop revenue election program. They can stay in the present price-based countercyclical program or they can take a slight cut in their loan rates, in their direct payments, and then get a revenue-based countercyclical payment if the combination of prices and yields go down. Now, again, I do not know if farmers will take it, but it is an option.

I know the National Corn Growers Association was very supportive of this approach. We have it as an option. Maybe this is the future; I do not know. But it is a reform, and we put it in there for farmers to consider as an option.

It has been a long road. There is a lot more I could say about this food, energy, and conservation bill. There is a lot more I know I have not covered. But it is a strong bill. As I said the other day, it is good for every American from my hometown of Cumming, IA, population 162, to New York City, population 8 million, and everybody in between. That is why so many groups, over 500 groups—antihunger groups, religious groups, conservation groups, clean energy groups—farmers strongly support this bill.

Finally, before I yield the floor, let me thank my colleague, my friend, my ranking member, Senator SAXBY CHAMBLISS, for all he has done to bring this bill to the floor today. He started it when he was chairman, having hearings all over the country, laying the groundwork for this farm bill. I was privileged to take it over this Congress, as chairman. But I could not have asked for a better ranking member, someone I could work closely with. We worked together on this right to the bitter end—I should not say “bitter end;” right to the good end; we have a great bill—but right to the end to bring this bill forward. He has worked very

hard to make sure we could get to this point on this bill. I wanted to thank him for all of his work, for his close working relationship on this bill.

Tomorrow morning I will thank all of our staff who have worked so hard on this bill, in particular our staff director Mark Halverson. When this is done, I am going to make him take a vacation. He has got to catch up on about a year's worth of sleep here in a couple weeks. But Mark Halverson has been a great staff director in keeping this bill going and keeping all the things together and moving it forward. I cannot find the words to thank him enough for all he has done.

On Senator CHAMBLISS's side, I thank Martha Scott Poindexter, who, of course, was the staff director under Senator CHAMBLISS, and now for him as the ranking member, for all the great work she has done. Both she and Mark Halverson together have worked very hard, and their staffs. They have great staffs, and I am going to name them all tomorrow. But I would be remiss if in my opening statement I didn't thank both of them for their extraordinary work and extraordinary effort they have done to get this bill to this point.

So, Madam President, I have taken way too much time. I wish to yield the floor to a great friend and a great colleague and someone who has helped bring us to this point of getting a great farm bill to all the people of America, Senator CHAMBLISS.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. CHAMBLISS. Madam President, I thank my colleague from Iowa, Senator HARKIN. This truly has, under his leadership, been a very bipartisan effort. As we will see on the floor tonight and tomorrow, there will be some folks on both sides of the aisle who will have a lot of good things to say about this bill. Not everybody is in agreement with it, but we never have total agreement on farm bills. They are always controversial. They always contain provisions that some Members of the Senate don't like, but by and large this bill is a true bipartisan bill. I wish to commend Senator HARKIN for his leadership, and not just on the substance of the bill. During the conference process we went through, the Senate stayed in lockstep. All Members, all conferees on the Senate side, Republican and Democratic, remained loyal to the commitment we made to each other as we went through that conference, and I think it was for that reason that we were successful in producing a product that somewhat mirrors the product that came out of this Senate back in December. So I thank Senator HARKIN for his leadership and for his commitment to American agriculture.

I rise tonight in support of the farm bill conference report before us. The Food, Conservation, and Energy Act of 2008 provides certainty to America's farmers and ranchers and restates the strong commitment of Congress to the hungry and less fortunate. This farm

bill contains the most significant reform of our farm programs in recent memory, if not history, and increases investments in the areas of nutrition, specialty crops, conservation, and renewable energy. It is no wonder that nutrition groups, food bank organizations, conservation and wildlife groups, commodity organizations, cattlemen and ranchers, renewable energy advocates, and specialty crop producers have all united in strong support of this farm bill.

This bill is simply the single most important piece of legislation for rural America and the small American towns and communities whose economic engines depend on agriculture. To reject this bill is to leave billions of economic development investments on the table and accept the faulty notion that currently high commodity prices will exist forever. Every farmer knows there is no certainty in the honorable practice of farming. This farm bill is our commitment to provide them with much-needed economic assistance when times are bad and allow them to prosper without our assistance when times are good. Our farm safety net is targeted, fiscally responsible, and will ensure the prosperity of our farmers and ranchers during the tough economic times that are certainly to come.

Yes, this bill helps maintain a safety net for the farmers and ranchers who produce the food on our dinner tables and the fiber for the shirts on our back. I simply do not understand the critics who raise their arms in protest because we attempt to help farmers in this farm bill. Given the amount of investments in the many critical areas to all Americans in this bill, it is actually inaccurate to simply call this a farm bill. I wish to point out to the critics that less than one-fifth of the bill's spending goes toward the production of agricultural programs. Furthermore, all the commodity programs in the commodity title combined account for a mere .29 percent of the entire outlays of the Federal Government spending. That is almost one-quarter of 1 percent. Many are attempting to paint a picture of a bloated bill that provides huge subsidies to large farmers, but the facts present a different picture of how the money is actually allocated. Commodity program spending in this bill represents less than 14 percent of the total spending, while conservation, nutrition, and renewable energy spending account for more than 75 percent of the bill.

There is a common misperception in many editorial boardrooms, and unfortunately at the White House, that the 2008 farm bill does not include adequate reform of our current farm programs. This misperception has led to a series of negative news articles accusing our farm safety net of hindering African cotton trade, raising food prices domestically and globally, providing payments to millionaire farmers who abuse the system, and eroding our abil-

ity to provide food aid to the neediest Americans and citizens of other countries. This series of negative and inaccurate propaganda has culminated in a veto threat from the President. I stand before this body tonight to clearly state that this bill contains sweeping reforms of which all Americans can be proud. Drastic reforms are included in this bill to make sure nonfarmers do not benefit from the farm safety net. We rightfully believe the farm safety net should be used to help those who take on an enormous risk every year to produce the crops and livestock that sustain the food supply of our country.

While we disagree with many of the attacks against our farm safety net, we have nonetheless heard the calls for reform and have responded in several meaningful ways. The traditional cotton program has been reformed so that it is more market oriented per our WTO—World Trade Organization—commitments. The GSM program has been reformed to honor our obligations under the cotton case that was decided last year. The adjusted gross income test for nonfarmers has been reduced by 80 percent, ensuring that farm program benefits are targeted to those who need them most. In addition, this bill eliminates the three-entity rule, adopts direct attribution for farm program payments, and eliminates base acres on land developed for residential use. These accomplishments represent the most significant reform of the farm safety net in the history of farm bills in this country.

Conservation programs are vital to the farm bill and to this Nation's farmers, ranchers, and private forest landowners. Working land—the cropland, grazing land, and forest land that is used to produce our food, feed, and fiber—accounts for nearly 1.3 billion acres or two-thirds of the Nation's land area. Since the enactment of the 2002 farm bill, conservation measures have been applied on more than 70 million acres of cropland and 125 million acres of grazing lands. In addition, more than 1 million acres of wetlands have been created, restored or enhanced.

This farm bill continues its great tradition of protecting working lands by providing producers \$4 billion in new resources for conservation programs. In addition to providing new funding, the farm bill also makes numerous improvements to the programs to ensure they meet the needs of producers. One notable improvement is that the environmental quality incentives program will now be available to private forest landowners. It also looks to the future by helping producers and landowners play a role and get credit for mitigating climate change.

In the 2002 farm bill, an energy title was included for the first time, and the Food, Conservation, and Energy Act furthers our commitment to meeting America's energy needs with alternative forms of energy. All Americans must cope with today's extraordinarily high gas prices, and with this farm bill,

we take the necessary steps to alleviate the pressure not only on petroleum-based gasoline but on corn-based ethanol. One day, Americans will be able to fill their gas tanks with ethanol made from woodchips or peanut hulls, and when that day comes, you can look back to this farm bill as the foundation for making that a reality.

Speaking of energy, I have heard calls from several of my colleagues to ensure that contracts traded on electronic exchanges, such as natural gas contracts traded on the ICE Futures, are subject to more regulatory oversight by the Commodities Futures Trading Commission. In responding to those concerns, this conference report includes a long-overdue reauthorization of the Commodities Futures Trading Commission, complete with a newly developed regulatory structure for contracts traded on exempt commercial markets that are determined to perform a significant price discovery function. This has been a top priority for Senators FEINSTEIN, LEVIN, and SNOWE, and I am pleased we were able to include it in this farm bill.

This farm bill also includes a new title devoted to horticulture organic production. With specialty crops representing approximately 50 percent of U.S. crop cash receipts, the inclusion of this title appropriately recognizes that fruit and vegetable growers deserve a place in major farm legislation. This industry is vitally important to consumers, and the inclusion of these provisions will ensure that producers of fruits and vegetables receive the support necessary to enhance the healthy foods we have come to demand, as well as improve the viability of this important sector of American agriculture.

However, rural America is not the only beneficiary of this farm bill. The entire country will reap the rewards of increased investments in nutrition, renewable energy, and conservation. This legislation reaches out to low-income Americans to ensure nutritional needs are met by providing schoolchildren with increased access to fresh fruits and vegetables and enhancing our investments to the Food Stamp Program as well as to food banks all across America. The numbers speak for themselves: 73 percent—let me say that again—73 percent of the spending in this bill goes toward our domestic nutrition programs. Given rising food prices and the skyrocketing price of oil, it is critical that we lend a hand to those citizens in both rural and urban America who are struggling to feed their families and fill their gas tanks.

Local food banks around the country are facing increased demands for food from people in need. This farm bill invests an additional \$1.25 billion over the next 10 years to increase commodity purchases for food banks—an increase of nearly double the current level of funding. To help improve the dietary intake of all citizens, this farm bill invests significant resources to expand the school-based fresh fruit and

vegetable snack program to all States and increases support for the senior farmers' market nutrition program to help seniors purchase agricultural products at farmers' markets, roadside stands, and other community-supported agricultural programs.

Most significant, though, is the increased investment in the Food Stamp Program. The Food Stamp Program—the cornerstone of our country's domestic food assistance effort—currently serves 28 million Americans each month. This program has evolved over the decades to become one of the most efficient tools to combat hunger and reduce poverty. The Food Stamp Program now has one of the best track records among all Federal programs. The payment accuracy rate, which measures the correct level of benefit issuance to participating households, is at an all-time high. Trafficking, which long plagued the program, has been substantially reduced. Also, the certification process has a proven success rate with over 98 percent of food stamp participants properly eligible for benefits. American taxpayers can be assured that the resources dedicated to this program are effectively used for their intended purposes.

While administration of the Food Stamp Program has turned a corner, a stigma still exists that prevents some eligible people from seeking the help they need. Even though the implementation of Electronic Benefit Transfer, or EBT, has restored dignity to those who depend on food assistance while at the grocery store, the term “food stamps” conjures up negative images for many. Food stamps haven't been issued in years, and the Federal Government destroyed the remaining inventory of stamps in 2003. For these reasons, the Food Stamp Program is being renamed as the Supplemental Nutrition Assistance Program, or SNAP. The new name better reflects the mission of our country's premier domestic assistance program. Instead of referring to food stamps in the future, the term “food SNAP” should be used as we transition to the new name.

This farm bill invests \$8 billion in food SNAP over the next 10 years. By increasing the standard deduction and minimum monthly benefit, food SNAP will provide improved benefit levels to help low-income families put nutritious food on the table. To make food SNAP more accessible to low-income Americans, this farm bill indexes the asset limitation for inflation, exempts IRS-approved retirement and education savings accounts from the asset test, and permits a full deduction for childcare expenses. Simplified reporting requirements are extended to low-income seniors to ease their ability to obtain benefits. The improvements made in this farm bill will ensure that food SNAP continues to improve the health and nutritional well-being of millions of people in need.

Rural development is also a vital part of this 2008 farm bill. Rural Amer-

ica is not composed of farmers and ranchers only, but other hard-working men and women reside in these areas with their families. It is essential our rural citizens have the same opportunity to participate in the global economy as our friends in urban areas.

This title helps deploy fundamental services, such as improving broadband Internet capability, funding for water and waste projects, and support for the value-added efforts. We promote economic development by reestablishing regional planning authorities and encouraging communities to collaborate in their efforts to attract quality jobs and promote local investment.

I say to my colleagues, this bill before you today is a significant and worthwhile investment, not only for American agriculture but for millions of needy Americans. I am disheartened that the President doesn't find these investments worthy of his signature, but I must represent my constituents who do understand the need for a strong safety net for our farmers and ranchers. Rural America is certainly enjoying a period of economic prosperity. But history tells us this prosperity will not last forever and that it is our moral obligation to be there to lend a helping hand when the downturn comes. We have the opportunity today to display our unwavering commitment to the Nation's farmers and ranchers who supply us with the safest, most affordable and most nutritious food supply in the world. I hope my colleagues will join me in supporting this investment in America's future by voting for the bill.

In closing, before I turn to my good friend and colleague from New Hampshire, I again thank Chairman HARKIN for his leadership. I also see Senator CONRAD on the Senate floor. We have had a terrific working relationship through this process. Senator BAUCUS and Senator GRASSLEY have played such an integral role in making sure this farm bill has the resources with which to stay within the budget numbers we were given.

This has truly been a bipartisan effort in the Senate and is the reason, or an exhibition of the reason, I came to the Senate, which is to work together with colleagues on both sides of the aisle to pass positive legislation and improve the quality of life for men and women all across America.

I, too, will talk more about staff tomorrow. I would be remiss, though, if I didn't recognize Mark Halverson, who has been such a great asset in working on this bill and working with my staff. He traveled around the country with us 2 years ago, and we tried to feed him a good Nebraska steak a couple of times and made sure he was healthy while he was on the road with us. We had a great time in listening to the farmers and ranchers. Martha Scott Poindexter, on my side, has been the minority director and has done such a terrific job. No. 1, of not just shepherding this bill from our perspective

and working with the majority side, but also in putting together, without question, in my opinion, the best staff we have ever had on our side of the aisle from an Agriculture Committee perspective.

Mr. President, I look forward to further discussion of this bill tomorrow, as we move ahead. I know a number of our colleagues will be coming on the Senate floor tonight to talk about this bill. I encourage folks on our side of the aisle, if you want to come tonight and speak, it is a good time to do it because you can have all the time you want. Tomorrow it will get cramped. I encourage colleagues from the minority side to come out tonight and make their word heard.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. REID. Madam President, I will just be a brief minute. I wanted to advise the Senate what we have in store the rest of this week.

Because of the cooperation on both sides, we have 90 minutes of debate on the farm conference report tomorrow. There could be two or three points of order offered on that, or whatever Senators want to offer. We will vote on those points of order after 90 minutes of debate prior to voting on the conference report.

Following that, we received the papers from the House on the budget. They have appointed conferees, and we also are going to appoint conferees tomorrow. Statutorily, there are 10 hours for the ability of any Senator to offer amendments to instruct conferees. We don't know how many amendments there will be. Senators CONRAD and GREGG have been working on a number of issues they want to have resolved by votes in the Senate. That will be done. We look forward to that.

We would like to finish, and we are going to finish, the budget tomorrow. It may go into the evening, but that is fine. We have now scheduled a cloture vote for Friday morning. I hope during all day tomorrow Senators GREGG, ENZI, KENNEDY, and others can see if there is a way of moving forward on the collective bargaining bill. If there is, then there would not be a need for a cloture vote. At least we need to spend tomorrow making that decision whether that can be done.

The other thing we have to finish before we leave this week—either tomorrow night or Friday—is the Dorgan cross-ownership issue that he indicated would only take a very short period of time. We have to do that. We have to complete that because it is statute, by June 3. We have 10 hours of debate allowed on that matter. It is also a privileged piece of legislation. Senator DORGAN said he thought, in my last conversation with him, he would only want 1 hour out of the 10 hours. Others will want to speak on that.

So that Senators know, that is what we have ahead of us this week. We have a situation where there are no votes on Monday, but Tuesday we enter into a critical stage of what needs to be done.



We have coming from the House tomorrow, we are told, a \$180 billion supplemental appropriations bill. We are going to have to work hard on that. It will take work. We will be getting a message from the House. As I understand it, there will be three trees in that message they will give us. So we will have to have at least three separate votes on what they send us.

I look forward to working with Senators on both sides next week to complete that. In order to do that, we have to complete all of the work outlined a few minutes ago this week.

The PRESIDING OFFICER (Mr. CASEY). The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, first, I appreciate my colleague for allowing me to proceed at this time. I recognize that we are debating a bill the conclusion of which is already foregone. The cards are dealt and turned over, and this bill will pass. That doesn't mean it should not be discussed and some of the weaknesses should not be pointed out.

I have severe reservations about the way we approached the commodity side of the bill, which is, as it has been adequately represented, not the majority of the spending bill, but it is a very significant amount of spending, \$190 billion, or somewhere in that vicinity.

Some may ask—and I guess I may have wondered from time to time—what happened to all of those economists who worked for the Soviet Union when it failed, who were sitting around their desks and they didn't have a job anymore—the folks who believed in a command economy, in top-down management, and believed in 5-year plans and believed that supply and demand had no relationship to the market. Where did all those people go? We now know. They went into the development of American farm policy. It is sort of like, after World War II, you took all of the scientists out of Germany and put them in Huntsville. At the end of the Cold War, we took the economists out of the Soviet Union and put them in the Midwest or maybe in the South because this bill is structured in a world that has no relationship to the market. It actually fundamentally undermines the concept of market and relating productivity to demand and supply to the market.

It is also a bill that does serious damage to budgeting because it uses \$18 billion in gimmicks in order to avoid and get around pay-go rules and other budget enforcement mechanisms. It even brings back—amazingly enough—the Customs fees. How many times can we bring back Customs fees? But it brings them back and claims a savings and uses that money and spends it—\$10 billion, I believe.

So at a time when the farm community in this country is doing pretty darn well—in fact, the average farm income today is about 51 percent higher than it has been, on average, over the last 10 years—\$92 billion—real farm income is up \$200 billion just in the last

couple of years. Farmers are experiencing record income. We are setting up a subsidy structure, the purpose of which is to basically make payments to farmers who are making a lot of money on products that are doing very well.

Wheat is selling at \$6 or \$8 a bushel, and the average price has been around \$3.50. It is almost twice the average price. The same can be said for corn—corn is higher even—barley, soybeans, and rice, which is at three times the average price. We have commodities that are able to compete in the market, so why do we need this massive new subsidy structure which essentially creates this command and control attempt to manage the markets? We don't, obviously. We don't in the context of this time.

In addition, the bill sets up some new mechanisms that are rather poor. It creates this new floor for emergencies. It says there will be a \$3.8 billion kitty for emergencies. We have never handled emergencies that way. The reason is because we don't know what the emergencies are going to be. We have always taken care of emergencies, whether it was Katrina—which cost will be over \$150 billion—or whether it was smaller events, such as a flood somewhere or hurricanes or tornadoes. We take care of them when we know what the cost is. We don't set up basically a slush fund for emergencies so that the next time a post office box blows over in some community, it is declared an emergency and they can go get this money. This is going to incentivize an aggressive attempt to declare everything an emergency to get at the money that exists.

The irony is—to show how totally inconsistent this language is—they don't even use the emergency money they have set aside in this bill for an emergency they identify in the bill, which is the Kansas tornadoes, which they funded in the amount of \$60 million, I believe it is. It shows this money is just going to be used for something else. If they are going to fund a \$60 million emergency in the bill, they ought to at least have the credibility to take it out of the new slush fund. I mean, how absurd is that? This is walking around money. That is what it amounts to—\$3.8 billion, which is real money, by the way. It would run the State of New Hampshire for 2 years.

There is a representation that there is a major reform effort in the area of payment to wealthy farmers. They reduce the payment level so you don't get any payments if you have more than \$750,000 of farm income. What isn't discussed today is the \$2.5 million. The fact is, you can also have \$500,000 of outside income, plus the \$750,000, so that gets you up to \$1.2 million. Then, if you are married, you can couple that up with your spouse so that she or he can have the same amount. If it is a married farmer, and they are making \$2.5 million of income, they still qualify under this bill. So it is sort of a

sleight of hand exercise to claim there is significant reform.

In fact, this reform is insignificant compared to what is suggested. The President's reform would have saved \$1.6 billion. He suggested that people with an adjusted gross income of over \$200,000 not get these payments.

How much does this bill save in that area, because it allows the spouse to qualify also and it allows the extra income outside farming to qualify? Mr. President, \$286 million. That is not a lot of money when you spread it—that is a lot of money, but when you put it over the period of this bill, it is not a significant amount of money, and it reflects the fact that it is not a significant reform. It simply is not.

The bill also does nothing to limit the practice of farmers locking in subsidy payment rates at the lowest market prices, yet retaining their crops to sell later when the prices are much higher. As a result, farmers are paid subsidies for losses they never had. This is what is known as commissar politics. This is where the guys from Russia and the Soviet Union gather and say: This worked in the Soviet Union, let's do it here.

The concept that you pay people for losses that don't exist for a product that is being sold that the guy gets to keep and gets to sell—let's be reasonable about this. This is not logical, and it certainly is not market politics. It has very little relationship to ADAM SMITH.

It also, ironically, at a time when we should be encouraging people to use ethanol, continues a major discouragement for those of us who live in the Northeast from using ethanol by extending the tariff for 2 more years, to 2010. This tariff makes no sense at all because you cannot ship to the Northeast the ethanol that is being produced in the Midwest, and we don't have the production capabilities in the Northeast. We don't have the product, although the switchgrass initiative, which I respect and say is a good initiative, hopefully can give us that option.

The simple fact is, to maintain this tariff is to penalize uniquely the Northeast—Pennsylvania, New England, New York, New Jersey, everything basically in the East, not even the Northeast—in order to protect the subsidies of product corn in the Midwest. Corn is doing pretty darn well. It does not need the protection. In fact, if anything, we need to figure out a way to produce other products to make ethanol. The folks in Brazil have figured it out, so why not let us buy that ethanol? Why penalize us in a way that is really punitive—punitive—for the purposes of basically protecting production which is already at a record price? It makes no sense at all.

And then the one that really is the worst or, in my humble opinion, the most egregious. The most egregious is the Sugar Program. The Sugar Program was pretty bad before this bill. In

an act of avarice that can only be called a sugar high, they managed to make it significantly worse. I mean, how can they do that? It is very hard to do, but they essentially locked in a price for sugar in the United States that is double the world price. On top of that, they are making the Federal Government buy sugar at that inflated price and then resell it for the production of ethanol at a significant loss.

The Sugar Program makes no sense to begin with. It never made any sense other than the fact this was a commodity that had influence in the process of developing this bill; obviously, a disproportionate amount of influence. To take this program, which was bad to begin with, and make it so egregious by forcing the Federal Government and Federal taxpayers first to have to pay twice what the world market price is for sugar and then to have to resell it to ethanol producers at a huge loss—how many times can you hit the taxpayers for the purpose of the sugar production industry? It is not right.

Then, of course, there are the new programs, the asparagus payments. I like asparagus. When we did the farm bill, I talked about the fact that I used to grow asparagus. I love it. I did rototill my asparagus bed, I admit to that. I destroyed our asparagus crop. I didn't get a subsidy payment. I didn't get a disaster payment. Under this bill, I might because there is a new asparagus program.

There is a new large chickpea program and a camelina program. I don't even know what that is. That is, obviously, some product made somewhere for which somebody wanted to get a subsidy.

There is the National Sheep and Goat Industry Improvement Center for \$1 million.

There is the Desert Terminal Lakes Program, which is \$175 million to lease or purchase water rights.

There is a variety of earmarks, and one I find to be most representative of the failure of this bill as being outrageous is one that sets up a program for farm and ranch stress assistance networks. Do we have a stress assistance network for the family who is running a gas station or maybe the family who opened a restaurant and they are not doing so well or the folks who start a small shoe store somewhere? Do we have a stress program, a farm and ranch stress program? What qualifies farmers and ranchers for a special program dealing with stress? The only thing that qualifies is somebody somewhere came up with this program, got somebody's ear, and decided to stick it in this bill because this bill was leaving the station. It does not make sense, and it is certainly something on which tax dollars should not be spent.

We have items that arrived out of nowhere in this bill: fisheries disaster assistance of \$170 million for California, Washington, and Oregon; forest conservation bonds. As I mentioned, I find

it reasonable that there should be relief for the tornado in Kansas, but why wouldn't it come out of the money we just set aside in this bill for disasters, \$3.8 billion? Why wouldn't the fishery assistance, if that is an emergency, come out of that money?

The budget gimmicks. This bill is just replete with gamesmanship to try to get around pay-go. I refer to pay-go as "swiss cheese-go," which is very appropriate in a farm bill. I assume it is subsidized.

The fact is, there is \$18 billion of gimmicks in this bill. There are sunsets of programs after 5 years that they know are not going to sunset, so they won't be scored. There is the non-scoring still of the milk income loss compensation issue. There is the classic shift of the corporate tax one day so that you collect it a day earlier or a day later, and that gives you a different score, which allows you to avoid the pay-go rules.

If you look at this budget, it had to have pay-go waived in the House, with \$7.4 billion out of whack for pay-go in the House.

Equally ironic, tomorrow we are going to take up the conference report on our budget, on the unified budget. If the budget that passed the Senate earlier this year were in place now, a pay-go point of order would lie against this bill because it violates the very budget that was produced by the majority party and passed with some fanfare earlier this year. The only reason we cannot make the pay-go point of order is because the budget has not fully passed and therefore is not in effect. But I think it is very hard to, with a straight face, say this bill does not violate pay-go when you know that right around the corner is a budget which was passed by the majority which, if it were in place and which I presume it will be in place fairly soon, a pay-go point of order would lie against this bill.

I think we can stop talking about pay-go around here as an enforcement mechanism because it clearly does not exist, and this bill is just another example of where it has been gamed and manipulated. We count 15 to 20 different examples, adding up to something around \$143 billion of instances where pay-go has been gamed around here. And this bill just takes that total up a little further—not a little further, a lot further, \$18 billion further. So as a result, enforcing pay-go becomes very—well, it is just a very fraudulent exercise. It is only used on very rare occasions when it is politically acceptable for the majority to use it. On other occasions, where it might lie, it is gamed.

This bill is one of the extraordinary examples of that gamesmanship.

And, of course, I mentioned customs fees. I believe the last count is we have used customs fees to fund 55 different programs around here in 55 different instances. The same fees. No, they are not different fees. They are the exact

same fees that have been used, I believe, 55 times to fund different programs so the programs can claim they met the budget rules, and this bill—maybe it is 56 or 54, but it is \$10 billion of gamesmanship.

The bill has, in my opinion, decoupled economic common sense from the farm production and especially from farm payments. If we want a farm system that works, why don't we go to the market? A lot of these commodities today are doing pretty doggone well, extremely well. It is good times in farm country for most people. Why don't we let the market continue to work? Why do we have to set up these massive subsidy programs? Why do we have to have a sugar program that charges American consumers twice the world rate for sugar? It makes no sense. Why do we have to have a slush fund for emergencies when nobody else has that sort of slush fund? Why do we have to have a new program for asparagus? I think asparagus growers are probably pretty competitive. I don't know who their competition is. Maybe the Chinese grow asparagus. I suspect most asparagus growers can compete with the Chinese. I prefer American asparagus, by the way.

Let's let the markets do this rather than create this bill which is such a mutation of every idea that Adam Smith put forward which has made, quite honestly, our country strong, the basis of which basically won the Cold War, which was that free markets work, capitalism works, competition works, the rules of supply and demand work, that you let people produce the product that has a comparative advantage, and they produce it better and more efficiently, especially Americans, and you get it at a better price for the consumer, and the taxpayers don't end up with the bill.

I know I am not going to win this battle. The way this bill is structured, it is the classic log-rolling exercise. You pick this group that has this interest and you give them a subsidy and they give you a vote. Then you go over here, pick this group, they have an interest, they get a subsidy, and you get their vote. You pick this group that has an interest, give them a dramatic increase in their program—it all adds up to 80 votes around here. The only problem is, the people who pay are our kids and our consumers. This is taking a lamb chop to the head of the American consumer and just pounding him with it. I just thought of that.

In any event, I have a point of order which lies against this bill which I wish to make at this time because this bill violates innumerable points of order in spirit, and were the budget the Senator from North Dakota brought to the floor in law at this time, passed as a resolution at this time, it would violate them in reality also. But there is at least one budget point of order which is a holdover from a prior chairman which makes considerable sense, which is that you should not run up the



debt on the next generation by adding spending in outyears without paying for it that this bill still violates.

Mr. President, section 203 of the 2008 budget resolution makes it out of order to consider legislation that increases the deficit by more than \$5 billion in the Senate for any of the four 10-year periods, starting in fiscal year 2018. The pending bill would increase the long-term net deficit in excess of \$5 billion. Therefore, I raise a point of order under section 203 of S. Con. Res. 21 against the pending bill.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, pursuant to section 203 of the Concurrent Resolution 21, the Concurrent Resolution on the Budget for Fiscal Year 2008, I move to waive section 203 of that concurrent resolution for purposes of the pending conference report, and I ask for the yeas and nays at the appropriate time.

Mr. GREGG. I thank the leaders on this bill for their courtesy on the floor, the chairman and the ranking member. They have given me more than a reasonable amount of time to express my thoughts. I understand I have totally swayed them to my view and they will be joining me in my position. I also very much appreciate the courtesy.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I have enjoyed immensely listening to the description of this bill of the Senator from New Hampshire who is the ranking member of the Budget Committee, which I chair. I have great respect for Senator GREGG and affection for him.

The description he has given of this bill has almost no relationship to the legislation that is before us. It is enormously entertaining but it is largely a fiction. It is a fiction that is interesting to listen to, but again it bears almost no relationship to the legislation before us.

The Senator made reference to Soviet economists. Let's make clear, the American system of food production is the most efficient, the cheapest, the most plentiful, the most stable, the safest in the world. Americans have less of their disposable income going for food at this time than consumers at any time in the history of the world.

Let me repeat that. The American consumer today enjoys the lowest cost of food in relationship to our income of any consumer in the history of the world. That is a fact.

In fact, the Wall Street Journal published, last year, an article in which they said—and I want to read this. I hope people will pay attention. People need to understand how remarkable the American agriculture system has been and is. This is what they said:

The prospect for a long boom is riveting economists because the declining real price

of grain has long been one of the unsung forces behind the development of the global economy. Thanks to steadily improving seeds, synthetic fertilizers and more powerful farm equipment, the productivity of farmers in the West and Asia has stayed so far ahead of population growth that prices of corn and wheat, adjusted for inflation, have dropped 75 percent and 69 percent, respectively, since 1974. Among other things, falling grain prices made food more affordable for the world's poor, helping shrink the percentage of the world's population that is malnourished.

That is a result of the genius of American farm policy and the extraordinary productivity of American farmers and ranchers working within that system.

When the Senator says this counters market economics and leads to payments when prices are high, he obviously does not know how the farm program works. It is the opposite of what the Senator suggested. The way the system works is there is support from the Government when prices are low to prevent a collapse of the productive system. When prices are high, the support fades away. That is the way the system works. It does not increase support at times of high prices. It is precisely the opposite.

The Senator said the reform provisions in this bill only save less than \$300 million. Wrong. The reform provisions in this bill save close to \$3 billion, and I will specify that momentarily.

The Senator says the disaster program is a slush fund. Really? A slush fund? Let's review the facts. In the last 3 years, every State in the Nation has received disaster payments—none of it budgeted for, none of it paid for. In this bill disaster assistance is budgeted for and paid for. That is a reform and that is a fact.

One of the things I am most interested in is the Senator suggested millionaires could still get farm program support under this bill. Yes, and lightning strikes once in a while, too. Because that is what it would take for a millionaire to get support under this program. I have just gotten results from the IRS moments ago because I wanted to know, with the new limits put in place—which, by the way, are very dramatic reform. It used to be, under current law on nonfarmers, they had a limit of \$2.5 million of adjusted gross income before they would start to lose farm program payments. We have reduced that for nonfarm income to \$500,000.

There is another limit for farm income. Farm income, that had no limit in the past, now begins a limit at \$750,000, at which, of that adjusted gross income, farm income of that amount, you lose all of your direct payments. But the two could go together. In other words, you could have somebody with \$750,000 of farm income and \$500,000 of nonfarm income, and still be under the limits. So I thought, wouldn't it be interesting to find out how many farmers in the country

would be in that category—\$750,000 of farm income and \$500,000 of nonfarm income—because that is what the press is all talking about. They add the two together and then they double it because of a spouse. Do you know how many are in that category in the whole United States? How many would have \$500,000 of nonfarm income and \$750,000 of farm income?

Do you know how many the IRS has reported to me there are in the entire United States? Zero. None. So much for the argument from the Senator from New Hampshire. Facts are stubborn things.

Let's go to the essence of this bill. Why do we need support for farmers at all? It is a legitimate question. The Senator asked why don't we do it for the guy who has a shoe store? Why don't we do it for the guy who has some other small business? Here is the reason. Because we are in a world economy in which our major competitors have made a decision to strongly support their producers—far more strongly than we support ours.

Our major competitors in world agriculture are the Europeans. This is how much they spend to support their producers: \$134 billion. This is after the so-called cap reform in Europe that dramatically reduced what they do. This is where they wound up: \$134 billion.

Here is where we are: \$43 billion. So they are outgunning us over 3 to 1 on support to their producers over what we do for ours.

OK, I had an interviewer say to me: That is wrong. Maybe it is wrong but it is reality. What would happen if we yanked this support out from under our producers when our major competitors are providing three times as much support to theirs? We did an analysis. Do you know what we found? Here would be the result. Two words: Mass bankruptcy. Because if your major competitors are providing three times as much support to their producers as we provide to ours and we yank the rug out from under ours, guess what happens: The Europeans take over world agriculture.

Wouldn't that be great, if we became dependent on foreign food the way we are dependent on foreign oil? That is what the critics of this agriculture policy apparently would prefer. But those of us who have studied it and those of us who have fought to ensure that we retain a strong agriculture component in this country have concluded that would be a disaster for the American economy, for American consumers, and that would be a disaster for our farmers and ranchers.

Where does the money go in this bill? We have looked at, and just received, a final analysis. Two-thirds of the spending in this bill goes for nutrition—two-thirds of the money in this bill. This is the absolute low-ball estimate of what goes for nutrition. You could do an analysis that would take it up to as much as 73 or 74 percent. It depends on what you include and exclude. We have

tried to do this based on CBO analysis of the final scoring of this bill.

Nine percent goes for conservation. Only 13.9 percent goes for commodities, that is the support for farmers and ranchers, and about 8 percent for crop insurance. That is where the money goes.

When the other side asserts that this increases the deficit and it is not paid for, they are making things up. They are making things up. Because this is the score by the Congressional Budget Office. Here it is. This is not KENT CONRAD's numbers. This is not the Agriculture Committee's numbers. These are the numbers of the Congressional Budget Office and the Joint Committee on Taxation. They are independent. They are professional. They are non-partisan. They are responsible for the scoring of all legislation before the Congress of the United States, and here is their conclusion. Over 5 years, this bill saves \$67 million. Over 10 years, it saves \$110 million. So all the spending has been offset, has been paid for. In fact, we have done a little bit more. So the net result is to actually reduce the deficit over 5 years by a modest amount—\$67 million; over 10 years by \$110 million.

But these are facts. This is not make believe. This is not make things up. This isn't the administration saying there is \$20 billion here above the baseline—that is all made up. We are dealing with facts. We are dealing with reality.

When I hear them make these claims that we did not address the administration's concerns—we spent hour after hour after hour in this conference committee, attempting to address administration concerns. I think we did a pretty good job. The reality is the administration changed their stated concerns so often it was hard to keep track of what their priority was. In fact, at the end they came to us and said they had no priority, that all of their demands were nonnegotiable, that all of them should be treated with equal importance.

I have never negotiated with any administration on anything that came in with a list of nonnegotiable demands and said everything had the highest priority, but here is what we tried to do. They said we had to limit any additional resources to \$10 billion. We agreed to that. They said it had to be offset with spending cuts. We agreed to that. They said that the adjusted gross income limits for farmers and non-farmers had to be reduced significantly. We did that. They said there had to be beneficial interest reform to avoid the kind of scandal you saw in Katrina. We did that.

The Senator from New Hampshire said we did not, that a farmer could simply pick the right time to market his crop and avoid the consequences of any kind of reasonable restraint. That is not—they have not read the bill. In the bill we give the administration special authority in a disaster to prevent

the Katrina abuse we all saw. In addition, we added an additional reform requiring a 30-day moving average for prices before somebody could fix their marketing loan. That is a very significant reform. Yet it is very clear, the critics have never bothered to read the bill.

We also were asked by the administration to provide a revenue countercyclical program, and we did.

They asked us to provide planting flexibility. And we did. They asked us to provide food aid flexibility. And we did. They have a series of miscellaneous provisions we tried to honor, including limitations on privatizing food stamps; Cuba trade provisions; out-of-lease fees. We answered each one of those objections.

It does not stop there. Because we have heard the critics say there is no reform, no reform in this bill. I will tell you, that is the biggest fiction of all. That is the biggest fiction of all. Let's talk about the reform that is in this bill.

First, significant adjusted gross income limit adjustments to prohibit payments to Manhattan millionaires. That is in this bill. We required payments to be attributed to living, breathing human beings instead of paper entities. We eliminated the three-entity rule that allowed paper entities to evade payment limits.

We cut direct payments by \$300 million. We produced schedule F reform that will save \$479 million. We reformed crop insurance, saving \$5.6 billion. We decreased support for corn-based ethanol, saving \$1.2 billion. We prohibited payments to cowboy starter kits and ranchettes.

We reformed disaster assistance so that it is budgeted and paid for. I might also add, we reformed disaster assistance so we would prevent what happened in the bad old days where somebody could have a loss on one part of their operation and gains on another part and still get a disaster payment. That is all over. If you do not have, on your whole farm, disaster losses, you will not get a disaster payment in the future. That is reform.

Facts are stubborn things. In short, we have gone the extra mile to address the administration's legitimate requests and provided reform in this bill.

I wish to take a few minutes to address three other claims the administration has made, because they are especially egregious and false.

The administration's spokesman said:

At a time of record farm income, Congress decides to further increase farm subsidy rates.

More fiction. Here is the fact. The conference proposal does not increase subsidies at times of record farm income. To the contrary, the conference proposal: cuts direct payments by \$300 million, reduces commodity spending by \$3.5 billion, reduces the ethanol tax credit by \$1.2 billion.

The conference proposal only pays producers if prices collapse or when

there is a loss of production. I am talking now about marketing loans. I am talking about the countercyclical program. Let me give you an example of what they are talking about.

They say we have increased farm subsidy rates at a time of record farm income. Let me give this example to show you how truly absurd that statement is. Wheat prices now average about \$8 a bushel. Okay. That is what you get when you go to market. You go to sell, you get about \$8 a bushel for wheat. We increased the loan rate from \$2.75 to \$2.94. We increased the loan rate from \$2.75 to \$2.94. We increased the target price from \$3.92 to \$4.17.

Obviously, neither one of those has any application when prices are high. The only way you would get the benefit of these safety net proposals is if prices were to collapse. We have not increased the support when prices are high; we have strengthened the safety net in case prices collapse. Facts are stubborn things.

In fact, the only one—the only one—who is a party to these negotiations who talked about increasing support when prices are high was the administration. They proposed increasing direct payments by \$5.5 billion. Those are payments that would go out to farmers at a time of high prices. Facts are stubborn things.

When they say there has been no reform in this bill, here is the total spending under the farm bill compared to total Federal spending: less than 2 percent of Federal spending, and the support for commodity programs is one-quarter of 1 percent of the entire Federal budget; one-quarter of 1 percent.

When we wrote the farm bill in 2002, the estimates were that commodity programs would take three-quarters of 1 percent of all Federal spending. So support for commodity programs has been cut by two-thirds. That is a dramatic reform. Where did the money go? All of the new money, the \$10 billion we are above baseline here, has been paid for by other spending cuts. All of it went to nutrition.

Now, on the disaster program—I want to end on this note—here are the States that got disaster payments over the last 3 years. Texas qualifies too, because it got payments. So every single State, and Guam, plus Puerto Rico, got support under the disaster program. None of it budgeted for, none of it paid for. In this disaster proposal, we budget for it and we pay for it. And to have the former chairman of the Budget Committee suggest this is a slush fund—no, no, no. What this is is being responsible. That is what this is called, because we know there are going to be disasters. We do not know what they are, we do not know where they are going to occur, but we know they will occur. Instead of leaving it out, putting it on the charge card, we budgeted for it and paid for it. This disaster program is not only budgeted for and paid for, it also will only go to people who

actually have disaster losses. It also requires them to have crop insurance.

The CBO scoring proves this will increase the use of crop insurance, which is good for taxpayers as well as farmers.

One other thing that is very important to understand. This will protect against cuts in conservation. Because the one time they did pay for disaster programs, where did they take the money? They took it out of conservation. What a shortsighted approach that was. We have hopefully prevented that from happening again.

I am extremely proud of the product that has been produced by this group of Senators and Congressmen on a bipartisan basis. I thank our chairman, Chairman HARKIN, for bringing a vision of change to this farm bill. Without that vision, without his passion for it, without his pushing for it, moving in the direction of a greater emphasis on conservation, it would never have happened; and to our ranking member, Senator CHAMBLISS, who has been a strong guiding voice throughout these deliberations. He is somebody I formed a very close working relationship with as we wrote this bill. He has had the best interests not only of farmers and ranchers, he has had the best interests of this country foremost in his mind every step of the way. This country and certainly his State owes him an enormous debt of gratitude. We thank Senator CHAMBLISS for the extraordinary time and effort he has put into this bill.

To Chairman BAUCUS, the chairman of the Finance Committee, who has been such a rock throughout this process, who provided strong leadership at every step of the way, and helped provide the financing, along with the ranking member of the Finance Committee, Senator GRASSLEY, who also participated in hour after hour, day after day, week after week, of deliberations to form a bill that was responsible, and who provided much of the push to get these reforms adopted.

Now, I recognize this does not have all of the reforms certainly the Senator from Iowa would have liked, but we would never have gotten this much without his pushing. Chairman PETERSON, on the House side, no one worked harder to get this result. I applaud him for the remarkable vote in the House today. The legislation passed there 318 to 106. That is in the face of a Presidential veto threat.

The ranking member, Congressman GOODLATTE, whom I came to have great respect for in these discussions; thoughtful, responsible, rational. Chairman RANGEL, who helped us with the funding so we could pay for this bill without any tax increase.

Congressman POMEROY, the only Member of the House to serve on both Ways and Means and the House Agriculture Committee, who played such an important role.

In the Senate we cannot forget those other Members who played such key

roles: Senator LEAHY with the dairy provisions, former chairman of the committee; Senator STABENOW, who is, in large part, responsible for the dramatic improvement in the treatment of specialty crops that are such an important and growing part of American agriculture; and Senator LINCOLN, BLANCHE LAMBERT LINCOLN. I tell you, her constituents have got a fighter in their corner every day. Nobody is a more aggressive fighter for her folks than the Senator from Arkansas.

Before I end, I wanted to say a few thanks to staff as well, because this has been an effort that has gone on well more than a year. I want to thank my own legislative director, Tom Mahr, who played such an important role in making this all work financially. Jim Miller, my lead negotiator. Jim Miller has given body and soul to this effort. I am so proud of him. He is an encyclopedia on agriculture. He is also extremely adept with the numbers. I estimate Jim Miller has spent 3,000 hours on this effort.

I also want to recognize Scott Stofferahn, who is my other lead negotiator, who is the father of these disaster provisions, worked with the agriculture commissioners around the country to come up with the provisions for this reform.

John Fuher of my staff who is a young man who came on this team and brought his "A" game. Joe McGarvey, who does the energy work on my staff. Miles Patrie, who worked on the nutrition provisions. My deepest appreciation for their extraordinary effort. Day after day, night after night, weekend after weekend sacrificed.

To the chairman's staff, Mark Halverson and Susan Keith, who have spent—I would not even know how to calculate the time and effort. I do know Mark Halverson has gone gray in the effort.

The Finance Committee staff, as well. Before I mention them, I wish to single out the extraordinary staff of Senator CHAMBLISS: Martha Scott Poindexter, Vernie Hubert, Hayden Milberg. What first-class people. These are the kinds of public servants who deserve everyone's respect.

On the Finance Committee staff, Russ Sullivan, Cathy Koch, Rebecca Baxter, Jon Selib, Senator BAUCUS's legislative director.

Senator GRASSLEY's staff, who are outstanding as well, absolutely outstanding: Elizabeth Paris, Kolan Davis, Mark Prater, first-rate people who did their level best for the American people.

I can tell you, I have never been more proud to be part of an effort than I was to be involved in this one.

I see somebody else on the floor, the former chairman of the House Agriculture Committee, the Senator from Texas—the Senator from Kansas; I was seeing if I could get a rise out of him—Mr. ROBERTS, who has been of so much importance to this conference effort and to the effort in the Senate Agriculture Committee as well.

I tell you, I am proud of this product. This is a bipartisan product. This is a bipartisan effort. It is good policy and it deserves our colleagues' support.

I yield the floor.

The PRESIDING OFFICER (Mr. SALAZAR). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, this farm bill has been a very long process. Last fall the Senate Agriculture Committee asked the Senate Finance Committee to help make up a budget shortfall we faced, and the Finance Committee on which I serve stepped up to the plate. With eight members of the Finance Committee also being members of the Agriculture Committee, we had a real desire to make sure rural America had the best farm bill possible. So following on what Senator CONRAD said about fellow Senators deserving compliments for their hard work, I am only going to single out my colleague from Iowa Senator HARKIN and my colleague from Georgia Senator CHAMBLISS, the top two members of the committee, thanking them for the countless hours and weekends they put into this bill for a long period of time; for some, over a period of a year.

This was as difficult a farm bill to write and conference as I have ever seen. My colleagues so far have given a good overview of what this bill contains and what it does for those who are hungry, those who are living in rural America, and those who are still involved in family farm operations. But I wanted to take a minute to highlight a few of the items that were most important to me and, obviously, to my home State of Iowa. I think I have some experience to talk about because I still sharecrop with my son Robin.

This isn't a blanket approval of the bill. I did have some reservations about the bill because I didn't think it went far enough in two true farm bill areas—payment limits and competition reform.

First, the ban on packer ownership that had been a part of the Senate bill when it passed the Senate failed in an amendment I offered in conference committee. This is unfortunate because the livestock industry continues to become more vertically integrated and consolidated. I think that is bad for the independent producer. The recent announcement, for instance, that JBS Swift plans to acquire Smithfield Beef Group, National Beef, and Five Rivers Feedlot should be alarming to us as legislators. I continually have to wonder if when we get down to just one single slaughterhouse, one single packinghouse, will the Department of Justice and Congress begin to raise questions about the trend we have had for consolidation? This is a trend that continues to make it more difficult for independent producers to have choice in to whom they sell their livestock and making it more difficult to get a fair price for their livestock as the cash market continues to shrink. We were able to include some reforms in the livestock title, regardless of not

doing what I think should have been done.

The Senate version of the farm bill included my language which banned mandatory arbitration clauses in production contracts. I drafted this bill after hearing about problems where producers were being forced to enter into expensive arbitration proceedings, thus giving up all their rights to have disputes finally resolved through the independent judiciary. While we weren't able to have the arbitration language from my bill included, we did reform production contracts to give growers a true choice in selecting dispute resolution, ending the practice of forced mandatory arbitration in binding contracts. The farm bill conference report requires that contracts provide a clear statement of choice to producers upfront as to which track of dispute resolution they might want to use—arbitration or the court process. It also prohibits the integrators from pressuring growers to make one choice or the other. Any interference with the choice would constitute a violation of the Packers and Stockyards Act. Further, the language states that if a grower declines arbitration upfront, that grower can still choose arbitration at the time the dispute arises, if both parties consent to the use of arbitration. Together these provisions constitute significant reforms and will help level the playing field for our growers.

Secondly, I don't think the payment limitation reform goes far enough, and Senator CONRAD recognized that in the final part of his remarks, that that is a concern I had. He did give me credit for pushing and pushing and pushing and bringing it to the point where it is. I believe it doesn't go far enough. Because on this Senate floor, we had 57 votes to reduce the cap on all three forms of commodity payments—direct payments, countercyclical and market loan benefits, and loan deficiency payments. But we ended up having a fight in conference just to keep those levels of current law. That is the good news. The bad news is we didn't go as far as what those 57 votes on the floor of the Senate thought we should do, a hard cap of \$250,000.

So what did we do in its place? Senator CONRAD explained some of this, but I wish to emphasize it because it is a lot better than if we did what the President asked us to do today, that we not pass this bill. There is indication it will be vetoed and that we ought to extend the existing farm bill for 1 year or 2 years. Well, when it comes to limitations on farm income and who can participate in the farm program and who cannot, those limitations in present law at \$2.5 million are laughable and, quite frankly, aren't even being enforced at that level presently. So I come to the conclusion that what we have is better than present law, not as good as what I want but, for the first time, having something that is fairly meaningful toward reform and limits

on high-income people benefiting from the farm program.

The adjusted gross income limit did come down substantially, so that is a step in the right direction. For the first time, we have a cap on farm income of \$750,000. Previously, there was no cap on farm income. It will bring a \$2.5 million adjusted gross income cap on nonfarm income down from that \$2.5 million that I said is laughable and probably not enforced, down to a \$500,000 cap on nonfarm income. But these adjusted gross income limits are still too high, frankly, as far as I am concerned. In some parts of the country, they may not be. I have to admit that even though I am a farmer, I may not understand agriculture in California, Texas, and the Southeast. But I sure understand agriculture in the States of the Plains and the Midwest. You go to almost any farmer and tell them that we put this limit of \$500,000 in for nonfarm income or that we put in a \$750,000 cap on farm income, they are going to kind of laugh at us and wonder if we haven't been in Washington too long.

On the other hand, negotiation around here is the art of compromise, and so I am going to vote for this bill with these caps in it. I am going to thank my colleagues who negotiated for going a lot further the last few days than I ever thought they would go. Hopefully, this keeps some people who have the ability to withstand natural disaster, to withstand sometimes politics affecting farm income, sometimes war, sometimes international trade issues affecting farm income, people at this level have the ability to withstand that. Smaller and medium-size farmers don't have that ability. That is why we have a farm program. So there is some level of income where people ought to be able to withstand things that are beyond their control and still be in the business of farming.

I am asking the people in the State of Iowa to look at these caps as being a step in the right direction, not satisfying me but still better than present law. That is why I think it is very necessary that we get this into law. Hopefully, down the road we can make things even better.

I happened to have the Government Accountability Office pull data for me on how many folks are actually getting payments over these new income limits. Honestly, there aren't a lot. The conference committee took steps, though, in other areas of reform; for instance, in the right direction by eliminating the three-entity rule and going to a system of direct attribution. In this particular instance, we do away with the legal subterfuge of where there are limits in existing law, that people could split up into three different units and each unit get the limits that are presently allowed. So that legal subterfuge is done away with. Also, in the commodity title, the administration, the House, and the Senate all recognize the importance of in-

cluding revenue protection programs for farmers. All three groups, however, took different approaches. I am pleased that an average crop revenue program was included in the final bill as an option for farmers and particularly because the hard work from this comes from a lot of corn producers in my State.

Not only that, we were able to make the program a more viable option for producers and make it available to them in the next crop year, 2009. I am excited to see what type of participation we get in the program and the outcome of it, so that in the next farm bill debate, we can decide whether revenue protection works. The people who thought this up, those of us on the committee who went with the recommendations, have confidence in the people who thought it up. But there is nothing like the real world of seeing whether it works. So we have a few years to make that determination. I hope it does work.

In addition, the White House has continued to say Congress can't use timing shifts to save money and somehow they didn't count. Well, they do count because farmers are going to have to make a judgment in the way they do things to accommodate. Farm program payments will come later in the year, but they will be expected to make crop insurance payments earlier. So in fact, these do count and will pinch the cashflow of a lot of independent producers, whether the White House wants to believe it or not.

All that being said, I am pleased this farm bill is making significant investments in rural America. I would like to point out a program that I have named the Value-Added Producer Grant Program as one of those. It has had a bit of a facelift since I first worked on this. I bet it has been 6 or 7 years ago. But it is targeting funds directly to beginning farmers and to ranchers, which is critical to getting young farmers into business. I continue to hear good things about these dollars being invested right into rural communities, and so I am pleased we could get some mandatory money into the program, even though the farm bill dollars were very tight.

I have also worked to give Black farmers, African-American farmers, applying for Farm Service Agency loans who were involved in the Pigford v. USDA discrimination lawsuit a chance to have their claims heard. That is why I introduced earlier in 2007 the Pigford Claims Remedy Act. There were circumstances out of these farmers' control, and they weren't able to get their claims filed timely. The conference report provides that these claimants who have not had their cases determined on the merits may, in civil action, obtain that determination. In other words, they are going to have their day in court that they feel they did not get with the administrative process. It is time justice was done for these African-American farmers. Civil rights at

the U.S. Department of Agriculture has management problems that still need to be addressed, so I want that department to know I will be watching over the administration of this Pigford program very carefully.

Last year, I called for a Government Accountability Office report on farm payments going to farmers who had already died. We even held a hearing on this issue before the Senate Finance Committee. The Farm Service Agency paying dead farmers was a classic example of waste, fraud, and abuse. It is a classic example of a department not doing its job.

Now, I am not saying there might not be legitimate reasons to keep estates of dead people open for a few years. But there was something wrong with people who did not report that the structure of the farming operation had changed, that somebody had died, and continued to get farm program payments in a dead person's name.

So the farm bill is proactive in requiring the U.S. Department of Agriculture to check payments against taxpayers' ID numbers at the Internal Revenue Service. I am cautiously optimistic, however. I requested a new Government Accountability Office report, and in preliminary briefings I have learned that the U.S. Department of Agriculture does not even enforce the current \$2.5 million AGI limits. It makes me wonder how they are ever going to enforce the more complicated AGI limits we have put in place.

I should also add that based on the two Government Accountability Office reports already released, we closed a fraudulent farm loss loophole that allows operations to evade payment limits. We also were able to shut down the generic certificate abuse with new Commodity Credit Corporation 1099 reporting that I had asked the Treasury Department to do something about way back in 2001, and, quite frankly, they have done nothing.

Another issue I often hear from constituents about is the abuse of the rural broadband loans going into areas where service is either already provided by other capable entities or a high percentage of households already have service. I do not believe the Government should be in the business of subsidizing competition. We ought to be in the business of helping people who do not even have the service.

Thus, we were able to include in the new farm bill a requirement that in order to be eligible for a loan, the provider needs to be applying for an area where 25 percent of the people do not have service and where not more than three incumbent service providers are already located.

I want to shift gears a bit now from the Agriculture Committee's role to my role as a member of the Senate Finance Committee. Through that role, I was able to secure even more reforms to agricultural policy while protecting the interests of farmers and ranchers.

When the House passed this bill with a revenue offset for the extra agricul-

tural spending, I raised a concern to the tax-writing committees. By yielding several billion dollars in new revenue for new spending, the Ways and Means Committee established, in my judgment, a very dangerous precedent.

There is always great temptation for any committees in the Congress that have a voracious appetite for new spending to view the Ways and Means Committee on the other side of the Hill or the Finance Committee in the Senate—the tax-writing committees, in other words—as some sort of a cash register. From a fiscal disciplinary standpoint, this pressure, if unchecked, will lead to larger and larger government and higher and higher taxes.

The hard-working American taxpayer is the loser because revenue offsets are diverted from the highest and best uses: tax policy and deficit reduction. The proliferation of reserve funds in budget resolutions under both parties—I want to say both parties; so my party is guilty of this as well—is very clear evidence of this pressure as well. Those reserve funds might as well be labeled as tax-and-spend funds because the committees that request them are not likely to cut any spending.

So I raised concerns early in the farm bill deliberation about a very dangerous slippery slope that Congress or the tax-writing committees might be heading for.

So I am pleased to say in the Senate process, Chairman BAUCUS listened to my concerns and agreed. We made it clear that we would hold the line, and we did hold the line. The Finance Committee marked up a bill that took care of agricultural priorities. But where we use Finance Committee resources, we kept the benefits and authority within the Finance Committee.

Everyone knows the Finance Committee action made it possible for the Agriculture Committee to move forward to spend more money than was in the baseline. We took some of the policy pressure, then, off of the Agriculture Committee.

The schedule and press stories bear out that basic point. We held the line between agricultural policy in the Agriculture Committee and agricultural policy in the Finance Committee when the farm bill was processed on the Senate floor. Remember, that passed, I think, with 77 votes.

Now, the conference was quite a different matter. In the end, we kept a decent but much smaller package of agricultural tax relief offsets with agricultural tax reforms. We also split the baby, from the jurisdictional point of view.

An extension of the Customs user fees, which is a tax-writing committee offset, was used to offset the \$10 billion in new agricultural spending; in other words, meaning the \$10 billion above baseline. About half of that, the part dealing with the new agricultural disaster relief trust fund, is in Finance Committee jurisdiction. The balance is going to pay for new agricultural spending above the budget baseline.

In my view, this was an unfortunate and troubling compromise for the tax-writing committees. We mitigated some of the damage to the institutional structure of the tax-writing committees, but we also at the same time opened the door. It is a door I was glad to keep slammed shut during the years I chaired the Finance Committee. I worry greatly about the precedent that has been set here. Pressure will be brought to bear in the future for more nontax-writing committee spending to be offset with Finance Committee resources.

I sincerely worry about the effect of this precedent on the power and resources of the two chairmen, my friends, Mr. RANGEL, the chairman of the House Ways and Means Committee, and Senator BAUCUS, the chairman of the Senate Finance Committee. Other committees are loathe to cut their spending and to reform large programs in their jurisdictions.

So the easy street for other committees is to assign their funding problems to the tax-writing committees and to blame the tax-writing committees for any funding problems. As my friends, the two chairmen, know better than anyone else, the demands within the tax-writing committees for offsets are a big challenge just to do the work the tax-writing committees have to do.

I hope we all have learned a lesson. We should not use the tax-writing committees' resources as an easy way out for other committees that are reluctant to make the tough choices in the oversight and development of programs in their jurisdiction.

There have been also some significant benefits, though, from the Senate Finance Committee's involvement in this bill.

The farm bill also includes some customs and trade provisions that I want to address. First, it includes a compromise on expanding our existing trade preference program for Haiti.

This was a priority for the chairman of the House Ways and Means Committee. In addition to expanding Haiti's trade preferences, the compromise calls upon the President to identify any textile or apparel producers in Haiti that fail to comply with core labor standards, as defined in the legislation, or the labor laws of Haiti that relate to the core labor standards.

The statement of managers accompanying the conference report states very clearly that the Conferees recognize that the core labor standards defined in the legislation refer to the rights as listed in the 1998 International Labor Organization Declaration on Fundamental Principles and Rights at Work and its Follow Up.

We voted for the 1998 ILO Declaration. We respect, promote, and realize the labor standards stated in the 1998 ILO Declaration. Moreover, the legislation applies only with respect to labor practices in Haiti. It does not address and cannot impact our domestic labor practices in any way.

Now, the legislation further calls upon the International Labor Organization to report periodically on the compliance of individual producers in Haiti with the core labor standards and the labor laws of Haiti.

And the legislation directs that in identifying producers that fail to comply with core labor standards, the President shall consider these ILO reports. The President is free to consider any other information, and the final decision rests entirely with the President.

Nothing in the legislation forces the President to make any particular determination. It just says that the President shall consider these reports.

And if the President determines that a producer in Haiti is not in compliance and refuses to comply, the legislation directs the President to withdraw, suspend, or limit benefits to that producer under the trade preference program until the producer comes into compliance.

As I said at the outset of my remarks, I am not making a blanket endorsement of the farm bill. I have my reservations. Had I written the Haiti provisions from scratch, they would have looked very different. But this issue was part of a broader negotiation, and compromises were necessary if we were going to produce a final product.

The proponents compromised too. Originally they proposed requiring the President to withdraw trade benefits solely as a consequence of the ILO reports. That was never something I could accept. Ultimately, they dropped that demand and agreed to defer to the President's discretion.

The compromise language that is in the bill is specific to Haiti and responds to the unique economic and political situation in that country. I accepted it based on that narrow context as part of an overall compromise to conclude these negotiations.

Another issue that we addressed in the farm bill is a recent proposal by the Customs and Border Protection agency to change the way certain imports are valued for purposes of assessing duties.

The agency proposed eliminating its current practice of allowing importers to base customs value on the first price paid in a series of transactions that culminate in the importation of a product into the United States. Customs has instead proposed a mandate that importers must use the last transaction price.

This proposal has drawn significant concern from the business community and in Congress, for a number of reasons. First, it appears to counter an established practice that has been around since at least 1988. And some argue that it would lead to tariff increases of 8 to 15 percent.

Moreover, Customs doesn't collect data on the extent to which the so-called first-sale option is used. Nor does the agency have a clear sense of the economic impact of the proposed

change. Yet the agency did not consult Congress or the business community before proposing this change in administrative practice.

Consequently, we included a provision that directs Customs to collect additional data for 1 year on the usage of the first-sale option. We further directed the International Trade Commission to submit a report to Congress analyzing the data to be collected by Customs.

Finally, we included a sense of Congress that Customs shall not implement any change to disallow the first-sale option prior to January 1, 2011. After that date, Customs can implement a change but only if the agency consults with the committees of jurisdiction in Congress and the business community, and also receives approval for such a change from the Treasury Department.

That is because the Treasury Department retains rulemaking authority over Customs regulations, though a portion of that authority has been delegated to the Department of Homeland Security.

I do want to say some other things the Senate Finance Committee has done. We create a new, temporary cellulosic biofuels production tax credit. This provision will encourage the development of a new cutting edge alternative biofuel industry.

Cellulosic biofuels can be produced from agricultural waste, wood chips, switchgrass, and other nonfood feedstocks. With an abundant and diverse source of feedstocks available, cellulosic biofuels hold tremendous promise as a home-grown alternative to fossil-based fuels.

With cellulosic ethanol, and with the additional feedstocks from corn stover, from wood chips, from switchgrass, and other things that have cellulose in them, we are going to be able to move beyond just grain being used to make ethanol.

Now, that is going to solve some problems. But one of the problems that it is going to solve, if people will be patient, are these demagogic statements that are going on now about the production of ethanol bringing up the high price of food.

Ethanol is being blamed for everything right now. Ethanol is being blamed for rice going up. We do not make ethanol out of rice. Bread goes up. They have riots in Cairo, and corn ethanol is being blamed for it. There is a whole conspiracy on the part of the grocery manufacturers of America, hiring a public relations firm to put on a 6-month crusade against ethanol. It is a scapegoat. It is intellectually dishonest.

In 1980, the people of this country asked Congress to put some incentives in because we ought to have renewable fuels, and ethanol was the direction to go. The farmers of America responded by growing more corn. Farmers invested, setting up ethanol plants. For 25 years, there have been incentives for

ethanol production. Ethanol is becoming a major component now through renewable fuels and less dependence upon foreign sources of oil. For 25 years, everything about ethanol has been good, good, good, good—whether it was good for the farmers, good for the environment, good for jobs in rural America, or good for less dependence on foreign sources of energy.

Then, all of a sudden, corn goes up to \$4 a bushel a year ago, and then everybody gets on ethanol. It is an intellectually dishonest attack that irritates the heck out of me, and I think we ought to band together as we always have done. The farmers of this country responded when the country wanted renewable fuels, and for 25 years nothing bad was said about ethanol. Then, all of a sudden, the price of food goes up, and ethanol gets blamed for it.

Ninety-five percent of the grain in the world is eaten; 95 percent of the grain is eaten. Last year the farmers of America planted more acres to corn than any year since 1944. The farmers of America produced 2.3 billion more bushels of corn last year. Only 600 million bushels of that 2.3 billion bushels of corn went into ethanol.

The other 1.7 billion bushels are available for everything else anybody wants to use them for, including if they want to eat the same corn animals eat. Yet I am hearing people complain about ethanol being the reason that rice and wheat are high priced and somehow scarce. We have to wake up the people of this country to the fact that the farmers of America responded when they wanted alternative energy, and that alternative energy is not at fault.

In fact, Iowa State University has studies showing that the price of gasoline would be 30 or 40 cents higher today if it had not been for what ethanol is producing. We have to get over it. Maybe this new program on biofuels from things other than grain will help calm that, I hope, because cellulosic biofuels is still science in the making, and scientists are telling us in 3 to 5 years it is going to be commercially viable.

This bill, then, includes a new, temporary cellulosic biofuels production tax credit for up to \$1 per gallon, available through December 31, 2012, as an incentive toward cellulosic ethanol, the same way we have since 1980 on a tax incentive for ethanol from grain.

This provision is estimated to cost about \$403 million over a 10-year period of years that the tax credit is available to American investors who are willing to take the risk of producing cellulosic ethanol.

The new cellulosic biofuels production tax credit will be funded in part by a 2-year extension of the tariff on ethanol and reform in the current ethanol blenders' credit, which will be reduced from 51 cents per gallon to 45 cents per gallon on January 1, 2009, the first day the cellulosic producers' credit will be available. One other thought that came



to my mind just now about an attack on ethanol. We have people who have voted for ethanol in this Senate. Twenty-two of them have sent a letter to the EPA saying that the mandate on ethanol ought to be lifted—the very same Senators who have complained because we aren't doing enough for renewable energy.

The last tax title I wish to refer to—and then, for my colleagues, I am just about done—is the Conservation Reserve Program payments. We have had this situation where the IRS has been taxing cash payments that farmers receive from Conservation Reserve Program payments—CRP payments—with the Social Security tax, the payroll tax. If you are a farmer receiving cash payments, if you rent your land and you receive cash payments, you obviously don't pay Social Security tax on that money. But the IRS ruled that if you were getting cash payments on CRP, you had to pay Social Security on it. So we take care of that problem in this bill as well. That is something we have been working on since 1999, and I am glad to have the opportunity to correct something the IRS has done that is an injustice to landowners who receive cash payments.

I understand that some of my colleagues have concerns over the extension of the ethanol tariff in the farm bill.

I would like to point out that the United States already provides significant opportunities for countries to ship ethanol into our market duty-free.

Numerous countries don't pay the U.S. ethanol tariff at all. Through our free trade agreements and trade preference programs, some 73 countries currently have duty-free access to the U.S. market for ethanol fully produced in those countries.

For all other countries, including Brazil—the world's major exporter of ethanol—the United States provides duty-free access through a carve-out in the Caribbean Basin Initiative.

So Brazilian ethanol exporters currently don't have to pay the U.S. tariff. Under the Caribbean Basin Initiative, ethanol produced in Brazil and other countries that is merely dehydrated in a Caribbean country can enter the United States duty-free up to 7 percent of the U.S. ethanol market. That is very generous access.

Moreover, this duty-free access—as it captures 7 percent of U.S. ethanol consumption—grows every year.

Yet Brazil and other countries have never come close to hitting this 7 percent cap. In fact, as of Monday, the 7 percent cap was filled only 23 percent for the year. So we are almost halfway into 2008, and foreign ethanol exporters haven't even filled by one-quarter the generous duty-free access that we give them.

And it isn't that the Caribbean Basin Initiative countries don't have the capacity to dehydrate more Brazilian ethanol. They do. Current dehydration capacity in the Caribbean Basin Initia-

tive countries is 580 million gallons, well above the over 452 million gallon duty-free allotment for 2008.

Brazil isn't taking full advantage of the duty-free treatment currently available to it. I don't know why we should bend over backwards to provide yet more duty-free access for Brazil.

This is especially the case given Brazil's stance in the Doha Round negotiations of the World Trade Organization. Brazil is resisting efforts to further open its market to imports of U.S. industrial goods and services.

We shouldn't even discuss reducing or lifting the tariff until Brazil takes full advantage of its current ability to ship ethanol duty-free to the U.S. market.

Finally, the ethanol tariff is a revenue-raiser for the farm bill. The cost of the new cellulosic biofuels production tax credit will be offset, in part, by an extension of this tariff. In this way, the ethanol tariff will help us move toward the development of a new cutting edge alternative biofuel industry that will produce fuels from agricultural waste, woodchips, switchgrass, and other nonfood feedstocks.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The senior Senator from Arkansas is recognized.

Mrs. LINCOLN. Mr. President, I rise today to add my support as well to the Food, Conservation, and Energy Act of 2008. It has been a very long and arduous process, but I think those of us who have been extremely engaged in this process are proud. We are proud of the hard, bipartisan work that has gone into this bill, and we are proud of the product. Although many of us know that none of us could get everything we wanted in this bill, we worked hard in a bipartisan way and in a way that was respectful to the diversity of this country to come up with a product we could all rally around and be supportive of on behalf of this country and the hard-working farmers out there who support this country as well as those of us who enjoy their bounty, not to mention the many other good components of this bill we worked hard together on, again, in a bipartisan way to come up with a good result.

However, the finish line being in sight, it is still not quite over yet. That is why I wish to first of all encourage my colleagues to send a strong message to President Bush to sign this bill that supports rural America and sets a long-term strategy for investing in those communities across this land that provide us with the unbelievable bounty this great Nation affords us.

This is only my third farm bill, so I have not been engaged in this process quite as long as many of my colleagues who have already spoken. But I have to tell my colleagues, as Senator CONRAD mentioned, I feel quite passionate about this bill because I feel quite passionate about the farm families in this country.

I myself come from a seventh-generation Arkansas farm family, and I have

watched, as I have grown up—not just in my own family but in families across our State—the hard-working communities that take such a sense of pride in being Americans but, more importantly, providing for this country and the world the safest, most abundant and affordable supply of food and fiber anybody could.

Yes, I am sure my colleagues will be delighted when I sit down and quiet up because I have been extremely passionate about this bill because I believe in those people of my State. I believe in the passion and the pride they have in who they are as Arkansans and, more importantly, who they are as Americans.

I am proud of the work we have done, and I am proud to have fought hard for their needs and their concerns, for the diversity they represent in the infinite number of business operations and farm operations that exist in this great country, enabling us as a nation to be able to say that we can provide the most efficient and effective production of food and fiber for the world, particularly at a time when, as my colleague from Iowa mentioned, in places across the globe people are fighting over food and the need for food. We have the hard-working farm families of this country to thank for the incredible effort of making sure we don't go through that, that we don't experience those things.

I wish to first start by thanking the chairman of our Agriculture Committee, Chairman HARKIN, and his hard-working staff. I wish to thank the chairman for his leadership throughout this process and, again, although none of us got everything we wanted in this bill, his willingness and the willingness of his staff to be consistently there for us and to listen to the concerns we have expressed. I appreciate all of the hard work and the many hours they have put into this.

I wish to thank not just his staff but the staff of all of the other Members who have worked so diligently with me and my staff through this process. We do have many perspectives in this bill from many different regions of this country, but we do know at the end of the day how to be respectful of one another.

I especially wish to thank the ranking member, Senator CHAMBLISS, and without a doubt his incredible staff, Martha Scott Poindexter and Vernie Hubert, who have been tremendous and have put incredibly hard work into this bill. They have been not only a great asset in the putting together of this bill, but they have been good friends, and I am enormously grateful.

I wish to thank Chairman BAUCUS for his work and the excellent work of his staff on this very important tax title, along with his ranking member Senator GRASSLEY and his staff. Their efforts to secure funding for this bill have been tremendous.

I also wish to say a special thanks to Senator CONRAD and his staff. They

have sought to find the common ground and to bring people to the table. They have been thoughtful. They have been understanding. They have been tireless at making sure there was a reasonableness about our discussions and that the facts and the figures were clear as we debated all of these issues.

So many of the other members of the committee as well as Members of the body who have engaged in all of these discussions have done a tremendous job in bringing this all together.

Of course, on the House side, Chairman PETERSON and Ranking Member GOODLATTE as well as Chairman RANGEL have done an incredible job in working with us, and we appreciate so much their hard work.

I would also like to add my special thanks to my own staff, Ted Serafini and Anna Taylor, who have been an incredible support for me and made a tremendous effort in making sure our voice from Arkansas and the voices of the people we represent were so passionately heard with such great expertise, as well as my former staffer Robert Holfield, who worked very hard on this bill before he left our staff.

Those of us on the conference committee have worked hard to come up with this bill, and we wanted it to be practical. We wanted it to be realistic and exhibit the reforms that so many people have been asking for. A lot of time and energy was put into the final bill, and it is a good compromise. While it doesn't contain everything, as I said, that I want to see or anybody else on the committee wanted to see, it does ensure that we maintain the blessings we have here in this great country of American agriculture.

I often say to people at home that what we should be doing up here is not looking for legislation to be a work of art but to be a work in progress. As many of us who have worked on many farm bills know, it is a work in progress and continues to be—not just in what we do with this farm bill, but, as the Senator from Iowa mentioned, we look for making sure that the actions we have taken do not have unintended consequences and that we pay close attention to ensure that the things we have done do not disproportionately harm our great efforts of production agriculture.

From day one, there was a lot of give-and-take. In the end, I think Members and their staffs have produced a good compromise and a compromise that respects and appreciates the diversity of our country and certainly the great wealth and bounty of what our Nation has.

There are so many good things in this bill to be proud of, and I am. Several of my colleagues have already touched on the increased investment in nutrition, renewable energy, conservation, and rural development. All of these will benefit our country greatly.

As one of the cochair and cofounders of the Senate Hunger Caucus, I am very proud that nutrition was a pri-

ority in this bill. This bill commits \$10.36 billion—nearly 73 percent of the bill—for nutrition to continue the fight against hunger. Hunger is a disease we can cure. We know how to cure it. We simply have to set it as a priority, and this bill does.

It represents the largest amount of funding for nutrition programs in our Nation's history. At a time when 20 million Americans are living in poverty, it should represent certainly no less. One billion of that is allocated for the Fresh Fruit and Vegetable Program which provides free fresh fruits and vegetables to low-income children in our schools nationwide. It also expands the Senior Farmers Market Program by \$50 million to help them purchase fresh fruits at places like farmers markets and roadside stands throughout the country. I am proud that the bill aims to reduce food insecurity among our children and our elderly, among our low income and those who are in need. This is a good part of our bill.

This bill also provides farm families, ranchers, and small businesses throughout the greater part of rural America with the opportunities and the incentives to develop renewable energy sources and continue the drive toward greater energy efficiency in this country. As we have seen with the huge rise in gas prices this year, reducing our dependence on foreign oil is an absolute necessity for our Nation's future security. I see the passion in my Arkansas farmers and entrepreneurs in rural Arkansas and across this great country for producing alternative and renewable energy sources. They stand ready. They stand ready to take advantage of the incentives and the call we have in this bill to lessen our dependence on foreign oil and empower our own selves, our own country with renewable fuels that will not only create jobs but provide a better environment for future generations. In this bill, we have the beginnings particularly of making sure we not only lessen our dependence on foreign oil but we do so in a way that is good for our environment.

I am also grateful that an important provision in this bill that I supported will bring tax parity to the timber industry which is so important to my State. This change will help our timber farmers and millers remain competitive globally during tough economic times. Last year, the downturn in the forestry industry resulted in the loss of more than 3,000 jobs and nearly \$14 million in State and local revenues in my State of Arkansas.

Conservation is also a big part of this package. It does a tremendous amount. As a farmer's daughter, I saw no greater conservationist than my own father, as a farmer who took great pride in not only the land of our farm and the future generations who would get to use that land but also in the conservation that surrounded our farm and in our county, because not only was it impor-

tant to his livelihood and for future generations of our family, for the expertise and his productivity on our farm, but it also was an enhancement and an unbelievable endowment to future generations for the wonderful pastime that so many Arkansans enjoy. Whether it is fishing in our rivers and streams, whether it is hunting in our forests, all of the many things we see in our State that my children and other Arkansans enjoy, it is a true blessing to see that conservation, and certainly it is important to our agriculture producers and others.

The chairman, Chairman HARKIN, has been a tireless advocate for conservation programs, and we appreciate that. I am pleased that once again he has produced a bill that is progressive in this area.

It includes a \$4 billion increase in conservation programs, including a \$1.3 billion investment in the Wetlands Reserve Program, which is very popular and productive in my State. We have the largest timber wetlands in North America, with the White River Waterfowl Refuge, along with the incredible lands—mostly nonproductive farmlands—that have been put into the wetlands reserve and the wetlands program and have contributed greatly to the environment. We have not only spotted the ivory-billed woodpecker, but we have tremendous migratory birds—not only the waterfowl but some of the largest areas for neotropical migratory birds, songbirds. It is a wonderful asset for this country and for future generations.

It ensures we are the best stewards of the land that we possibly can be and, above all, it helps us to leave our children with the environment they deserve.

It also includes a tax deduction to reduce the costs of implementing recovery plans under the Endangered Species Act. I see Senator CRAPO, whom I have worked a lot with on this issue.

The current Endangered Species Act plays a crucial role in protecting threatened endangered species and habitats and in promoting species recovery. However, on private lands, which are relied upon by the majority of threatened species for their survival and recovery, the current law doesn't provide all the necessary tools we need.

This provision in the farm bill ensures that our private landowners are given the incentives they need to protect our endangered and threatened species and engage with State governments and the Federal Government to protect them by making sure they can work on their land and give the needed protections that are needed in order to protect the habitats so we never even see these species going on the endangered species list to begin with.

This bill also provides an additional \$150 million to promote economic growth, improve infrastructure, and create jobs in rural America through the rural development title.

This investment will help improve access to broadband in rural America,

as well as provide loans for rural hospitals, so they can provide the best care for patients living in those rural areas.

Oftentimes, I think many of us who grow up in rural America, and who go home regularly to rural America, wonder if inside the beltway there are enough people still here who understand the importance of infrastructure needs and investing in rural America—whether it is broadband and making sure folks in rural America have an on-ramp to the information highway that exists or whether it is just that they have clean drinking water in those communities. It is something we can never forget because those precious rural areas of this country will remain out there and those people will remain out there and we have to stand up for them.

The bill also provides serious reform while maintaining the safety net for our family farmers so they can compete in the global marketplace.

Throughout this process, we have heard time and time again that there must be reform. So many of us started early in this process to see where we could bring about the kind of reforms that were being demanded. We have provided in this bill the most significant reform in our Nation's history in this farm bill. The bill lowers the overall cap on program payments from \$360,000 to \$105,000.

We have seen the need to address the loopholes that allow producers to avoid the caps. So we have eliminated those loopholes most frequently—the threententry rule and generic certificates.

I also heard of the need for transparency, so the committee bill added direct attribution, which will track payments directly to a living, breathing individual producer, a farmer out there who is putting their hard-earned time, energy, blood, sweat, and tears into producing these agricultural products.

I advocated for reform and transparency from the very beginning because I knew it was something people wanted to see. But I also think we must be careful that we understand what the possible consequences of these reforms might be.

The 2002 farm bill established a solid safety net program when yields and prices were low.

While we have maintained the integrity of that program, the \$2.5 million means testing on income limits established in that bill in 2002 were never fully enforced by this administration. The Senator from Iowa brought up that point. It is hard to know where to go from those caps in the 2002 bill and today's bill to increase that transparency and increase those reforms, if we don't even know what the first limit actually did.

That is why it does create some concern in me to hear that the administration is saying this bill doesn't go far enough in regard to these reforms. How do we know if it doesn't go far enough

if we have never enforced what has been on the books to begin with?

Prior to the 2002 farm bill, no means test existed for farm programs. Now, I have to say I have concerns that all of a sudden we are going to begin means testing farmers and producers across this country, but we shy away and shiver in this body when means testing is talked about for anything else.

We knew it was important to eliminate loopholes that nonfarmers used to receive program payments, and during the 2002 farm debate, we instituted the \$2.5 million test.

In the bill that passed the Senate in December, we lowered the means-testing cap to \$750,000, which respected our regional differences and avoided the unintended consequences that might arise in this compromise.

Let's not forget that we also significantly reformed individual program pay limits on top of that, which should sharply reduce benefits to producers who remain eligible, as long as they are below that means-testing level we have imposed. I thought the Senate bill did a good job on that compromise and have remained hopeful that those limits, and certainly something close to those limits, is where we can be.

During conference, we agreed to add an additional component that factors in nonfarm income.

However, it is not enough for this administration, and they continue to threaten a veto of this incredibly hard-fought, bipartisan compromise. As I mentioned, I do have some concerns about means testing because we are means testing the most efficient and effective producers of agricultural products in the world, at a time when we are experiencing a world food crisis, and we want to ensure that not only will we maintain the kind of production that we have consistently but also that we do it by setting an example in respect to clean water and clean air and, certainly, in respect to all the other unbelievable demands and restrictions that are placed on our farmers with respect to the environment.

We don't know what those consequences might be, and I hope we will keep in mind—as the Senator from Iowa mentioned—that as we move forward in looking at this bill, thinking about how those effects may have unbelievably unintended consequences. Again, there have been an awful lot of fights for the means testing on our agricultural producers, while there are so many other benefits in this country that are not means tested. I noticed my colleagues earlier mentioning the fact that farm income is up. But I also noticed that nobody hardly mentioned the fact that reflects the reality of what farmers in this country are going through in terms of the environment of skyrocketing production costs and restrictive trade laws, which in our region of the country are much more restrictive. Trade laws are much more restrictive to the commodities we grow, and certainly production costs that are

much higher for capital-intensive crops.

I hope the unintended consequences of establishing payment limits and means testing would not shift the landlord-tenant relations to cash rent and place producers, who are working hard each day to shoulder that risk solely of restrictive trade rules, bad weather, and unbelievably skyrocketing input costs—I hope that is not one of the unintended consequences that we see.

In the end, this bill is about ensuring that our family farmers can continue to produce the world's safest, most abundant supply of food and fiber.

Our farmers also produce their commodities the most efficiently and effectively in the world, and they do it by keeping the cost of our food and fiber per capita the lowest of any developed country, as Senator CONRAD mentioned.

Moreover, they do it with respect to our environment, so our children and future generations can enjoy this unbelievable country of bounty and beauty. They do it by following the Clean Water Act, Clean Air Act, and so many other restrictions that we place on them in order to ensure they are setting the example and doing the best job possible regarding our environment.

They are excellent conservationists and stewards of the land because they understand that if they care for the land, it will take care of them. It is something we should never lose sight of.

I am proud of the work we have done on this bill, and I encourage my colleagues to support the final version. No bill is ever perfect. This one gives our family farmers the certainty they need to continue to compete effectively in the global marketplace. It focuses on the unbelievable needs throughout this country in nutrition, energy, conservation, and rural development.

Again, I am proud to have worked in a bipartisan way with so many colleagues on the Senate Ag Committee, as well as others in this body and in the other body across the Capitol dome.

My last plea before I yield the floor is to my colleagues. It is that we will never allow ourselves or the people of this country to take for granted what we have been blessed with in this country. This is a great country, and we have a lot of incredibly hard-working people. Many of them are spread out over the rural areas. I hope we will never allow the American people to take for granted what this bounty means to them and, more importantly, that we in this body will never take for granted the hard work that goes on beyond this beltway to make us the richest country in the whole world. I hope we can continue in that same bipartisan fashion, recognizing and respecting the incredible diversity across this country that has blessed us for so many years.

I encourage my colleagues to support the great bipartisan product we brought to the floor.

I yield the floor.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAPO. Mr. President, I also rise today in support of the farm bill conference report. Before my colleague, Senator LINCOLN, leaves the floor, I wish to take a few minutes to thank her for the tremendous work she has been willing to do with me. She and I were both elected to the House of Representatives in the same year, and we were elected to the Senate in the same year. We have served on a lot of the same committees, not the least of which has been the Agriculture Committee and the Finance Committee, both of which have important parts of this legislation.

We have had a tremendously good relationship over the years. We come from different sides of the aisle, but we work closely together in a bipartisan way on issue after issue. One of those very important issues, which Senator LINCOLN already mentioned, is the Endangered Species Reform Act. I will talk about that later in my remarks.

Before she left the floor, I wished to thank her for being the lead cosponsor on that legislation that we have worked on literally for 6 or 7 years, to make sure we build a consensus-based solution to issues in this country that will make a difference. Again, I thank the Senator for that. I truly appreciate the working relationship we have, and I could not agree more with the comments she has made overall about the farm bill and the tremendous blessing we have in this Nation to have literally the lowest per capita cost in the world in our budgets for the American families with regard to the dollars they must put forward for food and fiber. At a time when people around the world are struggling to deal with recent natural disasters and to ensure that their families have the food they need, we need swift enactment of this farm bill that will provide long-term certainty for farm families as they continue to feed the world's hungry.

This is the third farm bill that I have worked on since I have been elected to Congress. I have to say that although each bill, as we moved through the issues of the day, presented their unique problems, this has been the most difficult to bring together in a conference where we could literally come together—House and Senate, Republicans and Democrats—and propose good, solid policy for our Nation's food and fiber. I think we have to give credit to those who have been leaders in the Senate in making that happen: our chairman, Senator HARKIN; our ranking member, Senator CHAMBLISS; and on the Finance Committee, which, as I said, also has a significant piece of this legislation, our chairman, MAX BAUCUS; and the ranking member, CHARLES GRASSLEY. There are many others.

Now that I started mentioning Senators, I could literally go through the members of the Agriculture Committee, both sides of the aisle, the

members of the Finance Committee, both sides of the aisle, and list Member after Member who has worked tirelessly to make sure this policy comes together in a farm bill we can be proud of and which will strengthen America globally.

It is not limited to just the members of the Agriculture or Finance Committees. This Senate is committed to making sure we develop the kinds of policies that will keep our Nation strong and globally competitive, and many of those policies are included in this legislation.

In preparation for this farm bill, I held 23 farm bill listening sessions in my State, all across Idaho, to get input from Idahoans about what they need and what they saw important in a new farm bill. I appreciated the input I got from my constituents and, frankly, utilized that input in working with my fellow members on the Agriculture Committee and Finance Committee as we crafted this legislation.

There are a number of provisions I wish to highlight tonight.

The first, which I have already mentioned, is a part of the bill that comes in the conservation piece the Finance Committee worked so hard to bring forward. As I think most people who followed the debate in the battles over the farm bill over the last few months have realized, one of the battlegrounds—in fact, the major battleground—was the effort by the Finance Committee in the Senate to bring forward a significant new addition to the conservation efforts in our country as we deal with conservation policy.

One of the more important pieces of that battleground, if you will, was the Endangered Species Reform Act. The battle was not really over the policies; it was over the dollars because we wanted to make sure we paid for the increased costs of what we were doing. But it was nevertheless a very difficult time as we tried to find a path forward.

Most people who are involved in land management issues, whether they be farmers, consumers, or people who are involved in development or simply homeowners, realize that we have had a significant area of conflict in this country for decades over the implementation of the Endangered Species Act.

There is very little disagreement that we want to protect and preserve the beautiful environmental heritage we have and the species we have that are so rich and abundant in our country. At the same time, we wanted to try to find a way to avoid conflict with private property owners and with the economic activities of people in our country who are trying to develop jobs and opportunities in the economy to provide for themselves and their families. It is that conflict which we have worked on in the context of the Endangered Species Act now for about, as I say, 6 or 7 years, to try to build a solution that could be broadly supported but which would help both species and

people, the economy, and help private property owners and those who are interested in protecting and preserving our rich environmental heritage.

We have succeeded in the Endangered Species Reform Act. This act is broadly supported by the environmental community because over 80 percent of the threatened or endangered species in our Nation is located on private property. The act does not give us the ability to reach into the private property as effectively as we need to help implement recovery plans for species that are threatened or endangered. This legislation does so.

At the same time, as I indicated earlier, our private property owners have been concerned about the reach of the Endangered Species Act and what it would do to them if an endangered species were found on their property. This act makes it so they can actually find economic compensation if that happens.

The core of the act is that it focuses on helping landowners on a voluntary basis have a tax deduction for actions they undertake on their property to help implement recovery plans, to help facilitate and strengthen species.

This is a tremendous incentive, with the backing of the Federal Government, for these tax deductions to encourage private property owners to undertake activities that will tremendously benefit species on their property. The private property owners are compensated for the impacts on their property, the species are benefited, and everyone in the country is a winner in terms of the improvement of the opportunities to strengthen our endangered species protection.

This has the broad support of sportsmen organizations across this country, of environmental organizations across the country, and of private property groups across the country.

I am glad we were able to work our way through literally the battlegrounds we faced in order to make sure we got this legislation included in the final piece of the farm bill.

There is more to do. We had to work it through and adjust pieces of it that we would rather have kept in, but we got the core of the bill in place. And now we look forward to strengthening and improving this important protection of the Endangered Species Act.

While she is on the floor, I thank Senator STABENOW for her tremendous efforts in the conference to make sure we were successful in getting this critical legislation for the endangered species and private property owners included in the final conference report.

Specialty crop producers were also very significantly benefited by this legislation. Specialty crop producers in Idaho and nationwide will receive more than a \$2 billion investment in programs important to them, including \$456 million for specialty crop block grants that assist with marketing, research promotion, and other efforts to increase the competitiveness of specialty crops.

Again, Senator STABENOW should be given great credit for fighting to work with me and many others to make sure this happened.

The legislation also contains significant assistance for producers impacted by disaster, including new assistance for aquaculture producers who are impacted by drought or assistance for ranchers utilizing the Federal grazing permits who are impacted by a loss of grazing due to fire.

In addition, more than \$4 billion in new spending is going to be provided for conservation programs which enable landowners to meet the environmental needs and goals and, frankly, in many cases mandates that we put on them to make sure our environment is protected and preserve.

I have often said, as we talked about different farm bills, and this one is no different—in fact, this one is probably a better example than any we have done so far—that one of the most, I will say the most important pieces of legislation this Congress ever works on with regard to truly making a difference in protecting, preserving, and strengthening our incredible environmental heritage in this country is the farm bill because of the powerful provisions we have in the conservation title.

This farm bill moves forward with significant strides to strengthen and enhance the environmental and conservation goals of our country through farm policy and private property policies.

This investment is an important step we must not forget. Farm bill conservation programs are an example of the Federal Government assisting with the environment in the right way with a carrot rather than a stick. Our conservation programs have contributed significantly to improving water and air quality and preserving and enhancing habitat for species.

An estimated 95 percent of the world's consumers live beyond our borders. The bill also will assist in reaching those consumers by expanding market opportunities through the inclusion of \$200 million annually for the Market Access Program.

In addition, the bill seeks to better ensure adherence to the softwood lumber trade commitments through inclusion of a softwood lumber importer declaration program. I appreciate the tremendous work that was done to include this important provision.

The legislation also continues and expands support for the Idaho commodity producers, including our barley, dairy, pulse crop, sugar, wheat, and wool producers. Idaho's agricultural industry is more than a \$5 billion industry and is a critical part of Idaho's economy.

The commodity title in this bill will continue to allow those farmers to be protected and strengthened as they face incredible global pressures and, frankly, what I consider to be anti-competitive actions by other nations as we deal in a global agriculture market.

The legislation benefits rural America in a number of important ways. Across the United States, rural communities struggle to access funds necessary to comply with Federal, State, and local environmental regulations. Through changes to SEARCH grants, small rural communities with populations of 2,500 or less will have greater and more streamlined access to funding to assist with water and wastewater infrastructure projects. Let me explain what this means.

Across this country, we have requirements that our wastewater and our drinking water be protected. In fact, often in America we talk about the fact that we have the safest, cleanest water in the world. When you come to America to visit, you don't have to worry about drinking the water. When you live here, you don't have to worry about drinking the water. The reason is because of our very strong environmental standards.

We are proud of that, and we need to protect our water quality. But the protection comes at a price, and often the mandates we put on communities to assure that water quality are not able to be met by the smaller communities because they simply don't have the economies of scale to be able to implement the wastewater and other treatment facilities that are necessary to enable them to comply with the environmental mandates and keep the water quality so clear and clean.

We need to provide ways to assist these strapped rural communities as they try to do what we all want to do, and that is make sure America has clean, safe water. That is what these projects will do in the SEARCH legislation.

The bill also provides \$120 million in mandatory spending to be directed at pending applications for water and wastewater disposal grants and loans—Again, to help with the same problem.

As well in the rural areas, broadband access is a key to growth and economic development. This farm bill simplifies the application process for broadband assistance and ensures that broadband assistance is targeted at communities with the least amount of access.

Improving the economic position of rural areas by stimulating the growth of rural businesses is accomplished through reauthorization of important programs such as the rural business opportunity grants and the rural cooperative development grants, which will ensure the continuation and technical assistance and training to our Nation's rural businesses and cooperatives.

In addition, value-added producer grants are going to continue to provide producers with the means to improve on the value of their products through planning activities and marketing and the reauthorization of the national rural development partnerships which will enable individual State partnerships, such as the Idaho Rural Partnership, to continue working to strengthen and improve life in rural America.

The farm bill also incorporates language from the Biodiesel Education and Expansion Act of 2007. That is S. 1791 which I introduced with Senator KLOBUCHAR to reauthorize the Biodiesel Education Program. This program has been very important to the biodiesel effort in Idaho. The University of Idaho has received about 20 percent of those funds through a competitive grants process to help educate Government and private owners of vehicle fleets about the benefits and technical aspects of biodiesel fuel.

In addition, the bill includes a new temporary cellulosic biofuels production tax credit for up to \$1.01 per gallon available through December 31, 2012.

The conference report also provides \$300 million for the Bioenergy Program which provides incentives for expanding production of advanced biofuels made from agricultural and forestry crops and associated waste materials, including animal manure and livestock food processing waste.

The importance of this is that we in the United States have a serious problem in our energy policy. We can debate the many aspects of it in other contexts. The bottom line is we are far too dependent on petroleum in this country as a source of energy. And in the context of petroleum, we are far too dependent on foreign sources of petroleum.

I often analogize our core need in terms of energy policy of being one of trying to diversify our energy portfolio. We need to move into alternative and renewable fuels, and we need to provide the support to enable us to do the research and development to expand energy opportunities.

One of the things this bill does in areas I already mentioned, such as cellulosic biofuels and other efforts in that context, is to help us do the research and to do then the thinking that goes into making sure we move into these other types of alternative and renewable fuels.

Another important part of this legislation in that context is that we establish a sugar-to-ethanol program which will better enable the sugar industry to contribute to our energy independence.

There are many things we could be doing and we ought to be doing—all of them to find the ones that will best work and will best help us to diversify our energy economy.

The legislation also provides expanded fresh fruit and vegetable programs, which provides domestically grown fresh fruit and vegetables to students as healthy snacks and educates our students in every State on the importance of eating healthy foods.

This program has already been well received as a pilot program in a number of States, including Idaho. I am proud to continue this program not only in Idaho but to help expand it to all States across the country.

The bill strengthens assistance for America's food banks by providing more than \$1 billion for the next 10

years for commodity purchasing, nearly doubling the current funding level. Access to food banks is particularly important given the economic hard times that we are facing with regard to high gas prices.

Also, I would like to talk a little bit more about the global competition we face. As I indicated earlier, one of the pressures that our producers face is anticompetitive conduct from other nations. These are subsidies, tariffs, or nontariff barriers which are erected against our producers.

Yes, we support our agricultural producers and, yes, we have tariffs. I am not sure what the numbers are today, but within the last couple of years the imbalance in those tariffs shows what I am talking about. The average I am recalling that we have discussed over the last few years is that the average tariff against our producers as we try to export into other countries is around 60 percent, whereas the average that we impose on those bringing their products into our country is more in the neighborhood of 10 or 12 percent.

Those kinds of disparities create tremendous trade barriers to our producers. The same is true with the level of subsidies provided to producers in other countries that compete with our producers. One of the critical parts of this bill is to provide that safety net or that protection to our producers in the international contest as we seek to make sure the trade arena globally is balanced fairly.

I know some have criticized this bill by saying it spends too much limited Federal funding on agriculture. Let me make an important note there. This bill has a number of titles. Agriculture commodity programs are one of those titles. About 70 percent of the spending in this bill goes to our nutrition programs, such as the Food Stamp Program.

Most people in America don't realize that because we often call this the farm bill. Yet 70 percent of it goes into our nutrition programs. What percent goes to the commodity programs? A little less than 14 percent. And those important conservation programs I talked about? They get around 7 percent of the funding in the bill. The rest, the 8 or 9 percent that is left over, goes into the rural development part, the titles—the energy titles and other portions of the bill that are critically important to our national concerns, such as rural development and energy.

When you look at this bill, it is not an ag bill or a farm bill. It is a food and fiber bill. It is much more than that. It is a bill that is very important, as I have said, to everything from energy policy to rural development to our conservation efforts in this country to our agriculture commodity programs and to our nutrition programs for those who face hunger in this Nation. It is important to recognize that.

Also, I think it is important for us to note that some criticize this bill for not being reform minded enough and

not being strict enough on payment limitations for the extremely wealthy who, it is claimed, get all of the resources of the bill in that 14-percent commodity title. However, the conference report has taken major steps forward in terms of reform. I think those steps need to be recognized and noted.

The conference report would eliminate the triple entity rule, which has already been talked about extensively on the Senate floor tonight, and changes the current adjusted gross income limit from \$2.5 million to \$500,000 for nonfarm and \$750,000 for farm income. These are considerable reforms that should be acknowledged and recognized.

This is a broad and diverse country, and no bill is a perfect bill from the perspective of any individual Senator, I am sure. We have 50 States and 435 Congressional Districts and we have tremendous debates about how we should implement policy. But this bill worked its way through that process to develop policy and reforms that are meaningful and significant and should not be undermined.

In conclusion, this legislation with its 15 titles covers a wide range of important policy matters that go far beyond our traditional farm support, as I have said. These titles include things, as I have indicated, such as conservation, trade and food aid, nutrition, farm credit, research, energy opportunities, crop insurance, and disaster assistance and many more. The breadth and depth of this legislation reaches into so many people's lives—everyone in America, not just those in farm country—everyone in America should be paying attention to this legislation and should be glad that we have been able to find that agreement that has enabled us to get a conference report between the House and Senate.

Again, I thank all my colleagues for their tremendous work in this very difficult and lengthy process we have been going through, to make sure we develop the right policies for our food and fiber in this Nation, and we continue to keep America strong and on the competitive edge in the production of food and fiber for the world.

Mr. LUGAR. Mr. President, I rise today to express my opposition to the Food, Conservation, and Energy Act of 2008, referred to as the 2008 farm bill. The 2008 farm bill contains many worthwhile policies, including valuable investments in conservation and nutrition programs. However, it fails to provide meaningful crop subsidy program reforms that most Americans would support.

This farm bill continues a set of antiquated programs that send a majority of payments only to farmers earning over \$200,000 a year. It exceeds the budget allocation by \$10-\$20 billion through the use of tax policies and budgetary sleights of hand. The perception of being within the budget limit is not reality.

While it is true that subsidies are only part of the overall bill, Congress should not accept these outmoded policies in order to move along other priorities. The fiscal, food and trade policy costs are too great and too damaging.

This farm bill continues the "three-legged stool" of a "farm safety net" that targets mostly corn, soybean, wheat, rice, and cotton farmers. The first leg is the practice of sending \$20 billion in direct payments to only 43 percent of U.S. farms. Of those, only 8 percent receive 58 percent of the payments. These payments have nothing to do with markets, disasters, or need, and they have been ruled to violate trade agreements. This farm bill reduces these payments by a miniscule 2 percent. Farmers, who had received an average \$94 per acre for a history of growing rice, would still receive \$92.40 under this farm bill.

Second, the farm bill continues counter-cyclical payments that are made when prices go down. Third, these targeted farmers may also receive unlimited marketing loan payments—farmers do not need to repay government loans if prices fall below a targeted rate. Additionally, this farm bill retains a government administered supply and demand program that keeps sugar prices for consumers well above world market prices.

Farm bill conferees added yet a fourth leg to the farm subsidy stool by creating a new \$4 billion standing disaster program to cover losses due to droughts and floods. The idea of a permanent disaster program may have merit, especially when you consider that Congress has passed legislation to fund ad hoc disaster payment assistance nearly every year for the last 20 years. But we should ask ourselves, if the current expensive farm bill is failing to provide a safety net to farmers when these devastating events do happen, then what is the purpose of the farm bill? Why do we need a new program administered by a separate Federal agency to fulfill what most Americans believe is the core purpose of the legislation before us? We should fix the root problem, namely that the current subsidy system does not work and wastes taxpayer dollars.

Trade distortion is yet another major problem with the bill. In 2004, Brazil won a World Trade Organization, WTO, case against U.S. cotton programs based on the trade distorting nature of direct payments, countercyclical payments, and marketing loan payments. Similar cases against other commodities are now being deliberated. Surprisingly, instead of fixing the programs to shield U.S. farmers from these challenges, this farm bill continues these programs and provocatively increases the subsidy rates.

How, in good faith, can we ask other governments to join us in trading partnerships, or to abide by fair trade agreements, when this Congress blatantly ignores our own commitments? Some Senators may wonder why we



should be concerned about violating WTO commitments. They might think that this is simply limited to agriculture or specific crops with little impact on our overall economy. Others might even suggest that we are better off building up more barriers to trade; that this farm bill is about American farmers not farmers in Brazil or elsewhere. However, if Senators look further down the line they will see that our WTO violations could cost the United States billions in revenue, intellectual property, and lost trade opportunities. Failure to move toward compliance will invite retaliatory tariffs that legally can be directed at any U.S. industry.

It could be argued that flaunting these commitments would be justified in order to save the U.S. farming sector from sure ruin. However, that would ignore the realities of our current farm economy and the actual structure of these farm programs. Thanks to strong foreign and domestic demand, net farm income for 2007 was nearly \$89 billion, up \$30 billion from 2006 and \$30 billion above the average for the previous 10 years, setting a new farm income record. Estimates for 2008 project net farm income to top \$92 billion. As a result, average farm household income is projected to be almost \$89,000 in 2008, up 9 percent from 2006, and well above average U.S. household income of \$67,000.

We need a new farm bill that ensures a stable farm economy and a healthy food supply. I do not believe our Nation is best served by this farm bill that continues to make payments that defy common sense, snubs our trading partners, and balloons taxpayer spending. Last year I joined Senator FRANK LAUTENBERG and others in offering a farm bill alternative that received 37 votes on the Senate floor. It would have provided all farmers with a more equitable "safety net," as well as greater investment in conservation, rural energy projects, and nutrition.

Under the proposal, farmers, for the first time, would receive—at no cost to them—either expanded county-based crop insurance policies that would cover 85 percent of expected crop revenue, or 80 percent of a farm's five year average adjusted gross revenue. These subsidized insurance tools already exist, but our reforms would have made them more effective and universally used, while controlling administrative costs. Farmers would also be able to purchase insurance to cover the remainder of their revenue and yields. In addition, the amendment would have created optional risk management accounts that would be available to every farmer and rancher and provide incentives for them to put away money in good years to cover lean years. Our program would be available to all farmers in the country—regardless of products—and not just a select few corn, soybean, wheat, rice, and cotton farmers.

Using the savings from this approach could fund important expansion in con-

servation, nutrition, energy, and research programs. In fact, the approach made more significant investments within the Federal budget in these areas than the farm bill before us and even found savings to help pay down our Nation's budget deficit, which this year is approaching \$400 billion.

I will vote against the farm bill conference report and support a presidential veto of the bill. I further suggest that the Lugar-Lautenberg FRESH Act remains a reform option, a constructive alternative that will save taxpayers billions, provide a generous safety net, and allow for funding of farm, nutrition, bioenergy, conservation, and rural development programs without budget-breaking gimmicks.

Mr. DOMENICI. Mr. President, every morning thousands of Americans wake up to a bowl of Wheaties, the vast majority of whom have never asked where their Wheaties come from. I submit to you that the farm bill is the primary factor responsible for providing America with safe, healthy, and affordable food and fiber, including Wheaties. What we are debating today is of paramount importance to each and every American.

If you look at the title of this bill, the Food, Conservation, and Energy Act of 2008, you will not see the word agriculture. This begs the question, What does this bill really mean to agriculture and the American farmer and rancher?

By way of example, I have been contacted by the Dairy Producers of New Mexico which told me that the farm bill does not, on the whole, help rural New Mexico. Rather its policies have short-term and long-term implications that can harm my State. The primary source of economic activity in rural New Mexico today is dairy farming. There are approximately 172 dairy farms with approximately 4,221 direct employees and 17,150 indirect employees. These local operations contribute \$1.02 billion direct dollars to the economy and \$2.6 billion indirect dollars to the economy. The farm bill undermines the economic stability that the dairy industry plays a large role in creating.

The dairy title subsidizes dairy farmers who compete with New Mexico dairymen. Under the farm bill, the "MILC" program not only funds milk produced in other regions of the country, at rates higher than New Mexico, it increases those payments. The new bill ensures that the amount of those payments will rise when feed prices go up. This is despite the fact that virtually all of the grain used by producers outside New Mexico is raised by them and they are insulated from much of that price inflation. New Mexico's farmers purchase their feed but receive only partial payments. In short, the Dairy Price Support Program provides no support at all.

I applaud the efforts that were made in this bill to address nutrition concerns, provide for broader flexibility for specialty crop growers, and assist

rural communities. However, it does not appear to me that enough progress has been made toward conservation programs and other reform initiatives. Moreover, while the bill does continue the peanut handling benefits it does not continue the peanut storage provisions contained in the 2002 farm bill. This alone will cost New Mexico peanut growers up to an additional \$50 to \$60 per ton, which represents at least \$74 million to peanut producers in my State. I am not convinced that this is the best we can do for the people who feed our Nation and I am left wondering if this farm bill is already out of date before it is even law.

The Congressional Budget Office tells us that this bill will cost \$307 billion over the next 5 years and almost double that figure over 10 years, which is cause for concern in and of itself.

Ultimately, I am unwilling to support a measure that is counterproductive to the most important agriculture component in New Mexico, our dairy industry. Instead of enacting policies that will encourage stability and continued growth of dairies in States like New Mexico, the conference report before us today says our farm policy should be to erect unreasonable hurdles and obstacles for many dairies. I intend to vote against this bill and I urge my colleagues to do the same.

Mr. HARKIN. Mr. President, I certify that the information required by Senate rule XLIV, related to congressionally directed spending, has been identified in the conference report to accompany the Food Conservation and Energy Act of 2008, numbered H.R. 2419, filed on May 12, 2008, and that the required information has been available on a publicly accessible congressional Web site at least 48 hours before a vote on the pending conference report.

#### FURTHER CHANGES TO S. CON.

##### RES. 21

Mr. CONRAD. Mr. President, section 307 of S. Con. Res. 21, the 2008 budget resolution, permits the chairman of the Senate Budget Committee to revise the allocations, aggregates, and other appropriate levels for legislation, including one or more bills and amendments, that reauthorizes the 2002 farm bill or similar or related programs, provides for revenue changes, or any combination thereof. Section 307 authorizes the revisions provided that certain conditions are met, including that amounts provided in the legislation for the above purposes not exceed \$20 billion over the period of fiscal years 2007 through 2012 and that the legislation not worsen the deficit over the period of the total of fiscal years 2007 through 2012 or the period of the total of fiscal years 2007 through 2017.

On November 5, 2007, I filed a reserve fund adjustment pursuant to section 307 for an amendment in the nature of a substitute to H.R. 2419. That legislation passed the Senate on December 14, 2007. The Senate is considering the conference report to accompany H.R. 2419,