

that is about everyone—and obviously the farm community, which is the producers of food and do an extraordinary job for our Nation. They have always taken a long time on the floor to debate—weeks, usually. And they have always been open for amendments, which is totally reasonable because of the complexity of the bill. They have often brought in issues such as the death tax, immigration, labor, and how you get migrant labor, global warming, and in the case of New England, for example, they brought in the question of these subsidies, which we find a little difficult to tolerate, which are now being expanded to asparagus. There is a crop that needs a subsidy or the walking-around money that has been put in this bill for the purpose of disasters or the fact that there is probably \$20 billion of gimmicks put in this bill that are budgetary games or the fact that they have moved mandatory spending over to tax expenditures.

What an outrage on the budget process. They opened a \$3 billion add-on in mandatory spending so they could go out and spend that on various interest groups by creating a tax credit. The list goes on and on and on and on.

Why should we not on this bill get into a debate over the issue of tax policy? Because tax policy underlines the way this bill is paid for. The Senator from Arizona has an extraordinarily good proposal on the death tax. Why should that not be on the table here?

The whole issue of AMT should be on the table, in my humble opinion, because there are a number of farmers, by the way, who pay the AMT tax, a number of them. There are going to be a lot more when we bump up to 20 million people paying that tax next year. These are all relevant to this bill, in my humble opinion, of what relevant is.

By the way, in the Senate, relevance is everything when it comes to the open amendment process. We are not functioning under postcloture rules here. Relevant is irrelevant when it comes to a bill on the floor of the Senate. Anything can be amended in any way, and it is an open bill. That is the concept of the Senate.

If somebody wants to put on this bill policies relative to Nicaraguan housekeepers, they can put that amendment on traditionally. That has no relevance at all to the average American looking at it, but it is the Senate's prerogative.

So we are undermining the fundamental prerogative of the Senate and every Member of the Senate, I think in a very damaging way. I am disappointed in the decision by the majority.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. I had hoped to ask the majority leader a question here, but I think my question has already been answered, so I will simply make this point.

There may be extraordinarily unique circumstances where once in a blue

moon it is important to move a very focused piece of legislation in a very hurried period of time so that the majority is warranted in setting up a process such as that which has been established for this bill, where there are no amendments unless the majority leader says so. But that is not the situation with this bill. It never has been with the farm bill. This is the bill we are debating that we are taking up. And to suggest that the Senator's prerogative to offer any amendment—a lot of times they get voted down because they do not have the support—but the Senator's prerogative to offer an amendment is going to be eliminated through the gatekeeper of the majority leader or any other member of the Senate who can object, is to derogate the basic rule of the Senate and eliminate a basic right of Senators.

I recall not long after I got here, my colleague from Arizona objected to the then-majority on this side establishing a process that was not this drastic, but in some respects limited the right of amendments. He said: The Senate is the body in which any Member has a right to offer an amendment. It will be wrong for us to do that. Our leadership relented, and there were amendments allowed on the other side that got us over that impasse. That is what our minority leader was referring to a moment ago. You cannot impose a sort of dictatorial process where one person gets to decide whether you offer an amendment in the Senate.

Sooner or later that process is going to break down. And on a bill as big as this bill, with as many diverse interests as the Senator from New Hampshire was talking about, it is not right that Senators not be allowed to offer amendments. Again, if they are not good amendments, they are going to be defeated, and they can always be tabled at any time, so they do not have to take up time. If I offered a silly, nongermane amendment, any of my colleagues could immediately move to table that amendment. Assuming it was simply nongermane, that motion to table would presumably pass. That whole thing would transpire in less than half an hour.

So it is not about Republicans trying to take too long or offer silly amendments; it is about the regular process which ordinarily allowed us to offer amendments of our choice, not the choice of another Member of the body. I would hope the majority would reconsider, and that we could, after lunch, proceed with the process that is more amenable to all Senators being able to offer amendments they choose to offer.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. SALAZAR. Mr. President, I only hope that both the minority and the majority can figure out a way of moving forward with what has been a labor that has taken up both Republican and Democrats for the last 2 years to develop what is a very good farm bill. What the majority leader is attempting

to do is to get us into a process where we will ultimately get a farm bill to cross the finish line, which is good for America. I hope the Republican minority can work with us to try to figure out a way forward to get us across the finish line.

I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, at 12:31 p.m., the Senate recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. CARPER).

FARM, NUTRITION, AND BIOENERGY ACT OF 2007—Continued

The PRESIDING OFFICER. Who seeks recognition?

The Senator from Georgia.

Mr. CHAMBLISS. What is the status of the Senate?

The PRESIDING OFFICER. Amendments submitted to the bill.

Mr. CHAMBLISS. I am sorry?

The PRESIDING OFFICER. Amendments are pending to the bill.

Mr. CHAMBLISS. I ask unanimous consent that three speakers—Senator SALAZAR for 20 minutes, ALEXANDER for 15 minutes, and DORGAN 20 minutes—go in that order.

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

The Senator from Colorado is recognized for 20 minutes.

Mr. SALAZAR. Mr. President, I rise in strong support of the 2007 farm bill. Before I go to the specifics of the bill, I wish to acknowledge those who have worked so hard in getting us where we are today.

This has been a huge undertaking spread out over several years, starting under the leadership of Senator CHAMBLISS and his work in the Agriculture Committee. The hearings he held around the country, the hearings he held in the West and the Southeast, all over, contributed greatly to the bipartisan product that is before the Senate today. In addition, the leadership of our chairman, Senator HARKIN, a man from farm country whose heart and soul are about making sure agriculture and rural America thrive—his leadership and the help of his staff in getting us to this point today is something we all must acknowledge and something for which I am grateful and something for which the farmers and ranchers in rural Colorado are grateful.

I also acknowledge both Senators BAUCUS and GRASSLEY and their leadership on the Finance Committee. The energy and specialty crops and conservation pieces of the farm bill have been significantly enhanced by the actions taken by the members of the Finance Committee. Without the leadership and bipartisan example of Senator BAUCUS and Senator GRASSLEY, we would not be where we are today.

It goes without saying that even though there are many laudatory comments given to the chairman and ranking member of both the Agriculture and Finance Committees, there are working on both of those committees many other Members of the Senate who have helped craft what I believe is one of the most historic pieces of legislation to come before this body. It will open a new chapter for agriculture and rural America, a product of which I am very proud.

I also thank the agricultural leaders in my State of Colorado who have been so helpful to me over the last 2½ years as we have helped craft the farm bill before the Senate: Commissioner John Stup, the commissioner of Colorado's Department of Agriculture; Kent Pepler and Lee Swensen with the Rocky Mountain Farmers Union; Alan Foutz and Troy Bredekamp, leaders of the Colorado Farm Bureau; Nick Midcap, Darrell Hannavan, and Dusty Tallman, who have labored so hard on this bill, who are with the Colorado Wheat Growers Association; Byron Weathers and Mark Sponslor, leaders of the Colorado Corn Growers Association; Terry Frankhauser with the Colorado Cattlemen's Association; Scott Johnson and Bill Hammerich with the Colorado Livestock Association; and from the Independent Cattlemen of Colorado, Doug Zalesky, John Reid, and Reid and Kathleen Kelly. I thank Gregg Yando with the Colorado Dairy Farmers of America, Jim Ehrlich with the Colorado Potato Administrative Council, and a host of other Colorado people who have been instrumental in our efforts in moving this bill forward.

This legislation is truly a bipartisan, forward-thinking, balanced package. It is truly the example of how this Senate ought to work, bringing Democrats and Republicans together on what is a major issue. The effort of Senator REID, the majority leader, to get us to a point where we will reach conclusion on this bill is something I appreciate. This is, after all, the farm bill. We ought not be debating the great issues of our time, whether those be Iraq or immigration or issues having to do with Latin America, issues that are extraneous, on this legislation. Senator REID's effort to make sure what we are doing is to keep the focus of this bill on agriculture and rural America and the substantive components of the farm bill is important. I hope my colleagues on both sides of the aisle, Republicans and Democrats, will say: Yes, we have to get a process that gets us to conclusion on the farm bill.

Today is a particularly proud day for me. The occupant of the chair was very involved in helping me understand the importance of becoming a Senator. For that, I will always be appreciative. I still remember that in my maiden speech on the floor more than 2 years ago, I spoke about the possibilities and the promise that America's small towns and rural communities offer for a country that is in need of clean re-

newable energy, a secure food supply, and responsible stewardship of our land and our water. Unfortunately, for too long Washington has overlooked the opportunities rural America can provide and, through a policy of neglect and disinterest, has allowed small towns and rural communities across the country to wither on the vine.

This legislation will change that course of neglect. The bill before us will bring new life and energy to rural America. It will do so in a number of different ways. It will do so through a set of smart investments that help farmers and ranchers and business men and women build a clean energy economy that has its roots in the fields of America's farmers and ranchers. It lays the infrastructure for rural broadband and microbusiness loans for accelerated economic development in rural areas. It creates incentives for the wise stewardship of land and water—practices from which we can all benefit. It puts money into nutrition programs that take on the scourge of hunger and allow low-income children to learn in our schools. It helps bring balance and certainty to the agricultural markets so that Americans can continue to enjoy a healthy and secure food supply. It does all of this while closing loopholes that have allowed Federal dollars to end up in the hands of people who should not have been eligible for assistance in the first place. It is a smart and fiscally responsible bill.

I grew up on a ranch in the San Luis Valley a few miles north of the Colorado-New Mexico border. My family has farmed and ranched that same land for five generations. For much of my life, I spent long days in the fields with my family tending to the cattle, baling hay, and fixing fences. It was hard work, and my hands are permanently calloused from nearly three decades of work on that ranch. But from that work, we always knew we loved our ranch, our land and water, and our way of life. To be a farmer or a rancher is a hard life, let there be no mistake about that. While the rest of the world might go home at 5 o'clock in the afternoon, for those who are working the farms and the ranches, you don't go home until probably half an hour after the sun sets at 9 o'clock. It is very hard work.

My parents always said that they could not give us—my seven brothers and sisters—material riches, but they could teach us values that come from work, family, and faith. These are the values one finds in rural communities across America. These are the priceless and timeless values that built this country. In 1787, Thomas Jefferson sent a letter to George Washington in which he talked about the role of the farmer in a young democracy. Thomas Jefferson said: "Agriculture . . . is our wisest pursuit because it will in the end contribute most to real wealth, good morals and happiness."

Those of us who have had the privilege of growing up on a farm or a ranch

or of visiting some farms and spending time with America's producers can appreciate how important agriculture and our rural communities are. Unfortunately, in the coming days this bill will be criticized by some in the media, by some Members in this Chamber, and others for being too favorable to farmers, for putting too much money into conservation programs, for supporting rural development initiatives, or for making too many investments in biofuels production. In short, critics will ask why Federal dollars should go into programs that on the surface only appear to benefit rural communities. They are wrong. The answer is very simple: The health of our farms, ranches, and our rural communities is vital to American prosperity. Everyone benefits from a strong and smart farm bill. The farmer in eastern Colorado, the third grader eating fresh fruits and vegetables at lunch, and the mother who wants us to reduce our dependence on foreign oil all gain from a strong and balanced farm bill.

I wish to take a few moments to walk through the bill and explain why it is so important for farmers, for children, and for all Americans that the Senate pass this bill.

Since being elected to the Senate in 2004, I have often spoken about how Washington's policies in recent years have been blind to the needs of rural Americans. More than half of the counties in America are rural. In my State of Colorado, 44 of the 64 counties are rural. In my view, Washington's neglect of rural America has made rural America a forgotten America. Businesses on main streets in many towns and villages across my State have been boarded up. FSA offices have been closed or attempted to be closed, including the very recent actions of the U.S. Department of Agriculture. Family farmers are having to sell their land after years of drought. To see Washington's neglect of our rural communities is disheartening, when we know how much possibility and promise rural America holds. With modest investments, rural America can be the engine of a clean energy economy, fueling an alternative energy revolution that capitalizes on the hard work, productivity, and entrepreneurship of farmers and ranchers.

This is why I am so pleased that the 2007 farm bill makes such wise investments in rural development. The bill provides \$355 million for rural development. These investments will enable entrepreneurs in rural communities to leverage microenterprise loans to build their businesses. They will help health care providers provide access to underserved rural communities. They will help get broadband Internet access into small towns. Broadband access is to rural communities in the 21st century what highways were in the 20th century and railroads were in the 19th century. It is the infrastructure that is essential to economic development. The \$26 million in this bill for broadband

will help close the digital divide that is preventing rural businesses and entrepreneurs from fully participating in the global economy.

Second, this bill includes an energy title that opens up a new chapter of opportunity for rural America. In the 2005 Energy Policy Act and in the Energy bill we passed earlier this year, we planted the seeds for a renewable energy revolution so that we can reduce our very dangerous dependence on foreign oil. The farm bill takes the next step, helping farmers and ranchers take advantage of new energy technologies that have been developed in places such as the National Renewable Energy Laboratory in Golden, CO. With the \$1.3 billion this bill devotes to energy programs, farmers will be able to apply for grants to develop biorefineries and to improve the handling, harvest, transport, and storage of feedstocks for biofuels. The bill includes tax credits for small wind turbines and cellulosic biofuel production. It stimulates research into the methods and technologies that will allow the most productive land in the world to provide more and more of our energy. Our farmers and ranchers want to be a part of the solution to our addiction to foreign oil. They want to help reduce the amount of oil we import while helping stimulate a clean energy economy that is built on innovation, technology, and taking advantage of the production capabilities of rural America.

This energy title is a win-win for our rural communities. It is my hope that with this energy title in the farm bill, together with the other energy legislation we have adopted in the Senate and in committee, the vision Senator GRASSLEY and I had with respect to the 25 by 2025 resolution will help us grow our way to energy independence, because the 25 by 2025 resolution recognizes at its heart that we in America can grow 25 percent of our energy from renewable energy resources by the year 2025. This farm bill takes us a significant way down that road.

The third aspect of the legislation I want to emphasize is the conservation title. Farmers and ranchers are some of the best stewards of our land and water. We need a farm bill that recognizes and encourages the good stewardship practices from which we all benefit.

To understand why the conservation programs in the farm bill are so important—and to understand how we will all benefit from them—just visit one of the ranches along the Yampa River in northwest Colorado. You quickly see the ranchers there do not simply put high-quality, grassfed beef on our dinner table. They guard the open spaces that draw sightseers and recreationists from all around the world. They protect the clean water that comes to our homes. They provide habitat for fish and game, bringing millions of dollars in revenue from fishing and hunting into our State.

Unfortunately, you cannot find a price on the Chicago Mercantile Ex-

change for these values in clean water, clean air, habitat, and open space dividends that ranchland and farmland provide to America. And if a ranch goes under or is developed, we lose the conservation value that farms and ranches provide.

So how do we address this challenge? How do we address this challenge in this bill? We do it through existing, effective programs that reward farmers and ranchers for the conservation practices from which we all benefit.

Thanks to Chairman HARKIN's leadership, the 2007 farm bill is the greenest farm bill in the history of America. It reauthorizes highly successful conservation programs such as the Environmental Quality Incentives Program, EQIP, and the Conservation Reserve Program, CRP.

The bill reauthorizes EQIP, which provides cost-share funding and technical assistance to producers so they can address environmental issues on their lands. In Colorado, we receive around \$30 million to \$40 million a year for projects that, for example, reduce water waste, improve water quality or provide fencing that keeps livestock out of sensitive areas.

The bill also reauthorizes the Conservation Reserve Program, which helps producers retire and restore agricultural land that, if taken out of production, would provide significant environmental benefits. In Colorado alone, we have around 2.3 million acres enrolled in CRP for purposes ranging from erosion control and habitat preservation to improving water use. The reauthorization in this bill will allow us to continue to make these wise investments in stewardship.

Mr. President, a parliamentary inquiry: How much time do I have?

The PRESIDING OFFICER. The Senator has 2 minutes 45 seconds.

Mr. SALAZAR. Mr. President, if my colleague from Tennessee will allow me, I ask unanimous consent for an additional 5 minutes to get through the conclusion of my speech.

The PRESIDING OFFICER. Is there objection?

Mr. ALEXANDER. No objection.

The PRESIDING OFFICER. Without objection, the Senator is recognized for an additional 5 minutes.

Mr. SALAZAR. Mr. President, I thank my colleague and friend and comrade from Tennessee.

Beyond the conservation programs which are so much at the heart of this legislation, we also know that at the heart of this legislation is the food security of our country and the nutrition title.

In addition to the rural development, energy production, and conservation practices in this bill, the 2007 farm bill helps ensure the continued production of safe, healthy food right here at home.

Since our founding, agriculture has been indispensable to our economy and our prosperity. Corn, tobacco, and cotton helped fund the Revolution and the

organization of our young States. The promise of free land brought millions of new settlers to the West where they planted wheat, raised cattle, and cultivated the earth. The productivity of our farms sustained the war effort as we defeated the Fascists and Nazis, helped rebuild Europe and Japan, and liberated the world. Now, as we search for new ways to power our economy, our farms and ranches offer new promise for a new, clean energy economy.

Growing up on a ranch in the San Luis Valley taught me how tough it is to make a living off the land. You work sunup to sundown all year, 7 days a week, to raise a good crop or a healthy herd, and then, without anything you can do to prevent it, a hailstorm, disease, drought, or flooding can wipe it all away in a moment's notice. When you do have a bumper crop, you sometimes find everyone else has had a bumper crop that year too. As a result, prices fall and you actually sometimes do worse.

The bill that is before us helps producers and, therefore, helps all of us by bringing some level of certainty and structure to agricultural markets. We cannot and should not take the risk out of our farming and ranching—it is a tough business however you cut it—but we can help make the very bad years a little less painful in rural America. The little bit of uncertainty that favorable loan rates or a countercyclical program can provide is often the difference between whether a family loses the farm or keeps the farm.

Why, some may ask, should we care about whether a family is able to stay on their farm? Why should we care? For many years—from my days as attorney general to my days in the Senate—I have always had a sign on my desk that says: "No Farms, No Food." To me, that statement tells the story about the importance of food security for our country.

The fresh fruits, grain, meats, and vegetables that come from our farms and ranches are essential to public health, reducing hunger, and ensuring that Americans can always find affordable, safe food at their grocery store.

A great example of how the bill benefits both producers and consumers is the Fresh Fruit and Vegetable Program, championed by Chairman HARKIN, which provides fruits and vegetables to schoolchildren across all of America. We are expanding this program now so it covers all 50 States, up from the 14 States that have been covered by this program in the past. For me and my constituents in Colorado, it means that 80,000 children are going to get fresh fruits and vegetables in their school lunches. This will reduce childhood obesity, increase productivity in school, and teach habits for a healthy lifestyle.

I want to speak briefly about some farm bill reform measures that are included in the bill.

Although we all benefit from smart investments in programs that help provide stability and certainty for producers, we also must be wary of waste and abuse. The 2002 farm bill was not perfect, and I am pleased the Agriculture Committee took this year's reauthorization as an opportunity to address its shortcomings.

Our bill, for example, includes significant reforms on how we deal with payment limits. USDA payments must now be attributed to an actual person—a real live person, one who breathes and walks and works the soil—as opposed to some amorphous entity. Previously, individuals were finding ways to collect payments from up to three different operations under the so-called three-entity rule. We have abolished that in this farm bill.

The 2002 farm bill also left open several loopholes that have allowed farm bill dollars to go to nonfarmers for land that is no longer in agriculture. I am proud to have worked with my colleague from Nebraska, Senator BEN NELSON, on language incorporated into the legislation that stops this waste. Our language prohibits the distribution of commodity support payments for land that has been subdivided for houses or transferred to other non-agricultural uses. This is an important fix.

So is our reform to how Washington deals with agricultural disasters equally important. From time to time, farmers and ranchers get hit by droughts, floods, or tornadoes that wipe away their crop. It happened to us in Colorado last winter in the southeastern part of our State, where a blizzard buried whole herds of livestock. Our producers lost thousands of head of cattle out in southeastern Colorado.

How did Washington respond to that agricultural disaster? Washington responded in its own typical fashion: USDA declares it a disaster. Congress scrambles to find emergency funding. The bill gets stalled, and then farmers and ranchers have to wait 2, 3, 4 years before they get any kind of relief.

What is wrong with this picture? First, we are not delivering disaster assistance efficiently. Second, we should not be relying on emergency spending to provide disaster assistance. We need to put these expenditures back on the books.

Mr. President, I ask unanimous consent to have 3 more minutes to finish my statement.

The PRESIDING OFFICER. Is there objection?

Hearing none, it is so ordered. The Senator is recognized for 3 additional minutes.

Mr. SALAZAR. On disaster assistance and the importance of us creating a permanent disaster assistance fund, first, we are not delivering disaster assistance efficiently to date. Secondly, we should not be relying on emergency spending to provide disaster assistance. We need to put these expenditures back on the books. Congress has passed 23—

ad hoc disaster assistance bills since 1988. That is 23 since 1988. Although I am supportive of this emergency assistance and have helped push this emergency disaster assistance forward in the last 2½ years, I believe we need to create a system for disaster aid that will respond more efficiently and promptly to the needs of our ranchers and farmers.

What we have done on this bill—thanks to the leadership of Chairman BAUCUS and Ranking Member GRASSLEY on the Finance Committee—is to create a permanent trust fund for disaster assistance. This will allow us to maintain discipline and high standards for determining when to pay out disaster funds, and it will allow producers to get help more quickly. It is a sensible and fiscally responsible solution.

The American farmer has always been an engine for prosperity and opportunity in America. Through revolution, western settlement, depression, and world wars, the men and women who work our lands have always been there to lead us through the next great challenge that faces our country. Today, we are faced with a new challenge—that of building a clean energy economy for the 21st century—and we need the help of our farmers and ranchers to get us there.

Our national security, our economic security, and our environmental security all demand that we grow our way toward energy independence. It is an imperative, but it is also a great opportunity for our Nation.

The country that successfully replaces its imports of foreign oil with clean, homegrown energy will reap competitive and technological advantages that will keep it out in front of the rest of the world for decades to come. We can play a part in this new economy, but the productivity and ingenuity of rural America is our greatest untapped resource in our quest to reduce our dependence on foreign oil.

I am excited about this bill, with its investments in rural development, energy technology, and wise stewardship. It taps the great resource of rural America while strengthening our ability to produce clean, safe, and affordable food.

This bill represents the best type of work we can do in the Senate—cooperative, bipartisan work that is focused on creating new opportunities for our country.

I thank again the leadership of both the Agriculture and Finance Committees for allowing us to move forward with this legislation and to bring the legislation to the floor today.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, Senator DORGAN, by unanimous consent, is to follow me. I ask unanimous consent that Senator DOMENICI be recognized for up to 15 minutes, and then Senator CASEY for up to 15 minutes, following the remarks of Senator DORGAN.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ALEXANDER. Mr. President, I further ask unanimous consent that the next Democratic speaker in order be Senator STABENOW.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ALEXANDER. Mr. President, I further ask unanimous consent that, although I may not need it, I be granted an additional 5 minutes for my remarks to complete my speech, and that I be able to speak as in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ALEXANDER. Thank you, Mr. President.

Mr. President, would you please let me know when I have 2 minutes remaining.

Mr. President, I first congratulate Senator HARKIN and Senator CHAMBLISS for their work on the farm bill. I know we want to move toward that as quickly as possible, and I look forward to a successful conclusion of that legislation. But for the next few minutes, I wish to speak on a different subject.

(The remarks of Mr. ALEXANDER pertaining to the introduction of S. 2312 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. ALEXANDER. I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from North Dakota is recognized for 20 minutes.

Mr. DORGAN. Mr. President, we are now debating the farm bill, and a number of my colleagues have talked about the particular provisions of the farm bill that is brought to us by the committee. I think the farm bill is a pretty good bill and I certainly intend to support it and I am pleased to be here to speak on it. I spoke last evening briefly. But I wish to make a couple of comments about family farmers, generally, before I talk about the bill and then also talk about the amendment that I, along with Senator GRASSLEY from Iowa, will be offering.

First, the issue of family farming is one that is not often discussed because when people here talk about the farm bill, the agriculture bill; they talk about the agricultural industry. Let me explain that my interest in this is largely to try to keep a network of families living out in the country under the yard lights, trying to raise food for a hungry world.

These are family farms that exist because they are out there trying to make a living, grow a crop, raise a family. They face all kinds of challenges—challenges that most of us don't face. They plant a seed in the ground, and they live on hope. They plant a seed and hope it grows. They hope it rains.

They hope it doesn't rain too much to wash the seed out. Then they hope they get a growing season that gives them a chance to raise a crop. They hope it doesn't develop crop disease. They hope it doesn't hail and destroy the crop. They hope they get to harvest with something standing in the fields that they can, at that point, get off the field and take to a grain elevator, and at that point they hope the price will be decent. They don't know. If they survive all of those hopes and get to the grain elevator with the grain and perhaps get a decent price, maybe they make a decent living, but it is just as likely that they don't. Those families live out there alone, taking all the risks.

I recall about a year and a half ago driving into a town called Zeeland, ND, and meeting with a group of ranchers and farmers. They had been through a devastating drought where everything was destroyed. It looked like moon-scape in the pastures driving into town. These ranchers and farmers had owned livestock they already had to sell, because if you don't have feed, you cannot keep them; they have to go to the livestock market. So they talked about what they were trying to get through, with no crops, no pasture, no capability to keep their cattle and conditions that forced them to market. That is just one issue, the drought. In that case, it was everything to them.

So what most farmers face in times where they don't have a devastating drought or some other natural weather disaster, they face economic circumstances that don't give them much of an opportunity either. That is why we have a farm bill, a safety net, to try to help farmers through tough times.

If you think about a farmer out there living under a yard light, trying to plow the land, plant a seed, harvest a crop, and make a living, here is what they face. When they order a load of gas to come out to gas up their tractor and their combine and till their fields, they discover the diesel fuel or gas is costing a fortune. They could not help that, they had nothing to do with that, but they are paying a fortune, as is the rest of the country, for this fuel they need.

The fertilizer prices are skyrocketing. If they are fortunate enough, for example, to get a crop and get the crop to market someplace, they have to find a foreign home for a fair amount of the crop, and they have to pay the railroads. The railroads, as you know, overcharge, and in my State the Public Service Commission estimates they are paying \$100 million a year more than they should. Farmers are bearing a substantial portion of that.

So if they get their crops to the marketplace and to the county elevator and ship it somewhere, if some of it goes into a grocery manufacturing facility and comes out the other side, the farmer who started up the tractor, plowed the field, planted a seed of corn, and then hoped and was successful, got

a stand of corn, cultivated the corn, and then harvested the corn, and that seed of corn then went to a grocery manufacturer—guess what. They then flake the corn and put it in a box and call it cornflakes. It has a fancy logo on the front, and they send it to the grocery store. They get more for flaking the corn than the farmer does for driving the tractor, planting the seed, and harvesting the corn. The fact is, they get more than the farmer does for growing it. The same is true for puffed rice and wheat chex. You rice it, puff it, flake it, you check it, and they get more than the family farmer who had to grease the combine and the tractor, plow the furrow, and plant the seed.

The farmer faces near monopolies in every single direction. If they want to sell a cow, steer, or bull, guess what. They face a packers' industry that is highly concentrated in every direction, the oil industry, the rail industry, the big packers, and the grain industry. In every direction, the family farmers living out there are struggling and trying to make a living, trying to get along, when they are surrounded by monopolies or near monopolies in economic circumstances where it is pretty tough for them.

Yesterday, I talked a bit about value. Why do we care? I suppose you could have corporations farming America from California to Maine, and then we would not sing "this land is your land, this land is my land." I suppose we can produce America's foods that way. I think family farmers—at least in my part of the country—produce more than just food, they produce communities. They are the blood vessels that flow into rural areas and communities. I mentioned yesterday that an author named Critchfield once wrote a book about what this contributes, and that is that family farmers are the seedbed of family values, and that seedbed nurtures family values from family farms to small towns to big cities.

Family farms are important to this country. We put together a farm bill to try to provide a safety net because during the tough times, when they reach a really tough patch—international price depressions for commodities, disasters, natural disasters, all kinds of things that confront family farmers in a disastrous way—we want to have a safety net for them to get through tough times instead of getting washed out every time there is a problem. The big corporations and agrifactories have the financial strength to make it through tough times. We have put together a farm program, called a safety net, to try to help family farmers through difficult times.

I know some view this notion of family farming as some sentimental journey back to yesteryear. A friend of mine named Chuck Suchy is a singer and songwriter. He has a song, "Saturday Night at the Bohemian Hall," describing what it was like growing up on the farm and gathering at the Bohemian Hall to swap stories and talk about the weather and the crops.

The description I gave yesterday of what one of the writers in North Dakota—a farmer and a rancher—who used to ask the question that needs to be asked of this country, I think, is important. Rodney Nelson asked the question, "What is it worth?" It is worth noting Rodney's question. What is it worth for the country to have a kid who knows how to pour cement? What is it worth for a kid to know how to drive a tractor? What is it worth to know how to teach a newborn calf to suck milk from a pail? What is it worth for a kid to know how to grease a combine, drive a tractor, plant a field, work in the cold winter, and work in the hot sunshine outdoors? What is all of that worth? Well, the fact is that it is important, and it contributes to this country in significant ways. In World War II, we sent millions of young people from America's farms over to go fight. They could do anything, fix anything, drive anything. They were unbelievably important to this country. The only place you learn all those skills is on the family farm in this country. That is why family farming is not just some sentimental journey; it is a value system for the country.

Does this country care about families who live on farms? Do they care about putting together a safety net for them? The answer should be yes. This farm bill says yes, and I support it. I want to make it better.

Senator GRASSLEY and I are going to offer an amendment that says if we are going to do this—and we should—then let's provide reform with respect to payment limits and really make the payment limits effective so we are providing a safety net for family farmers, not a set of golden arches for the largest corporate agrifactories in the country.

Let me read some of the records of farm payment recipients and explain why it is necessary for us to have a payment limit. Senator GRASSLEY and I say, No. 1, there should be a payment limit of \$250,000 per farm. No. 2, we say you ought to have to be involved in farming to get a farm program benefit. That is not very radical.

I will read some of the payments. This comes from USDA information, and this is for 3 crop years, 2003 through 2005. The Balmoral Farming Partnership got \$7.9 million. Phillips Farm in Mississippi got \$5.9 million. Kelley Enterprises got \$4.9 million. Walker Place got \$4.6 million. Dublin Farms got \$4.2 million. I could keep reading, but I don't think I need to read a lot more. But take a look at what happened with the farm program. Here is an example. In many ways, I am reluctantly reading the names, but they are public, and if someone is going to receive this funding and it is public information, it is reasonable to use it as an example. Benton Farms, Tyler, AL, got \$2.5 million. Haney Farms of Athens, AL, Horace Haney got \$607,000, and Shirley, Keith, and Matthew Haney each got \$607,000. Combined, the

Haney family got \$2.3 million. Pickens and Son Company got \$4.3 million. The Storey family got \$2.7 million. Ronald Storey got \$956,000, Hazel Storey got \$932,000, Ben Storney got \$478,000, Rebecca Storey got \$430,000—I could do this for a while as well. I have pages of this. This is not a safety net for family farmers to get through tough times. It has become much more than that. It has become lucrative for big enterprises to farm the farm program and get paid millions of dollars, and it is wrong.

Our amendment is reasonably simple. It says we should have a payment limitation of \$250,000, and you should have to be required to be involved in farming in order to collect farm program benefits.

It is important to note that the Agriculture Committee made some strides in this area as they brought the bill to the floor. They eliminated the three-entity rule, which itself was a loophole that needed to be closed. They provide for attribution, direct attribution, so the payments are attributed to an individual. It is not as if the Agriculture Committee didn't do anything. They did.

My colleague, Senator SALAZAR, talked about section 1105, and that section is also something that can be helpful. My own view of section 1105 is that it doesn't solve the problem entirely. So the proposal Senator GRASSLEY and I offer will address this in a significant way.

I mentioned yesterday that, to give you an example of how far this has gone—having nothing to do with farming—if you had base acres for rice or other crops—for program crops—and have base acres on land that hasn't been farmed for 20 years, has not produced a crop for 20 years, people who own that land but have never farmed in their life are getting farm program payments on land that hasn't produced a crop in 20 years because it had a base acre in the mid to early 1980s. That makes no sense to me. That is not about providing a safety net.

There is no stronger supporter of family farming in this Chamber than myself, and I am sure others would say the same about their support for family farming. But it seems to me we need to close these loopholes. Why on earth would we have a production base, base acres, on land that has, in many cases, nothing to do with farming?

I mentioned yesterday that down north of Houston, TX, they were selling what are referred to as "cowboy starter kits." You buy 10 acres, put a house on 1 acre, run a horse or cut hay on the other 9 acres, and you can get a farm program payment. The reason it is more prevalent in rice is that the payment per acre is over a hundred dollars an acre, as opposed to the other crops that are much less. Does it pass the test of reasonableness anywhere for someone who has never farmed to buy 10 acres someplace and get a farm program payment when they are not farm-

ing the 10 acres and it hasn't grown anything for 20 years? That does not meet any test of anything.

We can close that loophole, but the more effective way to close this is to say you can't get farm program payments unless you are actively involved in farming. Should an arts patron in San Francisco get \$2-plus million? She is not a farmer. She just comes from a family who used to have a farm, and she gets just over \$2 million. We have, I think it is 300 or 400 people living in New York City, in that mountain of concrete, who get farm program payments. We have people in Los Angeles, CA, who don't set foot on a farm who get farm program payments. Does that meet any test, or does somebody just not care about that and say: We just want to give payments to make us all feel good.

I feel good when we give a payment to a family farmer as a safety net payment to help them through troubled times. When prices are high and the crops are bountiful, if you have a bumper crop and good prices, in my judgment, you don't need the Government's help. With respect to the large enterprises, if you want to farm three or four counties, God bless you. I don't think the Federal Government has to be your banker. You have every right to farm as much as you want.

Some people would say to me, and they have said: That discriminates against the big operators, doesn't it? But I say: The purpose of the farm program is to be a safety net to help the family farm get through difficult times. They said: What is a family farm? Describe to me a family because you can't describe it. I remind them of Michelangelo, who said when asked how did he sculpt David, he said: I took a piece of marble, and then I chipped away everything that wasn't David. We could easily describe what most of us believe to be a family farm just by chipping away what isn't.

Is it a family farm when you have huge corporate enterprises with multiple family members getting \$600,000, \$700,000? Is that a family operation? I don't think so. Huge corporations sucking millions of dollars out of the farm program by farming the farm program? I don't think that is what was intended.

If you are a reformer, if you believe in reform—and we talk a lot about change and reform around here—in my judgment, one has to decide to do the right thing on this issue, and the right thing is to limit farm program payments to \$250,000. That is a great deal of money. And at the same time, we have provided the disaster title in this bill, which I think is a significant improvement. Then decide, if you are going to get farm program payments, you have to be actively involved in farming.

We provide opportunities for people to get, for example, loans to go to college, but we don't say to them: You can come and get your loan; we don't care

what you do with it. We will only give college loans to those going to college. The same is true with a whole series of items. We actually have a circumstance that we give farm program payments to people who have never been on a farm and don't intend to be on a farm. They just want to collect the farm program payments.

Even those who collect it think it is absurd. You can read the papers and gauge the reaction of people who say: I don't understand this at all. I bought 15 acres to build a house on, and I am getting farm program payments. What on Earth is the Government doing? Even the recipients scratch their heads and wonder what on Earth this is all about.

I only ask that we, in a bipartisan way—and this amendment is bipartisan—decide to join together to do real reform. I want to be proud of this farm bill. I think Senator HARKIN, my colleague, Senator CONRAD, Senator CHAMBLISS, and others have done some good work, but it can be improved upon by the passage of this amendment. It has a payment limit, and that also provides that those who receive farm program payments should be actively engaged in farming.

Some will think that is unbelievably radical. It is, of course, not radical at all. It is just a significant investment in common sense. My hope is that my colleagues will believe that is the right thing to do.

It is sad but true, this is a hungry world in which we live. Passengers on this planet circle the Sun. There are about 6.4 billion neighbors. We, through Divine Providence, ended up in this little space called the United States of America. We are blessed. We have the opportunity to have a wonderful lifestyle, standard, and scale of living. We have the ability to produce a prodigious amount of food. But even as I speak, a significant number of children have died in the last 10 minutes because they did not have enough to eat; 600 million to 700 million people go to bed in this world with an ache in their belly because they didn't have enough to eat. Think of that: They didn't have enough to eat. And we have economic all-stars called family farmers in this country who produce substantial amounts of food, and some people want them to believe somehow that is a liability. It is not. It is an unbelievable asset that in many ways can contribute to stability and world peace.

Even as we think through all of these issues about our contribution to the world and about what we can do, it is important to think about our contribution at home in terms of building the kind of country we want. I want to see a country in the future that continues to have people living on family farms, producing food for a hungry world, and doing so in a way with, in effect, a partnership with the policymakers who have decided to create a safety net to say: We think you are important to this country's economy and this country's culture. For that reason, we have

a farm safety net. And when you run into tough times, you are not going to be alone. This country is going to have a safety net, and it is going to help you through.

I conclude by saying we should not ever believe that family farming is a liability. It is an enormous asset that contributes substantially to the character and value system of this country. I hope this Chamber will stand up for that value system. When we do, family farmers around this country will begin to be able to think about spring planting once again and begin next year with renewed hope.

I said yesterday, and I will say it again: You cannot be a family farmer, you cannot live out alone under the yard lights unless you live on a reservoir of hope. Everything is about hope for a better future, and I think the farm bill, amended by our amendment, could give farmers a substantial amount of renewed hope.

Madam President, I ask unanimous consent that the next two Democratic speakers, after the previously ordered lineup, be Senator BAUCUS and Senator WYDEN, up to 15 minutes each; further, that in the previous order, Senator STABENOW be recognized for up to 30 minutes and Senator CRAIG for 30 minutes—sorry, Senator ISAKSON be recognized for up to 30 minutes and Senator CRAIG—let me try to get through this. I could say it is the penmanship, but it is not. It is my interpretation—that Senator STABENOW be recognized for up to 30 minutes, Senator CRAIG for up to 30 minutes prior to Senator ISAKSON—STABENOW, I am sorry.

Madam President, if you have that straight, you are an unbelievable presider. I will send it to you in written form.

The PRESIDING OFFICER (Mrs. MCCASKILL). Thank goodness. Without objection, it is so ordered.

The Senator from Pennsylvania is recognized for 15 minutes.

Mr. CASEY. Madam President, I rise today, once again, to talk about a threatened veto by the President of the United States. We spent many weeks debating the Children's Health Insurance Program, months, really, when you consider all the time. People worked very hard on both sides of the aisle on children's health insurance. Yet despite all that work, despite all that bipartisanship, despite all of the hours and the energy that went into getting a bipartisan bill on children's health insurance, we have the President of the United States vetoing that legislation and threatening to veto it yet again.

Unfortunately, I stand today to talk about another threatened veto. President Bush is threatening to veto the farm bill, which makes no sense at all not only because of the work that went into this bill by Republicans and Democrats in the Senate, that is reason enough for him not to veto important legislation such as this, but I think it is even graver than that. It is

an even graver threat than talking about vetoing legislation because when the President of the United States, if he were to carry through on his threat to veto the farm bill, he is vetoing a lot of provisions that he should not be coming out against and fighting against. The President is vetoing a farm bill which does so much for nutrition, just taking one example. We know the committee this bill came out of is not just the Agriculture Committee, it is the Agriculture, Nutrition, and Forestry Committee, and that word "nutrition" is critically important.

To give some examples of what this means for families across America, here is what we are talking about when we talk about nutrition programs. Of course, food stamps being a big part of that, I will go through some of the elements of that program in a moment, the Fruit and Vegetable Snack Program, No. 2; No. 3, the Emergency Food Assistance Program, known in Washington by the acronym TEFAP—all of these programs provide children and families who would otherwise go hungry with food.

The farm bill reauthorizes those programs, a Washington word "reauthorize" for telling us we are going to fund them again. Finally, the overall title, the section of the bill that is entitled "Nutrition," that title provides over \$4 billion over 5 years to help on these important priorities.

So what are we talking about with food stamps? A couple of points. While the rest of the world received an increase in wages or an increase in purchasing power in parts of our Government and economy, a lot of people on food stamps were left behind the last couple of years.

What are we talking about? We are talking about a couple of changes that make a lot of sense. No. 1, ending benefit erosion, and the increases we provide in this farm bill will increase the purchasing power for families who benefit from food stamps.

No. 2, deducting the cost of childcare from program eligibility. That shouldn't be part of eligibility, a necessity such as childcare for working families and poor families across America. They shouldn't have to factor in childcare costs. That is a mistake, and we have changed that. Thank goodness.

No. 3, protecting family investments in prepaid college funds and retirement savings. Again, when a family's income is being evaluated for eligibility, we should not include prepaid college funds.

No. 4, increasing purchasing power for fruits and vegetables with a new pilot program. At long last—and I say this not just because Pennsylvania will do well, and I am happy to say we have a part of the farm bill that speaks directly to so-called speciality crops, of which fruit and vegetables are a big part of the economy of Pennsylvania and America, but this is particularly important for poor families and for

children. They should have every opportunity we can provide to have the benefit of getting fresh fruits and vegetables. It is a great idea.

Along those lines is an actual program, the Fruit and Vegetable Program. We are committing over \$1 billion over 5 years to this important program. It expands the already-existing program so schools in every single State can participate. Does it cover every school in every school district? No; there is not enough money to do that. But it does expand that program so at least some schools in every State can participate.

Finally, the Fruit and Vegetable Program targets the program to focus on hungry children to give them the healthy foods they need the most.

After food stamps and the Fruit and Vegetable Program is the Emergency Food Assistance Program, known as TEFAP. This bill provides \$100 million each year to purchase food that is then distributed by local food banks. Again, in addition to that, there is \$50 million for the Hunger-Free Communities Program. That particular program under TEFAP is for grants to local communities to combat hunger.

What does this all mean? It means feeding children in America who would otherwise go hungry and providing basic health care for children is another element I talked about earlier when I spoke of the State Children's Health Insurance Program. Both of these, whether it is the farm bill investments in nutrition or whether it is children's health insurance, are about investing in our children in the dawn of their lives, but also it is about building an economy many years from now.

I hope the President, when he is making a final decision about the farm bill, will take a close look at what this bill does for children, what it does for families, and what it does for our farm families all across America. We don't have time today to go through all of it, but suffice it to say this is the first time in many years we have addressed these things, and I would ask the President to look at what this farm bill does for dairy farmers.

I spent time back in the cold of the winter, in Wayne County, PA, and met a young man by the name of Joe Davitt, who has a dairy farm. His father had it before him and now it is his responsibility to take on that incredibly difficult job of long hours, year after year, trying to make ends meet. Our Government, frankly, hasn't done enough to help them make ends meet in this very difficult job, and they are not asking for anything a lot of us don't get help with.

This farm bill allows us to give some measure of relief; not nearly enough, but some measure of relief for dairy farmers, who are salt-of-the-earth people, who helped build this country and build our farm economy. Finally, at long last, we have a piece of legislation which takes into consideration the struggles and the challenges of dairy

farms across Pennsylvania but, indeed, across the country, from one shore to the other.

There is a lot to recommend in this farm bill, whether it is helping dairy farmers, whether it is an investment—long overdue—in specialty crops, and what it does for nutrition for all of America, but especially those who are vulnerable, those who happen to be poor and need help with the basic necessities of life. I hope the President, when he looks at this legislation—after he has done so much over many years now for people who make \$1 million a year, or maybe they make \$10 million a year, or maybe they even make \$100 million or more; those Americans have gotten an awful lot of help—he will see this farm bill focuses on families in America having trouble making ends meet, whether they are farm families or whether they happen to be poor Americans who can benefit from our nutrition programs. I hope the President will consider that in the interest of fairness, but also in the interest of investing in a stronger farm economy, investing in making sure our children have the nutrition they need, and also making investments in conservation, environmental protection, and a whole series of very important elements to the farm bill.

Unfortunately, I think the President, in his veto threat, is overlooking all that. I hope he changes his mind. There are some Americans who have done fine, thank you, under this President. And so for him to veto the farm bill would be contrary not just to all those interests, important interests in America—children, families, farmers, and farm families—but also it would be contrary to a lot of the work that was done by Chairman TOM HARKIN, the chairman of our committee, and Ranking Member CHAMBLISS from the State of Georgia; and not only the work they put in, but the work their staffs put in, month after month after month, working in a bipartisan way, to get this bill on the right track.

It is not perfect. There will be lots of criticism of this bill, but not nearly enough criticisms are warranted to justify the veto of this legislation. We have to get this done. It is the only time we will work on this in 5 years. We need to get it done. And the President, if he is thinking of the best interests of the country, will sign the legislation.

I urge the President, as respectfully as I can, not to veto the farm bill. It has broad bipartisan support. We have to get this legislation done.

Ms. KLOBUCHAR. Madam President, I ask unanimous consent to speak for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Minnesota is recognized for 10 minutes.

Ms. KLOBUCHAR. Madam President, the Senate is now considering the farm bill, and with the leadership of Chairman HARKIN, Ranking Member

CHAMBLISS, Senator CONRAD, and a Minnesota Congressman, COLIN PETERSON, in the House, the bipartisan farm bill will invest in our farms and rural communities so they will be a strong, growing, and innovative part of 21st century America.

America's farm safety net was created during the Great Depression as an essential reform to help support rural communities and protect struggling family farmers from the financial shocks of volatile weather and equally volatile commodity prices. Almost 75 years later, the reasons for maintaining that strong safety net still exist.

The 2002 farm bill actually spurred rural development by allowing farmers in Minnesota and across the country to take risks to expand production. Because of productivity gains and innovation, including advances in renewable energy, the farm support programs in the 2002 farm bill actually came in \$17 billion under budget.

As the Senate debates a final 2007 farm bill this week, it is important not to underestimate the value of a strong bill for States such as my State of Minnesota, where agriculture is so vital to our economy and our way of life. That is why, as a member of the Senate Agriculture Committee, I support the new farm bill. This includes an increased focus on cellulosic-based ethanol, continued support for a strong commodity safety net, and additional funds for conservation, nutrition, and disaster relief.

Of particular importance is the fact that we have balanced the budget with every dollar of new spending fully offset.

Traveling around my State during the last 2 years, I have had the opportunity to visit all 87 counties of my State twice, last year and this, and I had the opportunity to talk to many farmers about the good and the bad in the last farm bill. I can tell you this: The farm bill has worked to revitalize many of our rural communities across America. It has spurred rural development by allowing farmers in Minnesota and across the country to take risks and expand their agricultural production. Because of strong commodity prices and advances in renewable energy, the farm support programs in the 2002 farm bill are projected to come in \$17 billion under budget.

I am pleased this bill continues this safety net, and I appreciate the effort that has also been made to rebalance the commodity programs to be more equitable to northern crops such as wheat, oats, barley, soybeans, and canola.

Another top priority for Minnesota farmers was creating a permanent program of disaster assistance. I thank Senator BAUCUS for the work the Finance Committee has put into this provision. Farmers have to come back to Congress each year with a tin cup in their hands when in fact we can do it differently. Our State has been hit by drought, flooding, and everything in

between, and they had to wait 3 years for Congress to pass another ad hoc disaster relief bill. A permanent program of disaster relief will give farmers security moving forward.

One of my major goals for this farm bill was to include a strong cellulosic ethanol program. Our corn-based ethanol and soybean-based biodiesel have taken off in Minnesota, and we are ready to expand to the next generation of biofuels—cellulosic ethanol, prairie grasses, biomass that yields more energy and, if done the right way, is better for our environment and conservation.

I was proud to draft legislation to provide farmers with an incentive to grow cellulosic energy crops, and I thank Chairman HARKIN and Senator CONRAD for working with me to include this in the farm bill. The fact these crops put carbon back in the soil and take less fossil fuel to produce offers us the promise of producing a carbon-neutral motor fuel for this country. In short, the Biomass Crop Transition Program, which is what the cellulosic ethanol provision of this farm bill is, will allow us to expand on corn ethanol and soy diesel to a new generation of farm-based energy and greater freedom from imported oil.

I am also pleased this farm bill includes legislation I introduced, along with Senator BOND, to provide funding for E-85 pumps. It is a chicken-and-egg problem with E-85. Less than 1 percent of our gas stations have the E-85 pumps. In the Energy bill, we have more requirements for flex-fuel vehicles, and this bill will help to get the pumps out there so we can be investing in the farmers and the workers of the Midwest instead of the oil cartels of the Mideast.

I am also pleased the committee has accepted my amendment to double the authorized funding levels for two programs that serve beginning farmers and ranchers. There are real opportunities today to start out in farming, especially in growing areas such as organic farming and energy production. But beginning farmers also face big obstacles, including limited access to credit and technical assistance, and the high price of land. The Beginning Farmer and Rancher Programs in this farm bill provide mentoring and outreach for new farmers, and training in business planning and credit building—the skills they need to succeed and stay on the land.

There are a lot of good things for rural America in this farm bill. There is, however, one critical area where I believe more reform is needed. We need to stop urban millionaires from pocketing farm subsidies intended for hard-working farmers. This reform is in the best interest of Minnesota farmers. Here are the facts: Nationally, 60 farms have collected more than \$1 million each under the 2002 farm bill, but none of them were in our State. The average income of Minnesota farms, after expenses, is \$54,000. But under the current

system, a part-time farmer can have an income as high as \$2.5 million from outside sources and still qualify for Federal benefits.

It makes no sense to hand out payments to multimillionaires when this money should be targeted to family farmers. Big payments to big-city investors threaten to undermine the public support for every farm program, even though the commodity payments are projected to be only 15 percent of the total farm bill budget over the next 5 years.

A poster boy for what needs to be changed is Maurice Wilder, a Florida-based real estate developer. From 2003 to 2005, he has collected more than \$3.2 million in farm payments for properties in five States, even though his net worth is estimated at \$500 million. Nearly 600 residents of New York City, 559 residents of Washington, DC, and even 21 residents of Beverly Hills 90210 received Federal farm checks in the past 3 years. Some collected hundreds of thousands of dollars. Last time I checked, there wasn't a lot of farmland in those neighborhoods.

We can fix this and do better for our farmers by using the new farm bill to close loopholes, tighten payment limits, and enforce tougher income eligibility standards. First, the current Senate and House farm bill proposals eliminate the three-entity rule. This will cut down on abuse by applying payment limits strictly to individuals and married couples and ending the practice of dividing farms into multiple corporations to multiply payments.

Second, a longstanding bill, which is an amendment that will be considered this week, proposed by Senators DORGAN and GRASSLEY would limit annual payments to \$250,000. I will vote in favor of this provision on the Senate floor, and the Senate should adopt it.

I also believe a third kind of reform is needed. Congress should act to prevent payments that are intended for hard-working farmers from going to urban millionaires and giant agribusiness.

We will be talking about these amendments in the week to come, but I wish to say as we move ahead to develop homegrown renewable sources of energy, rural America promises to be central to our Nation's future energy independence as well as the fight against global warming. This bill prepares us. This bill heads us in the right direction.

Inertia may be the most powerful force in the political universe, but after 75 years, the best interests of America's rural economy demand that we correct the abuses of the past so we can move forward with this bill, with some modifications of reform, to ensure a strong safety net for our hard-working farmers.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Madam President, may I inquire what the order of business is at this time?

The PRESIDING OFFICER. The Senator is to be recognized for up to 30 minutes under the unanimous consent agreement.

Mr. CRAIG. Madam President, many of us are coming to the floor today to speak to the new farm bill that the Senate Ag Committee has proposed and brought to us over the last several months.

Over the years I have had the privilege to participate in a variety of farm bill developments and structures as we ultimately came to a new 5-year farm policy in our country.

First of all, let me say for the first time in a good number of years we have actually had the Secretary of Agriculture go out amongst American agriculture, ask questions and listen, and send us proposals of change in farm policy.

We have also had both the House and the Senate committees operating extensively in bipartisan ways to hold hearings, looking at the existing farm policy and what may need to be changed to justify a new farm bill.

While many are caught up in the bits and pieces of a farm bill structure, what is important to remember is a nation that feeds itself is a nation that is, by its own definition, strong and independent. And that has been throughout our history one of our great legacies: that we could produce our own food and fiber to feed our own populations, and then step beyond that to help feed the world.

In fact, in the 1950s, 1960s, and 1970s, as we saw a burgeoning export market in agricultural growth, we were expanding our own growth capabilities not only to feed ourselves but to feed the world.

That, in part, has been the product of a consistent farm policy over the years that stabilized agriculture, agricultural producers who looked at the primary commodity crops and said: This is the base of American agriculture, and this is what we ought to support to assure there is adequate food and fiber for the American consumer.

We now take for granted every day of the week that as we walk into the supermarkets of America the shelves will be full and overflowing with an abundance of food. We just take it for granted—unless you are amongst the very poor, and then you might stand in a soup line. But there are few of those in our country today. And, certainly, for those less fortunate there are a variety of food and nutritional programs embodied within farm policy that assure there will be minimal nutrition values offered and provided to America. That is truly one of our great legacies and something I think all Americans can be proud of.

Over the years, American agriculture has changed. We think traditionally of corn and wheat and soybeans and cotton and, of course, we used to have a

tobacco program in the South that was supported, that no longer exists for obvious and important reasons.

But little did we recognize something that we now value greatly as a part of our nutritional base today: our vegetables, our fruits, and that huge variety that you see on the fresh produce shelves as you walk into any of our great supermarkets across the Nation.

And to those of us who have been associated with agriculture all of our lives, it is not the meat shelf, it is not the bread shelf, it is the fruits and the vegetables, the specialty crops, the kinds of things that never have been in a farm bill, that we have never spoken clearly to, that embodied a very large part of American agriculture.

In fact, today, at farmgate, meaning the value of products leaving the farm itself, we view specialty crops as somewhere in the area of 50 percent. Not a program crop, not a loan program, not a base support price, but American farmers out there working to diversify and to ensure the variety that all of our consumers enjoy today.

So it is, in my opinion, a very big victory that today I come to the floor, along with a group of my colleagues, to talk about a new provision within farm policy to deal with the specialty crops. And for the next few moments, let me talk about it and its importance as we recognize what it means not only today but what it could mean in the future.

This sector includes vegetables, fruits, nursery crops, herbal crops, floriculture, horticulture, dried fruit, tree nuts, and turf grass. We know about all of those things. Turf grass you do not buy at the fresh produce stand, but if you are building a new home and all of a sudden you have instant yard because the landscaper has laid turf, then you know a lot about turf.

In my State of Idaho, that is a rapidly growing and, in some areas, urbanizing area; turf farms are a very important part of Idaho agriculture today. It may surprise some, when they think of specialty crops, they think of the great agricultural belt known as the San Joaquin Valley of California, where you see one different crop after another for hundreds and hundreds of miles across that phenomenally fertile stretch of American agricultural soil.

But in my State of Idaho, we are one of the top States in the Nation as it relates to producing specialty crops. Beyond being the No. 1 producer of potatoes that we certainly recognize, and most of us enjoy, Idaho is proud to boost production of cherries, table grapes, mint, apples, onions, carrots, and a variety of seed, nursery and ornamental crops.

The specialty crop industry has never relied, as I earlier mentioned, on the traditional farm program to support or sustain it. Yet they are subject to high volatility in markets. They face significant risk in their operations, including pests and disease threats, along with technical trade barriers and disaster conditions.

The inclusion of these new crops does not cost the traditional programs at all because we are not looking for, nor has the specialty crop industry asked for, the kind of program that is represented in wheat and barley and pulse crops and sugar and others. These new provisions do not provide direct subsidy to producers but create and fund programs that will, among other things, help to improve the competitiveness of specialty crops, expand valuable nutritional programs, and direct new mandatory funding to specialty crop research.

Let me give you an example of what I am talking about. Many States of the Nation now have a growing wine industry. Idaho is amongst those. We have a unique microclimate along the Snake River Valley of Idaho that allows us to raise quality grapes and to produce very fine quality wine.

But the problem of adapting an Australian-based or a German-based or an Italian-based grape to a new ecosystem takes research. A few years ago I was able to get the wine industry of Idaho research grants, hire a university professor, do the laboratory work, and learn how to manage a Melbac, or a Shiraz, or a particular type of Cab grape that allows us to up our values and up the quality of the wine grapes of our State. That is the kind of program we have embodied in the new specialty crop title and provision of the farm bill.

It provides producers better ways to address technical barriers in trade. It assists in the prevention, detection, and eradication of invasive pests and diseases in specialty crops.

I am pleased to see the bill extends the authority of specialty crop block grants, a charge which I led back in 2004, and will provide funding to States for locally driven and directed programs relating to research, commodity promotion, product quality enhancement, food safety, and other areas.

These are all very critical to the quality, the safety of the food that the average consumer, once again, walking into the supermarket on a daily basis simply takes for granted.

Mandatory dollars for specialty crop research will help our Nation keep a competitive edge on breeding, genetics, and genomics, also fund initiatives to address a certain economy such as the increased need for mechanization and food safety initiatives.

Very frankly, fellow Senators, if we do not begin to ensure a labor force to American agriculture, the kind that has largely left agriculture over the last 2 years because of the immigration debate and the border crisis that we are now trying to fix, we are going to have to see more and more of our industry mechanized or it will simply have to move out of our country to an area where that labor force exists.

So here is an opportunity in the specialty crop bill to do a little more of that research toward mechanization that again gives us opportunities that we heretofore did not have.

I also applaud the national expansion of the Fresh Fruit and Vegetable Snack Program, a program in which Idaho has been fortunate to participate for several years now. With the expansion, it is estimated that 4.5 million low-income elementary school children in 5,000 schools nationwide will benefit from receiving a fresh fruit or vegetable snack every day of the school year.

This bill takes a major step forward in recognizing the significance of the specialty crop industry to the overall agricultural economy of our country. The benefits to the health of U.S. citizens and the need for a stable, affordable, diverse, and secure food supply are clearly addressed within the specialty crop title.

For the first time in my years in Washington working on farm policy, I think it is possible to say the farm bill we currently have on the Senate floor, crafted in a bipartisan way, with the administration fully participating in the initial input of it, now covers a much broader whole of the American agricultural scene than we have ever before had.

With the inclusion of specialty crops in the overall program, it can clearly be said that is the case. So while I know the bill currently has its own problems on the Senate floor based on what may or may not transpire here, this is a very fine piece of work, in my opinion. Do I agree with all of it? No. Would I have written it this way had I been chairman of the Ag Committee or had the ability to do so? No, probably not.

There are several provisions within it that would simply not be there because my State of Idaho, for example, does not necessarily care for some of them. For example, the large milk program of dairy is not what adjusts or identifies to my State's large and rapidly growing dairy industry. This is designed to protect a much smaller producer; in my opinion, a less economical producer today than the kind that has built the dairy industry in my State.

Be that as it may, that has always been the character of farm policy. Has it been bipartisan? Yes. By definition it has to be. Does it need to recognize all regions of our country? Yes, it does.

But most importantly, in doing all of those things, what it always has been able to do is to assure the American consumer that food in this country will be relatively inexpensive compared to the amount of consumer income required to put a meal on the table of an American family. Americans, without question, are blessed because of the phenomenal productivity of American agriculture, the ingenuity, the technology, all that goes there.

In part, the stability that has produced that is a product of farm policies down through the decades that have recognized the basic principle that a nation that can feed itself, that can be assured there will be an abundance of food for itself and use the surplus to

sell to the world, is a nation that not only can be preeminent but certainly a nation that can stand on its own.

Senator STABENOW has just entered the Chamber. She and I were the first two Senators to actually sit down with the fruits and vegetables industry of our Nation and say: We need a specialty crop title. We need provisions within the farm bill that recognize and bring forth all of the kinds of programs that I have just talked about.

Over the course of the last 3 years, working in a bipartisan way, we have done just that. Let me recognize Senator STABENOW for the phenomenal work she has done over the last several months in shepherding this piece of legislation through to inclusion in the farm bill, in working with both sides of the aisle to assure that happened. And I must say hats off to the Senator from Michigan because she, like I, recognizes the phenomenal diversity of agriculture in our State and the need to not only recognize it and enhance it where we can, but to do so in a bipartisan way, that has produced the work product we have before us.

I am proud to stand on the Senate floor today recognizing a small but very important new provision within the farm bill, recognizing the nearly 50 percent of gross farm revenue across America today that is embodied within the phenomenal specialty crop diversity that makes us the great agricultural Nation we are.

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

Ms. STABENOW. Mr. President, before my friend leaves the floor, I thank the distinguished Senator from Idaho for his leadership as we have worked together on specialty crop issues. This is an important bipartisan effort. We began focusing on it when we defined specialty crops in the Specialty Crop Competitiveness Act of 2004. We have now taken that definition and gone on to include, as he said, 50 percent of the cash receipts from the crops that had not been recognized fully in the farm bill. It has been my pleasure to work with him and see that we have been able to make this an important part of this farm bill for the future. I thank him and congratulate him.

I rise to speak about the farm bill in front of us. It is an effort that has taken a tremendous amount of time, debate, and negotiation, a 2-day markup. We ended up passing it unanimously out of the Agriculture Committee, which is no small feat. I am pleased to have played a role in that process. A major reason for our success was our chairman, the distinguished Senator from Iowa, who has been so diligent from the beginning. He has had a vision about the future for agriculture, where we needed to go in alternative energy, conservation, fruits and vegetables, nutrition, as well as our traditional support for agriculture. I thank Chairman HARKIN and our distinguished ranking member for their efforts together. We have put into

place a farm bill for the future. I am very pleased we are doing that.

Our needs are different than when the first farm bills came about. Energy independence, preserving and protecting the environment, making sure we have a nutritious supply of products to keep communities and families healthy are all areas covered in this new farm bill.

I thank my dear friend and colleague, the chairman of the Budget Committee, Senator CONRAD, for his incredible leadership, putting all the numbers together. We have only a relatively small increase above the baseline in this farm bill, \$8 billion. Contrary to what we are hearing from the administration, we are seeing a relatively small increase, fully paid for under the budget. Thanks to the work of Senator CONRAD, we have a farm bill that is done in a fiscally responsible way.

I thank the chairman of the Finance Committee, Senator BAUCUS, for his extraordinary leadership. Serving on the Budget, Finance, and Agriculture Committees, I have to say we would not be here with a successful farm bill if it were not for Senator BAUCUS and the work he has done in providing revenues as well as a permanent disaster relief program, which is incredibly important.

I also thank my staff for their hard work. We have been working for months and months on this farm bill, many late hours, some all-nighters. I thank Chris Adamo and Oliver Kim, who have done an extraordinary job on the nutrition pieces of this bill; Ilana Levinson; and my legislative director, Amanda Renteria.

This new farm bill represents a progressive agricultural policy and a vision of the future. It focuses on and expands many new policies, such as specialty crops and renewable energy, conservation, nutrition, and rural development. When people think of Michigan, most of the time people think of automobiles and manufacturing. But in fact, the second largest industry in Michigan is agriculture. We have more diversity of crops than any other State other than California. This is a very important part of public policy for Michigan. It is about supporting our growers, about communities, the schoolchildren, seniors, and others who benefit from nutrition programs. It is also about jobs. In real ways, this is a bill that will create jobs in my State.

We have everything from traditional commodities in Michigan, such as dairy and meat and pork and corn and sugar beets and soybeans. We are also proudly the national leaders in the production of numerous specialty crops—our fruits and vegetables, including blueberries, apples, cherries, asparagus, and celery. Michigan farmers are in need of a safety net for the crops they now grow, our program crops. But they also are asking us for a new set of policies, not payments, not direct payments, but a set of policies that will allow us to support fruit and vegetable

growers who make up half of American agriculture.

In addition to diverse farms and commodities, we also have expansive urban areas with strong interests in conserving our national resources, our land, our Great Lakes, expanding as well in our inner-city areas access for fresh fruits and vegetables through farmers markets and community gardens and school nutrition programs. Literally, for me, every single part of the farm bill is important and impacts someone in my State, whether they be involved directly in farming or not. Of course, as we sometimes don't think about, the farm bill does impact everybody, whether you have any part of agricultural production in your State or not because of what this means in food security, nutrition, and now focusing on other important areas such as alternative energy.

I understand, as we debate this important farm bill, we will be continuing to talk about reforming farm policy. I know for many, the reforms that have passed in the Agriculture Committee—and we have put together very important reforms—as well as for me, do not go as far as I would like. But they do represent a very important first step in the right direction. There is a tremendous amount of reform in this legislation. It is important for us not to define reform as just changing direct payments. It is about changing the focus, expanding the focus toward the future, which is what this farm bill absolutely does. We have made progress on farm payment reform, but we have also put in place a new guide for the next 5 years in completely new farm policies, such as specialty crops, helping producers grow more and consumers to have more access to healthy foods.

Energy is a very exciting part of this bill, the next economic opportunity for rural America, for our farmers. These new policies will create new jobs and new, clean, renewable energies. Conservation, again, is a major focus for our chairman, and I commend him for that. His leadership has brought us more than \$4 billion in new investments in conservation that will help producers be the great stewards of the land they want to be.

Again, the chairman, in his leadership on nutrition, has been extraordinary, expanding the food and nutrition program and providing more access to healthy foods. In fact, it is important to mention that roughly 66 percent of the farm bill is focused in some way on nutrition. That means this is truly a food security and nutrition bill for every American. It is also important to mention that we have included a focus on beginning and disadvantaged farmers, new policies in the conservation title, as our Presiding Officer has focused on in so many of the areas around conservation and supporting our farmers and family farmers. The credit title also helps new farmers and those sometimes wrongfully left out to provide for more conservation and

more credit resources. We know we need a new generation of farmers to continue providing food security for our Nation.

Let me speak about each of these areas briefly. The area of the farm bill we call specialty crops, what does that mean? We are talking about fruits, vegetables, horticulture, floriculture, dried nuts. We had defined those areas in 2004 in the farm bill. This is something I have been working on since coming to the Congress after the 1996 election, 4 years in the U.S. House on the Agriculture Committee, and now in the Senate. I remember when we first started talking about specialty crops and trying to find something in the farm bill that would directly support the 50 percent of the crops that are fruits and vegetables and other specialty crops. It was difficult to find much. But finally, after working together on a bipartisan basis and having wonderful support from the Agriculture Committee, we can honestly say we have placed specialty crops as a permanent part of the farm bill.

This is incredibly important, particularly now when we look at the needs for nutrition, the needs of the future for our families, our children, our seniors, as we look at a world economy, where it is very important that we be supporting our own fruits and vegetable growers.

There are 36 Members of the Senate who have come together, because we grow specialty crops in our States, and have supported the efforts. I thank each Member who has lent their voice in support and strength to this effort. We have over 120 different organizations that have been working now for several years to come together to get to this point. I thank all of them for their efforts as well.

We have come a long way since the 2002 farm bill, when we were talking about trying to get some help with tree assistance or some basic nutrition programs. In 2004, we passed the Specialty Crop Competitiveness Act which defined specialty crops and for the first time gave us a policy from which to work. It laid the groundwork for the progress we have made in creating a specialty crop policy in the farm bill, including the centerpiece program such as specialty crop block grants. Today, for the first time, there is a significant package to help our growers who supply our healthy foods. This package is what I call a toolbox, not a direct payment. They have not asked for that, but they have asked for a variety of things to help them be successful and make fruits and vegetables available to our families.

The toolbox includes competitive grant programs, research funds, increased protections from pests and disease, trade export promotions, various nutrition programs to help those in need, as well as a focus on our schoolchildren, assistance for organic farmers, a very important, growing part of agriculture, as well as important conservation payments. This multitude of

policies offers real reform and is needed for a variety of reasons.

It is also important to note the new disaster assistance program that has been put together accommodates specialty crops as well. There is approximately \$1 billion of disaster relief for specialty crops included in the disaster relief program. It will expedite aid to producers after natural disasters for which farmers cannot plan. A critical part of this is new mandatory funding for the Tree Assistance Program. This is absolutely critical to our farmers who have orchards because our orchards—such as cherries and peaches and apples—are basically the assets. The trees are the assets for those farmers, and they are expensive assets that take years to yield profits. So being able to support those growers who have orchards and to be able to help them in a disaster is very important.

It is important to note that specialty crop farmers are also very diverse. What is good for the Washington apple growers may not be the same for Michigan apple growers. Different diseases and challenges face different growers in different parts of the country. So policies such as the State-run block grants that we have included and competitive research grants are vital to help the over 200 different types of specialty crop farmers across the Nation be able to have assistance for their particular issue, their particular areas of concern.

Second, fruits and vegetables are more susceptible to different pests and diseases. We must have the best inspection and rapid-response policies in place. Currently, the costs borne by the fruit and vegetable industry due to invasive species reaches over \$1 billion a year. Our disease and pest policy will help prevent new invasive species as well as help mitigate them. This will help not only specialty crop growers but all our farmers as well as our forests.

Third, just like our traditional row crops, such as corn and soybeans, we need a strong domestic supply of fruits and vegetables. Studies suggest that even if every person in this country tried to eat the five to nine servings of fruits and vegetables per day that are recommended by the Federal Government, our domestic growers would simply not be able to meet the demand.

Fourth—and while speaking of domestic fruit and vegetable farmers—this Nation currently imports \$2.7 billion more than it exports in fruits and vegetables. So we need to ensure our safety and health and help our growers as they export as well.

Finally, when we talk about specialty crops, we are really talking about eating in a healthier way. A better supply of fruits and vegetables means more access for more people to the things they need to be healthy and to prevent systemic disease in the future.

Along with our focus on specialty crops is a real partnership with the

portion of the farm bill that focuses on nutrition. This farm bill makes important strides in reducing hunger in our Nation and improving the nutritional health of our children. It makes a key link between our commodities—our fruits and vegetables—and health by recognizing the importance of fruits and vegetables in the new specialty crops provisions.

The Physicians Committee for Responsible Medicine has applauded efforts to increase consumption of fruits and vegetables. They noted that HHS statistics have found that unhealthy eating and inactivity cause 310,000 to 580,000 deaths every year.

In addition, in this Congress we have made our children's health a legislative priority. In addition to our fight for the Children's Health Insurance Program, we have expanded the successful Fruit and Vegetable Snack Program so that schools nationwide will be able to give children a healthy snack. Again, my hat goes off to our chairman, who placed the Fruit and Vegetable Program in the farm bill in the past as a pilot project.

A lot of folks said: Well, even if you have a bowl of fruits—apples or other fresh fruits—and vegetables available in schools, the kids won't eat them; they will just go to the vending machine. Well, it turned out that was not true. It turned out that children loved having those apples and peaches and strawberries and plums and all of the other fruits available. Teachers across the country have been clamoring to expand this very successful Fruit and Vegetable Snack Program, and we have done that in this bill. In fact, with the passage of the farm bill, about 120,000 children in Michigan alone will have access to fresh fruits and vegetables through the snack program.

This is a very important policy in terms of the future for our children. Making sure children eat right and understand good nutrition is, of course, critical for their long-term health. According to the New America Foundation's child development and youth well-being index, health indicators for children are on the decline mainly due to children's poor nutritional health and obesity. By helping our schools purchase healthy snacks, we can not only give children better food but also help guide their nutritional choices throughout their entire lives. Maybe if they pick up an apple or dried cherries—grown in Michigan, of course—rather than junk food, we will give them an opportunity for a healthier future.

Additionally, the farm bill addresses hunger by making long overdue changes to the Food and Nutrition Program, formerly known as food stamps. Since 1996, the income standards for this program have been frozen—in other words, no increases. Food costs go up, inflation goes up, and there have been no increases. This has caused the purchasing power for families to decline as food costs and inflation have increased.

In just one example, a 32-year-old single mom named Sonya, who lives in Michigan near my hometown of Lansing, has two children ages 12 and 13. She works two jobs. One pays \$10.40 an hour, where she works 24 hours a week. The other one pays her \$76 a day. She is working hard to hold things together for her family. She spends nearly \$650 a month in daycare expenses, right now, for her children. But under current law, she cannot count the full value of her childcare costs when she applies for the Food and Nutrition Program. This cap on childcare is a huge incentive against working.

The nutrition title will help Sonya and other families—and the vast majority of Food and Nutrition Program households are three-individual households like Sonya's—because it takes that cap off and will cover and count the costs of childcare for working moms. For example, a mother of three who works 35 hours a week at \$9 an hour and pays \$350 a month for childcare for a preschool-aged child would receive an additional \$79 in food assistance for herself and her children. This is a huge difference. It may not sound like a lot of money, but it is a huge difference for families all across this country.

We should be very proud of the fact that on a bipartisan basis we have placed these improvements in the bill. However, we still need to do a lot more, and I certainly support other efforts to do that.

We still need to make improvements to the Commodity Supplemental Food Program. Unfortunately, our senior citizens, who make up the bulk of this program, the Commodity Supplemental Food Program, are eligible at a lower income threshold than are families. In other words, if you are a senior up to 130 percent of poverty, you can get help with food; for a family, it is 185 percent. There is really no reason to discriminate against senior citizens, and a number of organizations, including AARP, the National Commodity Supplemental Food Program Association, and America's Second Harvest, want to fix this program. I am working with the chairman to offer an amendment to do that.

I mentioned a little earlier that this bill is also a job creator. This farm bill is creating new jobs as well as a cleaner environment—both very important goals.

The energy title will help bring forth a new rural economy. In Michigan's case, this is already happening, and we welcome the provisions of this bill. They are very important to us in Michigan.

First, there are loans and loan guarantees for cellulosic ethanol refineries. In Michigan, we have interest from multiple companies to set up new cellulosic refineries. We have corn, sugar beets, switchgrass, and wood byproducts—timber—opportunities that can all be a part of the cellulosic equation. Again, I know the distinguished Presiding Officer has worked diligently in

those areas. They are very important for the future of this country and certainly in my State will create jobs.

Financing is needed in the early development of these projects, as we know, and these new policies will provide that missing link, which is so critical. Perhaps by the next farm bill we will see the fruits of our labor when we can truly say: Buy fuel from Middle America instead of the Middle East.

Next, farmers need assistance to switch to these new energy crops and to produce renewable energies. New policies will provide technical assistance and resources to help producers convert to new crops that can produce ethanol and take advantage of their wastes by converting them into energy. An example of this is anaerobic digesters that our dairy farms can use to convert animal waste to energy. Not only is this a new source of income, but it also disposes of waste, therefore reducing pollution into the air and the water.

Finally, I would like to highlight another program important to Michigan that has the potential to spur economic development while alleviating our dependence on foreign oil. A Community Wood Energy Program will help invest in projects looking to use more wood products to produce energy. With a State that is more than one-third forested, and paper mills are in the decline, this is a very valuable addition, from my perspective in Michigan.

The energy title will go a long way toward a cleaner environment, but the conservation title in the farm bill is one of our most important environmental laws. Farmers are some of the best stewards of our land. We know that. They produce high-quality, safe, nutritious products while meeting strong environmental standards. Our addition of \$4 billion in conservation funding this year is imperative to meet the growing demand of farmers who want to enroll in various conservation programs. These programs keep our air clean, farmland productive, spaces open, land open, wildlife thriving, and offer some of the best water quality protections.

The conservation title is especially vital to our Great Lakes, North America's largest source of fresh water. Farm bill conservation programs have ensured that once-marginal Great Lakes farmland now filters sediment and erosion while providing millions of acres of high-quality wildlife habitat, which supports the local \$18 billion hunting, fishing, and wildlife-watching industry in Michigan. Programs such as the Wetlands Reserve Program improve water quality and are essential to the continued health of the Great Lakes. These programs protect and restore wetlands that serve to filter pesticides, fertilizers, and sediment out of the water that millions of Great Lakes residents depend on for their drinking water as well as for swimming and bathing and just plain fun. And we in-

vite everyone to come and be a part of the Great Lakes experience.

I want to congratulate, again, Chairman HARKIN and my colleagues on the committee for their commitment to a strong conservation title. In spite of the tight budget we have once again, conservation is a priority.

I would like to take a moment to recognize changes in a program that I was very pleased to author as a part of this conservation title. The Great Lakes Basin Program for Soil Erosion and Sediment Control will be reauthorized for another 5 years under the current bill. This program has a proven track record of efficiently providing grant funding to local organizations and governments to prevent soil erosion in the Great Lakes region.

I am pleased to have been able to add language to the farm bill to tie the Great Lakes Basin Program to the Great Lakes Regional Collaboration Strategy to Restore and Protect the Great Lakes. This will assist in accomplishing two of the Great Lakes Regional Collaboration Strategy's priority recommendations: first, targeting cleanup activities in severely polluted rural watersheds; secondly, restoring urban watersheds that have been degraded by development.

The Great Lakes restoration strategy is really a comprehensive blueprint for restoring the Great Lakes. It was initiated following an Executive order which recognized the Great Lakes as a national treasure. The strategy was produced by a broad cross-section of people representing our local communities, the State and Federal Government—truly a bipartisan effort—NGOs, tribes, and various stakeholders that came together.

The strategy identifies reducing nonpoint source runoff from rural and urban areas as one of the top eight sets of priority recommendations necessary for restoring the health of the Great Lakes. This program will enable the region to initiate pilot projects consistent with these recommendations. I am very pleased this is part of the farm bill.

Restoring the Great Lakes must be a national priority. A recent Brookings Institute study clearly showed that Great Lakes restoration is about more than environmental restoration; it is about protecting our way of life. Reducing soil erosion, sediment, and pollutants helps maintain a clean source of drinking water for over 42 million Americans and Canadians who depend on the Great Lakes. Decreasing nonpoint pollution in the Great Lakes reduces the damage caused to fish and wildlife habitat and will help protect a sport fishery that generates \$4 billion a year. Reducing nonpoint pollution will reduce the costs of maintaining stormwater systems and the costs of dredging the harbors and marinas that are the economic backbone to the Great Lakes region's shipping capacity, in addition to a \$1 billion recreational boating industry. This pro-

gram ties a Great Lakes program with a proven track record to the implementation of a comprehensive strategy that, when fully implemented, will protect an international treasure for the next generations.

I also want to acknowledge another important piece that I was pleased to author in the farm bill that is important to American producers. Current law clearly states that all purchases made—to the maximum extent practicable—with Federal funds for use in the National School Lunch and Breakfast programs should be domestic goods; in other words, American-made, American-grown. Congress has passed this law in multiple statutes and has repeatedly reinforced its support for the Buy American provision, and expects it to be implemented and enforced. Unfortunately, USDA has not adequately enforced the Buy American provisions in current law. This is another example of this administration's failure to enforce the laws on the books, and this time our growers and consumers are paying the price. The list of trade enforcement violations is growing, and today the United States has the weakest trade enforcement effort of any developed country. It is important we make sure that while the USDA buys only domestically grown food for schools, that we also make sure when the school programs themselves—the local programs—are purchasing, that they know this provision is in place.

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

Ms. STABENOW. Mr. President, I ask unanimous consent for an additional 2 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. No objection. How many minutes? Two?

Ms. STABENOW. Two.

Mr. DOMENICI. No objection.

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

Ms. STABENOW. Thank you very much.

There is so much in the farm bill that it is difficult to have a short presentation. I am only touching on a few of the major areas.

Let me conclude, though, by summarizing the Buy American provisions because, unfortunately, even this past July at a national school food conference, a food company marketed peaches that said "peaches from China packed in Thailand," and I know we grow great peaches in the United States. So we want to make sure that as we are putting all of these provisions together to support American agriculture, that, in fact the USDA is doing everything possible not only to purchase themselves but to communicate with our school programs and other nutritional programs that we expect we will purchase from local growers, American growers first. We hope we will not have to say this again. We have put this in numerous bills. It is

vital that we take this very seriously if we are going to, in fact, be supporting American growers. This provision—the Buy American amendment—matches the House-passed language, and I am hoping they will join us in making sure it is truly enforced at this time.

As my statement shows, this farm bill is expansive. It is important to all parts of our country, our families, our communities. It is important in so many ways as we look for healthy foods and strong communities and jobs, preserving our land and our water. It has very important policies, traditional policies we have had for some time, coupled with new approaches for the future in alternative energy and other areas that are critical for the future of our country. I regret that the administration has indicated a possible veto of this bill. I hope, in fact, they will reconsider as we move along. This is an important bipartisan effort. A tremendous amount of work has gone into this. This is truly a farm bill for the future of the country. It is fiscally responsible. It is paid for. I am very hopeful that not only will we pass this with a strong bipartisan vote, but that the President will support this very important effort to support our growers, our farmers, our ranchers, as well as the food security of the United States.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from New Mexico has 15 minutes under the previous order. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, parliamentary inquiry: I am to be followed by Senator THUNE, who has 15 minutes, is that correct?

The PRESIDING OFFICER. That is not yet a part of the order.

Mr. DOMENICI. I ask unanimous consent that it be the case.

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

Mr. DOMENICI. Mr. President, I rise this afternoon to discuss the process under which we consider this bill that has been set forth by the majority leader earlier. I also want to discuss a critical issue facing our farmers. I do not want to belabor the point that has been made by our distinguished Republican leader, Senator MCCONNELL, and by Senator GREGG about the importance of an open amendment process, but I do want to add some context, if I might.

I understand it is the majority's prerogative to fill the amendment tree, and it has been done by leaders of both parties in the past. However, I wanted to go on record about the potential serious danger of this process. Earlier, the majority leader stated that only amendments that are relevant to the farm bill will be allowed to be offered and voted on.

Well, I cannot think of any amendment more relevant to the economic security of the American farmer than an amendment to increase the renewable fuel standard. I am very hopeful

the amendment will meet the test the leader has made for amendments. I don't know yet whether it will, but I think before I am finished and before other speakers are heard, it should be quite obvious that there is no amendment that could be offered that is more important to rural America and the farmers than this one.

Since we passed the first ever renewable fuels standard in the Energy Policy Act of 2005—and the occupant of the chair was a member of the committee that wrote it—bipartisan—and played a very vital role in a number of its provisions—since that Energy Policy Act, we have seen a surge in ethanol jobs and a surge in the construction of ethanol plants. I think we all know that. In 2006 alone, the ethanol industry supported the creation of 160,000 new jobs, while producing 5 billion gallons of ethanol. These are American farm jobs which help produce American fuels and help reduce our dependence on foreign oil. It seems to me the relevance of ethanol is asked and answered.

My bipartisan amendment would set annual requirements for the amount of renewable fuels used in motor vehicles, homes, and boilers. It would require that our Nation use 8.5 billion gallons of renewable fuels in 2008 and progressively increase to 36 billion gallons by 2022.

My amendment will help the ethanol industry right now by doubling the current ethanol mandate from 7.5 billion gallons in 2009 to 15 billion gallons by 2015. That will ensure that America will be using the additional ethanol that farmers are producing.

Beginning in 2016, an increasing portion of the renewable fuels must be advanced biofuels. Advanced biofuels include cellulosic ethanol, biodiesel, and other fuels derived from unconventional biomass feedstocks such as sorghum. The required amount of advanced biofuels begins at 3 billion gallons in 2016 and increases to 21 billion by 2022.

I want to depart from my text and talk a minute with the Presiding Officer and any other Senators who are listening. This amendment is part of the so-called Senate Energy bill passed in June. It has three major parts, and this is one part of it. This is one that has a lot to do with ethanol, but it was part of the Energy bill we passed and took a lot of pride in. Since then, the House passed a bill. The House passed two bills on energy. Their bills were, for all intents and purposes, completely different than the Senate's bill. We have been totally unsuccessful in moving anything in the direction of getting either our bill or their bill moving toward a bicameral solution in conference or by agreement between the two Houses through appropriate people. That is not occurring. There is lots of talk but no action. Pretty soon we will be giving the excuse for doing nothing for the ethanol prices—we will be saying, wait another month and we

will get this agreement with the House. The Senate-passed bill will somehow get negotiated out with the House, with somebody, somehow, sometime, even though they don't have any provision in their bill that is like the one I am talking about.

This amendment is in our bill—the bill of the Senate—that we worked so hard on. It is the one the President talked about in his State of the Union Address, as the occupant of the chair might remember. Cellulosic was what everybody talked about. In about 2 years we break that R&D requirement and we are ready to go with the most critical new fuel—cellulosic. Now we sit and say, let's not do anything. I am kind of prejudging what some will say tomorrow when this amendment, which will be filed at the desk and which is nothing more than the Energy bill that was passed with all of the amendments that were adopted, that was subtitle B, the biofuels for energy security and transportation as part of the Energy bill—it is now an amendment I am asking to be attached to the farm bill. I think it should meet the leader's test where he said it has to be something that is strongly related to agriculture or he isn't going to consider it. Considering things such as perhaps the Lugar bill, which is highly touted as a substitute—it won't pass, but it will be permitted to be offered as an amendment, I assume.

This amendment is very important. We could get out of here in December and not have an agreement with the House on this energy bill. I repeat: They don't have this provision in their bill. They are going to have to accept a whole new approach. Energy security and transportation through biofuels is part of the three components of the bill, of the big bill we are talking about. We would have to find some way for the House to accommodate all three of the big sections, because they have none of them. They don't have this one. They don't have CAFE, on which our fellow committee members on Commerce worked very hard. They don't have CAFE in theirs. They don't have this provision, and they don't have the very large provision we have in ours with reference to maintenance and security, reducing the costs of various fuel products. So it is not going to be easy to get that. It would be very easy—if the majority leader agrees tomorrow, it would be very easy to adopt this amendment and, eventually, if the agriculture bill passes and goes right over to the House, and they have no alternative—they have to go to conference with a farm bill that is going to be very popular and it is going to have this provision on it, and it is very popular. As my colleagues know, if it were freestanding and didn't have any of the problems of: Does it belong on this bill, which I think is an irrelevant statement—we shouldn't be talking about that—it belongs on this bill, we are going to make up a rule if we don't let it come on here. It fits; it is germane;

it is relevant. Any words we have used historically for amendments, it is that.

Now, beginning in 2016, an increasing portion of renewable fuels must be advanced biofuels, which must include cellulosic ethanol, biodiesel, and other fuels derived from unconventional biomass feedstocks, such as sorghum. The required amount of advanced biofuels begins at 3 billion gallons in 2016 and increases to 21 billion by 2022.

Advanced biofuels do not have many of the challenges that conventional ethanol does. The inclusion of advanced biofuels strikes a balance that will allow America to begin diversifying our fuel supply in a very short term and in the long term.

That is why, when supporting these same provisions in the Energy bill, the Renewable Fuels Association said that they “strike the right chord”—that is what this does—noting that “such an investment in our Nation’s energy future promises to spur the creation of new, good-paying jobs across the country.”

This amendment consists of the very same provisions passed by the Senate in June as we considered the Energy bill. Some may ask, then, why do I seek to offer this amendment to the farm bill? I have already told you my answer. Repeating, first, the Energy bill is languishing largely because the House has very different provisions, and we have no way of going to conference. We are not in conference. We are negotiating in some way. People are talking. Committees are talking, but nothing is agreed upon by anyone as to the process or procedure. Certainly, we have to have that bipartisan. It will not pass if it comes here from the House and doesn’t have some Republican input. I assume it will come from people such as me, as ranking member of one of the committees, or maybe Senator STEVENS, who would have to be part of it if it were to have a real chance.

The second reason is this amendment is relevant to the farm bill. It is necessary now to reinvigorate the ethanol industry, and that industry and everything that makes it up is looking to Congress to extend this mandate as soon as possible.

In one sense, we have been a victim of our own success. Thanks to the 2005 Energy bill, rural America has answered the call for increased ethanol production. In fact, we have now exceeded the original mandated amount in our fuel mix. For example, in 2006, the ethanol standard was 4 billion gallons and, in fact, our domestic production of ethanol was 5 billion gallons. We can do more and the American farmer is looking for Congress to do more.

Over the last year, the price of ethanol has dropped nearly 40 percent. The reason for this is simple economics. We have an increased supply and diminished demand in the marketplace. As a result the construction of new plants has been delayed meaning new job

growth has been diminished and rural communities are looking to us to take action. We cannot wait for a languishing energy bill while rural communities are losing their opportunities. This amendment is not simply relevant to the farm bill, Mr. President. It is necessary.

This matter will come back. It will be filed sometime tomorrow, or the next day, depending on when the leader will talk to me on the floor.

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

Mr. THUNE. Mr. President, I want to thank my colleague from New Mexico for his leadership on energy issues, generally, as a former chairman and now ranking member on the Energy Committee, and particularly regarding renewable fuels.

In 2005, the Senate, the Congress passed an energy bill that was signed into law by the President, which, for the first time ever as a matter of policy, put into place a renewable fuels standard. That was in no small part a tribute to the leadership of Chairman DOMENICI and his good work, working with many of us who care deeply about renewable fuels and making sure we are advancing that industry in this country so we can lessen our dependence upon foreign sources of energy. So I appreciate his leadership and am glad to be able to work with him again as we try to offer a renewable fuels standard to the farm bill, which has already been adopted, as he mentioned, by the Senate regarding the Energy bill. The Energy bill is currently tied up and, hopefully, we will produce an energy bill this year before Congress adjourns for the holidays. But if, in fact, we cannot get that done, it is important for this industry, and I believe for our country’s interest, that we get an expanded renewable fuels standard put into law.

Mr. President, the bill before us today is entitled the Food and Energy Security Act of 2007, commonly referred to as the 2007 Farm bill. The naming of this bill is not without meaning. It is abundantly clear that agriculture and energy production are inherently related, and together will move our Nation toward greater food and energy security.

The 2002 Farm bill was the first farm bill to include an energy title. As a member of the House Agriculture Committee during the 2002 Farm bill debate, I can attest that including an energy title in the farm bill was not easy, nor was it without controversy. However, Congress had the foresight to realize that renewable energy was an integral part to our agriculture economy and a comprehensive farm bill would be incomplete without including renewable energy incentives.

The Food and Energy Security Act of 2007 also includes an energy title that builds on the success of the 2002 bill. The incentives in this energy title will greatly benefit American consumers, our agriculture producers, and our Nation’s energy independence.

As part of the 2007 Farm bill, the Senate Agriculture Committee worked with what little resources we had to meet the demands of a new generation of renewable fuel. In particular, the committee included a provision that Senator BEN NELSON and I helped draft that will provide incentives for farmers to grow energy dedicated crops in conjunction with the construction of a nearby biorefinery.

There is a chicken and egg dilemma with regard to cellulosic ethanol production. If you ask a farmer in South Dakota or Georgia or California to change his planting pattern to grow energy dedicated crops, the response will likely focus on a lack of market to sell these crops.

If you ask an ethanol producer about the prospects of cellulosic ethanol, they will likely highlight the lack of energy dedicated crop availability.

In reality, energy dedicated crops such as poplar trees, switchgrass, and miscanthus, take 2 to 3 years to establish. Likewise, a new generation cellulosic ethanol biorefinery will take several months or years to build. There is an obvious gap in the marketplace for cellulosic ethanol production, and this bill would fill this gap by providing first-of-its-kind incentives for producers who grow energy dedicated crops in conjunction with the construction of local biorefineries.

This provision represents significant progress in our agriculture policy as we look for ways to promote advanced biofuels.

The Food and Energy Security Act also authorizes the U.S. Department of Agriculture to provide grants and loan guarantees for commercial scale biorefineries. Private sector investment in the renewable fuels will ultimately determine the success of this industry, and it is critical that funding mechanisms are in place that will move cellulosic ethanol from the laboratory to full scale production.

Additionally, it is important to note that these loan guarantees would also benefit existing plants that wish to repower their facilities or retrofit with new cellulosic technology.

By leveraging a small amount of tax dollars with hundreds of millions of dollars in private equity, federally backed loans for new plants are an effective policy that will help grow the production of advanced biofuels.

Although the Senate version of the 2007 farm bill includes several important energy provisions, it is missing one critical component that would increase the market demand for renewable fuels.

Just a few moments ago, Senators DOMENICI, NELSON, GRASSLEY, and I introduced a bipartisan amendment to increase the renewable fuels standard from 7.5 billion gallons in 2012 to 36 billion gallons in 2022.

Last June, the Senate acted in a bipartisan manner and passed an Energy bill that increases the role renewable fuels as a part of our energy policy.

This amendment reflects the Senate-passed RFS, and I hope my colleagues will once again support this policy as an amendment to the 2007 farm bill.

Some of my colleagues may ask, "Why include a renewable fuels standard as part of the 2007 farm bill?" The answer is simple, since the beginning of Federal farm programs, no single policy has had a greater impact on American's agriculture industry than the renewable fuels standard enacted by Congress in 2005.

The renewable fuels standard and the dramatic expansion of biofuels production has provided farmers with an alternative market for their crop and increased demand for corn production. The renewable fuels standard has created jobs in rural communities and spurred investment opportunities in rural America.

The expansion of the biofuels industry hasn't been perfect. The dramatic expansion of biofuels has led to concern among some livestock producers and food processors about inflationary trends in commodity prices. However, these concerns are being addressed by the marketplace. Producers have responded with record corn production and will continue to meet the demand for feed, food, ethanol, and exports.

Additionally, like the Senate-passed renewable fuels standard, this amendment would boost the production of advanced biofuels by requiring the production of 21 billion gallons of cellulosic ethanol by 2022.

Crude oil is trading at over \$90 per barrel. Many analysts are predicting oil will hit \$100 per barrel in the near future. Typically, in the late fall, early winter, consumers are granted a reprieve from high gasoline prices as demand subsides from the summer driving season.

However, this fall, the retail price of gasoline has remained at high levels. Yesterday, the average price of gasoline reached \$3 per gallon—an all time record for gasoline prices in November. Many are predicting even higher prices in the near future if the price of crude oil continues to climb.

When is enough, enough? When are we going to take a stand and stop sending American dollars overseas to countries that want harm to the United States when we have an untapped resource for clean renewable fuel here at home?

I believe I speak for the majority of U.S. Senators when I say we should purchase our fuel from America's agricultural producers rather than from overseas oil cartels.

In 2005, Congress as acted to enact the first ever renewable fuels standard of 7.5 billion gallons by 2012. By the end of this year, our Nation's ethanol capacity will total almost 7.5 billion gallons, 4 years ahead of schedule. With planned and existing construction, our Nation's ethanol capacity will soon double.

Clearly, as our biofuels industry advances, so must our national policy.

Now is the time to increase the renewable fuels standard and usher in a new generation of cellulosic ethanol production.

I thank Chairman HARKIN and Ranking Member, CHAMBLISS for their support for a strong energy title.

Over the past several months, we have had a thoughtful and conscientious debate on farm and energy policy. Considering the limited resources presented to the Committee, we crafted a bill that will undoubtedly move production agriculture and renewable fuels forward in a sustainable and reliable manner.

Adding a strong renewable fuels standard to the Food and Energy Security Act would greatly enhance these efforts. The U.S. Senate is already on record for supporting provision by a wide bipartisan majority. I encourage my colleagues to once again support this amendment.

There are so many things we can do in this farm bill to help improve the agricultural economy in this country. I will speak at a later point about some of the other provisions in the bill that I think will do that. But I cannot emphasize enough the importance of the energy title to not only American agriculture but to America's position and place in the world relative to our need for energy and our ability to meet that need here at home.

I hope my colleagues in the Senate will move in an expeditious fashion to pass this farm bill. Before we do that, let's take a hard look at what we can do to make this energy title even stronger and create an even more robust market for renewable energy, so those great American farmers out there who are producing the food and fiber for this country can also continue to produce fuel to meet America's growing energy demand and lessen our dependence upon foreign sources of energy.

I, again, thank the Senator from New Mexico for his leadership on this issue and for his important role in 2005 in getting the renewable fuels standard put into law for the first time—the 7.5 billion gallon standard I mentioned—by 2012. But it is now important that we increase that standard—as proposed in this amendment and as passed earlier by the Senate in the Energy bill—to 36 billion gallons by 2022. If we do that, we will make a very strong and bold statement about our commitment to reducing our dependence upon foreign energy and making America energy independent.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. WYDEN. Mr. President, there is a worldwide epidemic of illegal logging

which has been poisonous for the global environment and devastating to vital American industries. Given the urgency of this problem, Senator ALEXANDER, myself, and more than 20 other Senators have joined in legislation—S. 1930, the Combat Illegal Logging Act—and I and my good friend from Tennessee are on the floor and wish to speak briefly about this legislation.

We have worked for many months on this bill, cooperatively with the forest products industry, with the conservation community, and with labor organizations, and the Congressional Budget Office recently scored our legislation as having no cost. We have filed this legislation as an amendment to the farm bill, and we believe it is urgent that the Senate pass this legislation on a bipartisan basis to protect American companies from unfair competition and to protect forests around the world against illegal logging.

More than 1 year ago, a group of hardwood plywood manufacturers came to me with concerns about illegal Chinese hardwood plywood imports that were threatening their businesses. A whole host of unfair and illegal practices was lowering the costs of the Chinese hardwood plywood import sector, giving them an unfair advantage over our American hardwood plywood and putting American companies in jeopardy of going out of business and the workers they employ out of work.

Since then, I have been working to level the playing field for these plywood manufacturers, many of whom are in Oregon, and to protect the jobs of the workers they employ. In the course of all this, I have met with the Department of Commerce, the Office of the United States Trade Representative, Customs and Border Patrol, and the International Trade Commission, and have urged them to pursue these issues and act where appropriate. They have, I commend them for it, and they have raised troubling practices that we have brought to light in diplomatic negotiations, opening investigations and even filing a case before the World Trade Organization targeting Chinese subsidies that benefit the hardwood plywood industry.

Our legislation—the legislation Senator ALEXANDER and I hope to win passage for as part of the farm bill—would level the playing field for all American plywood manufacturers as they struggle to compete against artificially low-priced wood and wood products. I am also pleased we have been able to secure the support of the conservation community. They have joined us in this effort because they know it is critically important to the protection of the environment worldwide to act against this illegal logging epidemic.

From the Amazon to the Congo basin to Siberia, we are seeing illegal logging devastate some of the most precious and valuable ecosystems one can imagine. It has been gutting local economies. It has annihilated the very way

of life for a number of these communities. Because of the speed and violence with which illegal logging is occurring, failure to curb its effects now, in my view, is going to result in irreversible damage to forests around the world.

I note my friend from Tennessee is on the floor, and I want to make a couple of additional comments and allow him to speak as well. I see other colleagues want to talk, but I want to take a minute to describe how this illegal activity takes place.

It is typically done by complex criminal networks that have multinational funding, which I think is almost analogous to the way the drug trade works. There was a recent Washington Post article that documented how logs from Burma had been smuggled into Chinese processing facilities and then were exported to major retailers here in our country. In these Chinese processing facilities, what happens is the logs are often mislabeled and misclassified. Sometimes they are even fraudulently stamped with counterfeit stamps that mimic those of well-known wood certifications, such as the Forest Stewardship Council label.

There have been additional reports that have demonstrated how illegal logs are being smuggled out of the last intact rain forest in Asia, in Indonesia, and then they are made into flooring in China to feed the high-end markets in the United States and the EU. So the world's final remaining stands of old-growth teak, for example, are being stripped from Burma's forests to finance the bloody oppression of the military regime. The trade in teak and other valuable tropical hardwoods of Burma and China has reached as much as \$350 million in 2005. In some cases one tree is so valuable on the international market that illegal loggers will cut a road through dense tropical forests to access it.

The amendment Senator ALEXANDER and I seek to offer—and there are many bipartisan supporters—would curb illegal logging by making changes in the Lacey Act, which currently regulates trade in fish, wildlife, and a limited subset of plants. The Combat Illegal Logging Act of 2007 would expand the Lacey statute so that violations of foreign law that apply to plants and plant products would fall within its protections. This would make it against the law to import timber illegally harvested and obtained in a foreign country. The act would change the way people who are importing harvested timber and wood products do business. That is its intended purpose.

But I will tell you—and then I want to give what additional time I have left to my friend from Tennessee—I commend the wood products sector, particularly the American Paper Association, which has worked so closely with us. As the Forest and Paper Association, as is their formal name, they have worked diligently with us to

make sure the many wood products firms that have worked responsibly in this area can be supportive of this legislation. I am grateful to them for their support and the many environmental organizations that have joined with us.

I see my friend from North Dakota and my friend from Minnesota are here as well. With their leave, Mr. President, I yield whatever time I have to the cosponsor of this legislation, I thank him, and we can conclude our remarks with Senator ALEXANDER.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, I thank the Senator from Oregon. He has pursued the illegal logging issue in his usual way, with a lot of persistence and in a bipartisan way as well.

If he has not already done so, I will ask unanimous consent to list the 22 cosponsors of the Combat Illegal Logging Act he has helped to recruit, and I thank him for including me as a part of this bill. It is important to the great Northwest and it is important to the Southeast, where we have large paper companies, but it is also important to conservation and to the rule of law in our country.

The Senator from Oregon made a point that is maybe the central point here when he compared our efforts to stop illegal logging to our efforts to stop the bringing of illegal drugs into the United States. We all know the tremendous amount of effort we go to, for example, to keep cocaine out of the United States. We send millions of dollars to Colombia and to other countries and we try to stop that. But the real problem we have is we are a big, rich country, and there is a big demand for cocaine here. So no matter what we do in the other countries, the cocaine still keeps coming in, and the same with other illegal drugs. Here we have a chance to make a much bigger difference than we can with illegal drugs. We still are creating the demand problem. This is a country that accounts for 25 percent of all the wealth in the world. It is a country that perhaps buys a huge volume of illegal timber from around the world. Well, we can stop that. This is not a drug addiction, this is a business practice, and it is a practice we can stop according to the laws of this country. When we stop it, we will make an enormous difference for our country and for the other countries.

Let us be absolutely clear. We are talking primarily about the laws of other countries. We are not talking about imposing American laws on other countries. We are simply saying if you violate the laws of any other country in the world, you can't bring those logs into the United States without violating a criminal law here. If this big economy says that to the world, we will make a dramatic difference in illegal logging.

As the Senator from Oregon said, it is an estimated \$1 billion a year in depressed prices and reduced exports. It depresses prices \$500 million to \$700 million annually. It means the people who play by the rules in the United States are having money taken from them by criminals who don't play by the rules in other countries, with the rules set by other countries; not by us, by other countries.

There are other ancillary benefits—climate change, for example. There is a lot of talk about that here in the Senate. We are all looking for ways to deal with that. It may be expensive to deal with, it may be inconvenient to deal with, but some estimates are that 20 percent of climate change is caused by deforestation. According to the World Bank, illegal logging accounts for 10 percent, or \$15 billion, of the world timber trade. So if we are able to slow down illegal logging in other countries, we will be making an inexpensive contribution, from the American taxpayers' point of view, to dealing with climate change, and at the same time we will be putting money in the pockets of those who work in this country in the timber and timber products business.

This is a rare intersection of the rule of law, of good conservation practices, and of keeping jobs in the United States.

I salute the Senator from Oregon for his leadership, and with his permission I ask unanimous consent to have printed in the RECORD the "Dear Colleague" letter which he and I sent to our colleagues, resulting so far in 22 Members of the Senate cosponsoring the Combat Illegal Logging Act of 2007.

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

U.S. SENATE,

Washington, DC, October 17, 2007.

DEAR COLLEAGUE: We are writing to ask you to cosponsor S. 1930, the Combat Illegal Logging Act of 2007. This bill enjoys the support of a very broad coalition that includes members of the U.S. forest products industry, conservation community and organized labor, and has already received bipartisan support from many of our colleagues.

Illegal logging is a criminal activity that often circumvents a nation's legal process and halts efforts to establish good governance—by going around a nation's law and relying on corruption, bribery and theft. It destroys ecosystems, contributes to carbon emissions, harms often poor and rural communities, and forces American businesses and workers to compete against inappropriately low-cost forest products made from illegally sourced fiber. Illegal logging costs the U.S. forest products industry an estimated \$1 billion per year in depressed prices and reduced exports, and contributes to ongoing mill closures and job losses.

The Combat Illegal Logging Act changes the incentives that drive trade in illegal timber. This legislation will raise the risks for illegal trade without harming legal trade and will be an important step toward leveling a playing field currently stacked against the U.S. forest products industry and importers and retailers committed to trading in legal wood products. Furthermore, it will also bring the power of the U.S. market

to bear on fighting the illegal logging problem and will reinforce work being done with U.S. tax dollars to improve governance in forest-rich developing countries.

Organizations endorsing this bill include: American Forest & Paper Association, Center for International Environmental Law, Conservation International, Defenders of Wildlife, Dogwood Alliance, Environmental Investigation Agency, ForestEthics, Friends of the Earth, Global Witness, Greenpeace, Hardwood Federation, International Brotherhood of Carpenters and Joiners of America, International Brotherhood of Teamsters, Natural Resources Defense Council, Rainforest Action Network, Rainforest Alliance, Sierra Club, Society of American Foresters, Sustainable Furniture Council, The Nature Conservancy, Tropical Forest Trust, United Steelworkers, Wildlife Conservation Society, and the World Wildlife Fund.

We'd be glad to furnish additional information, or your staff may wish to be in touch with Michele Miranda with Senator Wyden at 4-5244 or LaTonya Miller with Senator Alexander at 4-7198 if you would like to cosponsor this important legislation.

Sincerely,

RON WYDEN,
U.S. Senator
LAMAR ALEXANDER,
U.S. Senator

Mr. ALEXANDER. The value of this letter is to highlight the organizations endorsing the bill, ranging from the American Forest & Paper Association, to Defenders of Wildlife, to the Friends of the Earth. That is pretty good company in which to be.

Again, I thank the Senator from Oregon. I hope very much that the Senate will agree to this amendment. It may seem like a small step, but it will put money in the pockets of American workers. It will help with climate change. It will uphold the rule of law in our country.

I yield the floor.

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

Mr. CONRAD. Mr. President, I rise this evening to urge the White House to back away from their threats to veto the farm bill that is presently before the body. I think the White House would be much better advised to wait until congressional debate has concluded before making any final judgments on this bill.

In fairness, it should be pointed out the veto threat that came out of the White House today was not from the President. It is very interesting what did come out. This is the staff of the President saying, if the farm bill were sent to the President's desk, they would recommend to the President that he veto the bill.

Now, all of us know the dance that goes on in Washington on major legislation, and we all know this is negotiating leverage for the conference committee to come when the differences are worked out between the House and the Senate. So that is what is really going on.

The fact is, this farm bill is fiscally responsible. It helps our Nation's farmers and ranchers. It promotes new sources of energy, reduces our dependence on foreign oil, enhances conserva-

tion, and improves nutrition. But it does it in a way that is paid for and is within the budget.

I saw that some administration sources were asserting that there is somehow \$36 billion of extra money in this bill. That is truly a concoction, \$36 billion. Let's be clear. This bill costs \$288 billion. The baseline is \$280 billion. In other words, if we were just to have the same farm bill for the next 5 years as we have had for the past 6 years, it would cost \$280 billion. This bill costs \$288 billion. That is an \$8 billion difference, not a \$36 billion difference.

Why do we have more money than the current farm bill? Because the world has changed. We are trying to adjust the farm bill to deal with the new reality. What is that new reality? There is an energy opportunity for America, and this farm bill attempts to seize that opportunity. What is the opportunity? It is the chance to reduce our dependence on foreign oil.

Here are some key facts to remember about the bill. It is a 5-year bill. Its costs beyond 5 years will be determined in the next farm bill. So when the President's people take the 5 years of this farm bill and then extend it and look at its 10-year cost, that is not this bill. This bill is a 5-year bill. It is fully paid for. It complies with pay-go. It does not add one dime to the Nation's debt.

In fact, it cuts commodity title payments by \$7.5 billion over 5 years. Those are the provisions that have drawn the most fire. It tightens payment limitations and eliminates loopholes. Notably, it ends the three entity loophole that has allowed some operators to effectively double their Government payments, and it begins direct attribution, requiring that Government payments be directly attributed to an individual.

The farm bill also keeps commodity program outlays which have been singled out for criticism in the media below CBO's August 2002 baseline, the baseline used in drafting the last farm bill. In other words, we can expect farm bill commodity program costs to remain below the level anticipated when the last farm bill was drafted.

This is what the last farm bill projected would be the cost of continuing those provisions. That is the red line. Here is the projected cost of the new farm bill, far below what the estimates were when the last farm bill was written. In other words, if we look at commodity programs, those are actually only 14 percent of this farm bill, commodity programs, but it seems to be the area that draws the most controversy.

But somebody apparently has not informed the administration or the White House that if you extend the Congressional Budget Office's baseline for commodity programs and compare it to this farm bill, this farm bill is well below what the last farm bill would have cost if it had just been simply extended.

So there are real savings. Over the next 5 years we can see the total farm bill outlays, including baseline farm spending, and this new farm bill will make up only 1.9 percent of total Federal outlays. In other words, this is the current bill we are working on now.

If you look at the total of Federal outlays, and you look at what this farm bill will cost, total cost is 1.9 percent of total projected Federal outlays during the period. The last farm bill was well over 2 percent. So as a share of Federal spending, agriculture's share is going down, and the commodity provisions that are so controversial are going down significantly.

In the last farm bill, commodity programs cost less than 1 percent, three-quarters of 1 percent of total Federal spending. But in the new farm bill that will be down to one-quarter of 1 percent. Still people complain. My goodness, I do not think they have any idea what they are talking about. I really do not.

The total farm bill has shrunk as a share of the total Federal budget. Commodity programs have shrunk dramatically as a share of the total Federal budget. It is worth noting that the cost of extending the 2001 and 2003 tax cuts dwarfs the funding in this farm bill. In fact, when shown on the same chart, the 2007 farm bill funding is barely visible.

This farm bill funding is fully paid for. It is ironic that some of the same people who complain about the farm bill funding are calling for the far more expensive extension of the 2001 and 2003 tax cuts without paying for a dime of it. And they are trying to talk about being fiscally responsible.

Look here. The President wants to extend the 2001 and 2003 tax cuts. Here is what that costs. Here is what extending the 2007 farm bill funding is.

There is no comparison. There is just no comparison. So if we are talking about being fiscally responsible, let's get real.

In addition, when I say this bill is paid for, it is just not my claim, this is the assessment of the Congressional Budget Office. They have analyzed the bill. They say it is fully paid for. In fact, they say: In the 5 years of the bill, there is a savings, when everything is taken into account—the spending, the offsets—that we have \$61 million left over from 2008 to 2012, \$61 million to the good. So there is not one penny added to the deficit or the debt as a result of this farm bill.

The administration has claimed this farm bill includes tax increases. That is wrong. This bill does not include tax increases. It does include loophole closers that have very strong bipartisan support. For example, it would codify the economic substance doctrine prohibiting businesses from using certain tax avoidance schemes. It revokes tax benefits for leasing foreign subways and sewers. I know this is hard to believe, but there are actually companies and individuals who are reducing their

U.S. taxes by buying foreign sewer systems, depreciating them on the books for U.S. tax purposes, and leasing those sewer systems back to the European cities that built them in the first place.

Does anybody consider that a tax increase? I do not. I think it is cutting a tax loophole. It increases penalties for failure to file correct information returns, and it denies deductions for certain fines and penalties. I do not consider any of those tax increases.

Let's go to the next slide because I want to rivet the point. One of the ways of paying for the farm bill, or at least a part of it, is to shut down this scam. This is a picture of a European sewer system. And you do have to wonder, what has a European sewer system got to do with the American farm bill? Well, one of the things we found is, some companies and some wealthy individuals are actually buying sewer systems in Europe, depreciating them on the books in the United States to reduce their tax burden, and then leasing them back to the cities that built them in the first place.

Now, I know this sounds too fanciful to be true, but it is true. And it does not apply just to sewer systems. We have people who are doing this with European city halls. They are buying European city halls, depreciating them on their tax bills here, and then leasing them back to the European cities that built them in the first place. That is just a scam. So we are shutting down that scam. I do not think that is a tax increase. I think that is shutting down an abusive tax loophole.

The fact is, we actually cut taxes in this bill. Here are the tax cuts that are provided: \$7.3 billion for conservation, including a tax credit for farm land, and a conservation reserve program, \$2.5 billion for energy initiatives, including a tax credit for small producers of cellulosic fuel, and \$800 million for agriculture and rural areas.

Tax relief. That is what is in this bill. Tax relief. But it is paid for. The entire bill is paid for. The administration has also complained that this bill contains sunsets. I would remind my colleagues this is a 5-year bill. And some of the programs, if we would extend them, would go on for more than 5 years. But we do not have unlimited means, so we have had to cut things off. What does that mean? That means when they write the next farm bill, those things are going to end unless somebody finds new money or savings to pay for them. That is how we always write legislation.

We cannot determine what is going to happen 10 years from now. This is a 5-year farm bill. Over the 5 years, this is the point I want to make: This bill is fully paid for. There is no budget point of order against this bill. None. This bill fully complies with pay-go. The only difference between this bill and simply extending the current farm bill is we have added less than 3 percent for energy initiatives to reduce our dependence on foreign oil and for cer-

tain conservation measures to further protect our vital resources. Every dime of it is paid for. That is the fact.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. COLEMAN. Mr. President, I thank the Senator from North Dakota. There has been a lot of discussion about this being a costly bill. It was worthwhile for me to sit here and be reminded again of the nature of this investment, the fact that things we are doing in renewable energy are the future of America. It is not just about taking care of some Minnesota and North Dakota farmers. Every gallon of gasoline we replace with ethanol is less money in the pockets of thugs and tyrants such as Chavez and Ahmadinejad. I thank the Senator from North Dakota. If you recall the last farm bill, there was a lot of discussion about whether the President should veto that. Now we look back and across the board folks are saying that was a good farm bill. That was a bill that in the end cost less. It kept the safety net in place. We moved forward with a new world of opportunities with things such as renewables. So we have this discussion again. I hope we pass this farm bill, and I hope it gets signed.

The farm bill begins by stating its necessity due to the fact that "the present acute economic emergency being in part the consequence of a severe and increasing disparity between the prices of agricultural and other commodities, which disparity has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities, and has seriously impaired the agricultural assets supporting the national credit structure . . ."

This is not the start of the 2007 farm bill. It is an excerpt from the very first farm bill of 1933. When that farm bill was written in 1933, net farm income was only one-third of what it was 3 years prior. Food went wasted in the field, while Americans went hungry because of depressed commodity prices. There was no safety net. It was such a time of crisis that folks from across my State of Minnesota came together with farmers from the Dakotas, Iowa, and Nebraska to protect each other's homes, farms, livestock, and machinery from being taken through foreclosure.

The Senate Agriculture Committee has proven that like minds from these States still collaborate to save the family farm. Today I come to the floor as part of a bipartisan multiregional coalition not just from the Midwest and upper Midwest but from all across this great Nation. On the Ag Committee, we came together under the leadership of Chairman HARKIN and Ranking Member CHAMBLISS and my friend from North Dakota, Senator CONRAD, to build a stronger food safety net for working families, an ag safety net for farm families. Over the next

several days, the U.S. Senate will have the responsibility to pass a farm bill that will ensure Americans can meet the bare requirements of human subsistence.

In today's world, relentlessly focused on the future, it can be difficult to reach back into the past and conceive of a time before food stamps, conservation programs, and a farm safety net. It doesn't seem possible that in this country hunger was widespread, massive clouds of dust roared from State to State, and farmers couldn't make enough money from their crops to even make harvest worthwhile. Yet our past bears witness to these struggles. Since these difficult years, Congress has struggled to perfect the omnibus legislation we call the farm bill.

In 2007, with the bipartisan bill produced by the Senate Agriculture Committee, I believe we move closer yet to our final goal of crafting a smarter, stronger safety net. As the Ag Committee has labored over the last several months to build this bill, I have worked with my colleagues from both sides of the aisle to secure a number of priorities for my State of Minnesota. This bill not only strengthens the farmer safety net but helps meet the food security challenges of America's low-income families, makes a bold commitment to renewable fuels, and boosts investment in renewable fuels and conservation.

As the ranking Republican on the Nutrition Subcommittee, I am proud of this bill's efforts to assist those Americans dealing with food security issues. This bill now provides an additional \$5.3 billion in funding for nutrition programs, such as stamps and the emergency food and assistance program, TEFAP. The Food Stamp Program, which assists over 260,000 Minnesotans, will be significantly strengthened. We will stop inflation from creating greater benefit erosion in the Food Stamp Program and encourage savings among low-income families. During the markup, I fought to bring the bill's funding for TEFAP, which provides valuable resources to our food banks and homeless shelters, up to the same levels as the House bill. We have found the funds to meet this need, providing an additional \$10 million a year.

If you believe everything you read in the editorial pages, you might conclude that this bill funds farmers at the expense of the poor, but that isn't true. Nutrition spending now makes up over 66 percent of the farm bill, while we have found in the Ag Committee \$7.5 billion in savings in the commodity title. These savings come from programs that cost \$22 billion less than was expected when the 2002 farm bill was passed. My colleague from North Dakota has laid that out. This is a bill wherein the commodity program baseline is lower than the estimate of the 2002 bill. This is a bill where the percent of dollars that goes to farms as a percentage of Federal spending is substantially lower than in the 2002 farm

bill. Meanwhile, we manage to preserve the basic structure of the safety net for our farmers who feed and fuel this Nation.

For years now as I have driven across the great State of Minnesota, I have been hearing from farmers who have told me the 2002 farm bill worked. Families growing various crops told me we needed to make some adjustments. This bill makes needed updates for sugar, barley, wheat, and soybeans, among others. The bill includes a reauthorization of the dairy safety net, including the MILC Program, restoring it to the 45-percent payment rate. The committee included my proposal to create a farm storage loan program that works for today's farmers.

I proudly support the new permanent ag disaster program we now have, thanks to the leadership of Senators BAUCUS and CONRAD, that will lend farmers a helping hand when faced with natural disaster. The faces of thousands of hard-working farmers I have seen over the years come to mind as I consider the importance of the farm bill safety net. I also reflect on the health of my State's entire economy, the survival of small towns on country roads. In Minnesota, the agriculture and food industry is the second largest employer, with two-thirds of all agricultural jobs being off farm in processing, distribution, supply, and service sectors. We rank fifth nationally in farm exports and lead the Nation in sugar beet and turkey production. All of Minnesota needs a strong safety net for our farmers.

Nationally, the farm safety net is critical to every taxpayer, to every American. First, we all need food. Thanks to our farmers, U.S. consumers spend 10 percent of their income on food, the lowest percentage in the world. For every dollar Americans spend on food, farmers get only 20 cents. Our entire economy benefits. Some folks forget that agriculture employs 20 percent of the U.S. workforce, accounts for roughly 20 percent of the Nation's GDP, and is America's No. 1 export.

Beyond preserving the safety net for rural Americans who work in agriculture, this bill provides significant mandatory funding for key rural development programs to build vibrant rural communities, including \$50 million to rehabilitate small rural hospitals, \$20 million to protect rural drinking water, and provisions to encourage local ownership of ethanol plants.

To revitalize our rural economy, this includes the rural renaissance legislation I worked hard to pass with my colleague from Arkansas, Senator PRYOR, that will provide \$400 million in tax credit bonds to finance rural infrastructure projects such as water and wastewater treatment projects.

I have no doubt Minnesota is similar to Colorado. We have small towns that simply don't have the tax base to do the infrastructure they need. This bill will provide some opportunity to assist

those small rural communities with infrastructure.

Another key to renewing Minnesota's rural communities has been the production of renewable fuels as our farmers work to reduce dependence on foreign oil. In the Ag Committee, we worked to take the next step in helping power ethanol plants with crop biomass and diversifying our biofuels feedstocks to include cellulosic and sugar. All in all, this bill delivers over \$1 billion in additional investment in the energy title. It will also help equip our existing corn ethanol plants with the latest in renewable technologies, with \$422 million for competitive grants and loan guarantees. The future is cellulosic. We know that with corn we can do about 15 billion gallons of ethanol. We consume 140 billion gallons of gasoline each year, projected to go up to 180 billion. Cellulosic is the future. This bill provides a pathway to accelerate us reaching that future.

This bill helps farmers transition to the production of biomass crops. We provide over \$200 million to help farmers with production, harvesting, transportation, and storage costs. I am hopeful one day we will see a cellulosic ethanol plant in Kittson County, MN. This bill will bring us closer to that reality. Meanwhile, this bill includes a sugar ethanol program which I have long advocated. If Brazil can do it, we can do it. They made a commitment in the early 1970s to ethanol. They do it with sugar. They didn't let up to that commitment when oil prices went down. They stayed the course. As a result today, Brazil is not dependent on foreign oil.

We need to have that same commitment, that same persistence. Sugar should be part of it. That opportunity is in this bill.

Finally, I have been concerned that those living near ethanol plants continue to have an opportunity to invest in these renewable opportunities. I am thankful to the chairman and ranking member for including my local ownership amendment to ensure communities continue to hold more of the value created by these plants in their small towns through ownership. On top of all these investments, this bill still manages to include the single largest investment in conservation this Nation has ever seen. Specifically, the bill increases funding for major programs such as the Wetland Reserve Program, the Conservation Stewardship Program, and the Grassland Reserve Program, as well as protecting 39.2 million acres allotted for the Conservation Reserve Program.

This bill also includes Open Fields, a critical, voluntary program to encourage property owners to allow public access for hunting and fishing. All in all, the bill increases conservation funding by \$4.4 billion above the current budget baseline, which will mean increased wildlife habitat, cleaner water, and a healthy environment for all of us and it is paid for.

No bill of this size is going to be perfect. But I believe when the sum of these accomplishments is measured, folks will realize what an achievement this is. Of course, some will continue to criticize. Despite including what I consider to be great advances in farm nutrition, conservation, rural development, and energy policy, coupled with dramatic reforms, there no doubt will be detractors who look at this farm bill and cry that more reform is needed. They will argue that money should not go to factory farms. It should go to nutrition, conservation, and energy instead.

As I have traveled around Minnesota, I don't see factory farms. Instead, I meet family after family, such as the Meyer Family in Nicollet County. They let me know how important the farm safety net is to them. They told me the advent of renewable fuels, what it has meant to them in terms of transforming their farming operation, has had the same impact that electricity had for their grandfather. That is the path to hope and opportunity we are on. That is the path this farm bill fosters. I wholeheartedly agree this farm bill should invest more in nutrition, conservation, and energy. This bill makes remarkable strides in these areas. In fact, nutrition spending will grow to represent two-thirds of the bill's total spending. I also believe we need to reform to prevent nonfarming millionaires from getting farm payments and close loopholes to get around payment limitations. Ted Turner and Scottie Pippen should not get farm subsidies. This bill closes the loophole. It succeeds in doing that by the most aggressive farm payment reforms to date, by lowering the adjusted gross income limit from \$2.5 million to \$750,000 by 2010, while eliminating the three-entity rule and commodity certificate loopholes. No one wants multimillionaires to be getting farm subsidies. This bill says that doesn't happen.

Again, some critics will say reform is not enough. I urge these folks to talk to Senator CHAMBLISS, talk to my colleague from Arkansas, Senator LINCOLN. Ask them how tighter restrictions under the banner of reform will throw a disproportionate burden on their farmers, rice farmers and cotton farmers who have a greater cost of production for cotton and rice than in other regions of the country. Farm bills are about achieving broad bipartisan compromise for the good of the American people. This bill meets that standard and deserves this body's support.

I finish by asking my colleagues to take a look at the frescos that line the corridors of the hall of columns next time they find themselves on the House side. Written near the top of one of the walls, there is a quote by Carl Sandburg that reads:

Whenever a people or an institution forgets its hard beginnings, it is beginning to decay.

The Senate must not forget this Nation's struggles on the farm and on the

dinner tables before our farm and nutrition safety nets existed. We cannot afford to forget how far our farm bills have come since 1933. We have come a long way over the last 75 years in building a thriving agricultural economy, responsible conservation policies, and responsive nutrition programs. I urge my colleagues to join me in supporting this farm bill, which builds on the steady gains agriculture has made and continues the economic prosperity it has fueled.

I yield the floor.

The PRESIDING OFFICER (Mr. MENENDEZ). The Senator from Arkansas.

Mrs. LINCOLN. Mr. President, I rise to add my remarks to this debate on the Food and Energy Security Act of 2007. I see our chairman of the committee in the Chamber. I wish to say a personal thanks to him for his leadership and hard work, along with his staff, who worked diligently through the committee process to really come together.

My colleagues, including Senator COLEMAN, who is on the committee as well, working with others—Senator CONRAD has been here—those of us on the committee have worked so hard to come up with a compromise, a bill that is practical and realistic but also actually exhibits reforms that many people have been asking for. But the bill also moves forward in a progressive way, a way I think Americans can be proud in the values and the priorities we set. So as a member of our Senate Agriculture Committee, I am extremely proud of the product our committee has produced.

A lot of time and energy was put into the committee bill to ensure we maintain the blessings we have here in American agriculture. Staff and the members worked hard to come up with a good compromise, a compromise that respects and appreciates the diversities across our country and the great wealth and bounty of what our Nation has.

The farm bill does many other good things. Several of my colleagues have already touched on those. Our investment in nutrition, conservation, rural development, and energy programs has been dramatically increased. All of these things will benefit our country greatly.

As one of the cochairs and cofounders of the Senate Hunger Caucus, I find it very important that we focus, through this bill, on nutrition. I hope others do, and I hope they are willing to look for resources we need to make sure we pay for that, that we are serious about nutrition, and that we are going to continue to work on that. My faith requires me to look after the poorest among us, and I am very pleased the committee bill provides an additional \$5 billion increase in programs targeted at reducing food insecurity among our children and our elderly, among our low-income and those who are in need.

Conservation is a big part of this package as well. The chairman has

been a tireless advocate for conservation programs. I am pleased that once again he has produced a bill that is progressive in this area. It ensures that we are the best stewards of the land we possibly can be and that we will leave our children the environment they deserve.

Having grown up on a farm myself and recognizing that my dad, as a farmer, was one of the greatest conservationists I could ever meet—he was conscientious with the way he handled his land. He knew it would be there for future generations if he took good care of it. He also knew if he took good care of that land in the current, it would produce the crops that would provide for our family. So conservation is an essential part of who we are as Americans. What is exhibited in this bill is a step forward—a large step forward—in a very progressive way of how we have invested in conservation.

Rural development is also well represented in this bill. Again, growing up in rural America, it is so important to see the investments, whether it is investments in small businesses and entrepreneurs. The broadband effort we have made here is incredibly important.

I have a gentleman who bought property in Arkansas to retire on. He was not going to move there for another 10 or 15 years. When he realized his business actually could access three major cities across this country and access those cities through the technology he needed to use, he decided to move to Arkansas ahead of time, ahead of retirement, because it was a place he wanted to be.

The outmigration we have seen from rural America has been caused largely because of a lack of opportunity. In rural development, we provide not only many of those tools to help development, help entrepreneurs and small businesses grow their businesses, but we provide for communities to invest in their infrastructure so it will be a desirable place for people to build their businesses and raise their families. That is important.

Reducing dependency on foreign oil is absolutely critical, and we know that as a nation now. We see the passion in Americans for wanting an alternative and renewable energy source. In this bill, we have the beginnings, particularly of making sure that not only we lessen our dependence on foreign oil but we do so in a way that is good for the environment. It provides an additional marketplace for our producers with their commodities.

We have a win-win in this situation, with all of these things we have brought together in this bill. Yet many of them are new programs over the last couple of decades in terms of the farm bill in our outreach. It is essential that we recognize the investment we are making in this bill and that we do not tarry in getting it passed and that we make again the assurances to hard-working families, both on the family

farm as well as in rural America, that we do believe in them, that we do believe as a government in investing in who they are, what their values are, and the contribution they make to the fabric of this country.

Most importantly, to me, as the mother of twin boys, the farm bill does something we should all be very proud of: It ensures our Nation, the working families of this country, and the children of this Nation, a safe and affordable domestic supply of food and fiber. We are the envy of the world in how we can do that. Not only do we do it most efficiently and effectively, we do it by keeping the cost of our food per capita the lowest of any developed country in the world. We do it with respect to our environment. It is the envy of the world. Many of my colleagues and most, if not all, of the media seem to take that for granted when we bring up this bill. It is something we should never lose sight of in this debate. As a mother, when I go to the store and I know and can see what it is I am purchasing, knowing those crops and those food sources—domestically produced—can ensure for me a quality food source and sustenance of life for my family, that is unbelievable—again, the envy of the world.

We look at what comes out of the media. One day they are reporting about the dangers our Nation is facing with unsafe food entering the country or the atrocities of outsourcing jobs, and the next day they are on the front page of the news criticizing farm programs that keep production agriculture here at home and level the disparities in global agricultural trade that U.S. farmers face abroad. The markets out there are not that open to certainly the commodities we grow in our region of the country.

But we are a diverse nation. Our crops are different in each region of the country. For that reason, we have several different programs to support individual commodity needs. In the Midwest, with corn, sugar, sugar beets, and fruit and vegetable producers, they enjoy several different programs outside our traditional farm programs to provide them the support they need to continue producing right here at home. They are different programs than my growers would probably access, and they have different rules for those programs. With sugar, we limit the access for foreign competition into the U.S. market. For corn, we provide several different provisions in law that support those producers, in addition to traditional commodity programs. We mandate a market through the renewable fuels standard. We provide a tax credit for blenders, and we protect ourselves from foreign competition to give this industry a chance to grow and an opportunity to reduce our dependency on foreign energy.

In other States across our country, in fruit and vegetable regions of our country, in addition to the nearly \$3 billion worth of incentives for this industry,

we provide a planting restriction to limit competition from producers of other commodities.

Oftentimes, we are told in the South: Why don't you just grow something else, something different that may be less difficult or less of a problem in the international trade market? Well, in many instances, we are unable to do that because of planting restrictions. But I am proud of the recognition of this diversity, and I am proud to have supported these initiatives tirelessly on behalf of the hard-working farm families in other regions of the country.

I have also fought hard to ensure that American agriculture gets the respect it deserves in the world marketplace because, as the budget chairman pointed out yesterday with his now famous charts, the world market for our farmers is not free or fair. My message is simple: We should meet our global competition, and we should not unilaterally disarm our farmers in the global marketplace.

The unfortunate reality is that our global agricultural competition is heavily subsidized, and their markets are closed to agricultural goods that my State particularly produces. We have to fight hard for the small bit of market access our crops need in those other countries and in those trade agreements. As a result, we have grown our operations to create an economy of scale that allows us to be competitive. If we are not careful, with the tighter payment limits, we are going to make our producers of staple commodities such as rice less competitive internationally. As I have pointed out, rice and cotton face much greater international competition than any of the other commodities we are discussing in this bill.

So our point, with these commodities we have and what we face in that global competitive marketplace, is: Yes, our program might need to be just a little bit different, kind of like the sugar program or the corn program and the supports they need. I did not invent the global subsidies in agriculture, but I am committed to ensuring that the Senate helps our farmers meet the global competition.

Working with both Chairman BAUCUS and Senator GRASSLEY on the trade aspects, through the Senate Finance Committee, and the Office of the USTR, we are going to continue the fight. I am going to continue to fight to ensure that global access is there for us. As we do that as a nation, I think it is our responsibility and duty to provide the support programs our farmers need. To not do so will simply result in an outsourcing of our food supply and our jobs in rural America.

Within the WTO negotiations, we have asked our trading partners to reduce their subsidies and their tariff levels on U.S. agricultural products. What we have said is that we will come down further and faster on our subsidy programs, on our support programs.

But the response from the rest of the world has been abundantly clear to us: No, thank you, America. We don't want to bring down our subsidies. We don't want to bring down our supports. We want you to. But, no, thank you very much. We are not going to do that. You go right ahead. You lower your subsidies, and we will simply hang on to ours.

Here at home I have heard some of my colleagues and mostly media outlets that have said we needed to lower the caps on programs. Well, guess what. The committee bill does just that. It lowers the overall cap from \$360,000 to \$100,000.

I have also heard we needed to address the loophole that has allowed producers to avoid the caps. The committee bill does just that. It eliminates both of the loopholes most frequently cited—the three-entity rule and the generic certificates.

I heard we needed transparency, so the committee bill—yes, the committee bill we bring before this Senate—adds direct attribution, which will track payments directly to an individual farmer. Now, let me be clear. This is only for traditional, what we refer to as “program commodities,” not sugar or dairy or ethanol. They will not have direct attribution. But in this bill we provide direct attribution for the traditional program commodities. As I pointed out, those programs operate in a slightly different fashion to provide support to their farmers because we have a lot of different farmers in different regions around this great country.

I heard we needed to disqualify millionaire nonfarmers, those who are walking around Fifth Avenue or Hollywood. So in the committee bill we do just that. We move the adjusted gross income means test from its current level of \$2.5 million to \$750,000.

Now I notice my colleague NORM COLEMAN bringing up celebrities such as Scottie Pippen. But the fact is, Scottie Pippen won't be affected, because most of those individuals—or certainly a large amount of them—are reported because of their conservation payments. These are contracts they enter into with the Federal Government for contracts on conservation, putting their land into conservation. Many of them will have an adjusted gross income above that level, but they will still be listed and they will still be getting their payments, because they have entered into that contract. We don't put an AGI means test on the conservation program. I think that is important for people to understand. Those people very often are not getting program payments; they are getting conservation payments.

My sincere hope is this will all be seen as what it is. It is a good-faith effort on my part and the members of the Agriculture Committee—all of the others on the committee—to address concerns and to recognize this is the most significant reform in the history of our

farm program. We have made a tremendous progressive effort on the issues that are important to people, both reform as well as nutrition programs, conservation, energy, renewable energy. Now we have some time, it seems, to discuss what this farm bill does and doesn't do.

I am appreciative of this time, because throughout my career I have tried to look after family farmers and to respect the needs of farmers in every region of this great country. I have tried to do that first and I have tried to assist them in providing our Nation and the world with the bounty they do. It is something we far too often take for granted, the blessing of living in this country, knowing there is an affordable, abundant, and safe supply of food and fiber for the people of this country. We in this country are fortunate. We are fortunate to have this bounty. I am not going to let anyone in this Chamber forget it. I am not going to allow anyone to send this bounty to some foreign land never to be seen again in this country, to outsource the opportunity that hard-working farm families in this country have to do what it is they want to do most and what they do most effectively, and that is to provide this country with that safe, affordable, and abundant supply of food and fiber.

I look forward to the discussion ahead of us. I have to say if there is one unfortunate thing I find in all of this discussion, it is that there are those people who would choose to misrepresent the facts. When they misrepresent the facts, it breaks down the process. It breaks down the process from what is real. What is real is those of us on the Agriculture Committee who have come together in good faith to produce a bill that makes sense; something everybody can support and that respects people all across this country. My hope is we will continue this conversation, and that those who choose to misrepresent the facts can be countered or at least corrected, and those of us who want to work hard to come up with something that makes sense, that we can continue to do so. I look forward to that debate. I look forward to working with my colleagues. Senator GRASSLEY and Chairman BAUCUS are here on the floor. They have done yeoman's work on behalf of farmers across this country, and I look forward to continuing to work with them.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I know it is my turn to speak, but out of deference to Senator BAUCUS who is negotiating on the Children's Health Insurance Program, I ask unanimous consent that he go before me, and then I ask that Senator TESTER would follow him, because I don't want Senator TESTER to have to sit around and listen to me. Then I ask unanimous consent after those two, I be the next in line.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

WRDA

Mr. BAUCUS. Mr. President, I thank my very good friend from Iowa. Senator GRASSLEY is a true gentleman and I deeply appreciate the courtesy he is offering me, as well as my colleague Senator TESTER.

A few moments ago, the House voted to override the President's veto by a vote of 361 to 54—361 to 54—clearly overriding the President's veto on the WRDA bill. I stand here today asking the Senate to do the same. We too should have a very strong vote to override the President's veto. If the House can vote to override, certainly the Senate can too.

This conference report, as we all know, provides authority for the Army Corps of Engineers to move forward on many very long overdue water resource projects. Let's not forget the West's battle with drought and the coasts' recurring struggles against Mother Nature's harsh storms that highlight the pressing need to address our water resource needs. I saw a very alarming article not too long ago, 2 or 3 weeks ago, about the effects of climate change and global warming. It is not just the ice sheets melting and the coastlines rising; there is also increased drought—increased drought in the Southeast and in the Southwest, especially the Southwest. It is tough enough for my part of the country where the average precipitation is about 13 inches a year. That is all it is. I think in Washington, DC, the average precipitation is around 40 inches. In the northern high plains States where we desperately need these projects, the annual precipitation is again about 13 to 14 inches a year. We need help.

I must say too it is important to keep in mind that since 1986, Congress enacted legislation known as the Water Resources Development Act, otherwise known as WRDA. Every 2 years since then, Congress has received a WRDA bill from the administration, seeking authorization for water resources projects. These requests provided the Corps and local sponsors with a regular planning schedule.

It is kind of like the highway bill. We have people in our country—the highway bill clearly is the contractors and the States—some ability to plan for the future. That is why we have 5- or 6-year bills. The same is also true with the Water Resources Development Act. We need to give some sense of predictability and some sense of certainty to people so they can plan for projects, in this case the Corps.

I must say, however, that the administration has not requested one update of the program—not one—since the year he has been President. So the question is, Why? Why has the President not suggested an update in the program? Well, according to the President, this is not a priority. He says the Congress is not being fiscally responsible. I have to disagree. He is not accurate. Why? Well, one reason is the

costs in this legislation reflect an accumulation of projects that need to be authorized because we have not had a WRDA bill for over 6 years. It stands to reason that if we haven't had an authorization for over 6 years, clearly the costs are going to go up a little bit.

Investing in our water infrastructure is a cost we cannot afford to put off. I submit it doesn't make any sense to turn our backs on all of these water projects because otherwise they continue to crumble, they continue to erode, and it does not make a lot of sense. In fact, many people are worried about America's competitiveness, and I am one who thinks we do not pay enough attention to our infrastructure; that is, if we are going to compete in the future, we have to have strong highways, we have to have a power system, a telephone system, and we need to have a very good water resource system. We have to get water where it is needed because if we don't, there are going to be huge costs not just in the immediate term but also in the long term.

It is very important that this legislation, in my judgment, pass. There are several projects in this bill in the State of Montana, my home State. One is the Yellowstone River and Tributaries Recovery project, and another is called the Lower Yellowstone project at Intake, MT; third, the Missouri River and Tributaries Recovery project; the Upper Basin of the Missouri River project, and a riverfront revitalization project in Missoula, MT. These projects will all improve and protect our valuable water resources.

The old saying about whiskey and water: You fight over water. Whiskey is for drinking, water is for fighting over. It is because water is such a precious and valuable resource.

There is also an important authorization for a very important project in my State of Montana, and that is the rehabilitation and improvement of an aging water project we call the Hi-Line. If you look at the State of Montana, it is a highway that goes across northern Montana. We call it Hi-Line. It is as though we are high above the Earth because we go across northern Montana and up there, there is something called the St. Mary Diversion. It is a Federal project built years ago. It is a mess. It is dilapidated and crumbling. I have been up there not too long ago. I have been up there a couple of times. I am embarrassed that the U.S. Government has not kept up the system, not kept up the operation, and not kept it going. I am embarrassed and I feel bad, and in fact I am angry that half of the people in the area—it is an Indian reservation as well, and a lot of people have moved off the reservation, and we have to address this. This legislation does address it. It is very important. Without it, I might add, the Lower Milk River, which falls out of the Diversion, would go dry 6 out of every 10 years. Without this St. Mary Diversion, the Milk River would go dry 6 out of every 10 years.

That is 60 percent of the time. This affects thousands of Montana families.

If you have been up on the Hi-Line, if you have been on the Milk River, you will get a sense and a feel for how valuable this is. It is our lifeblood. The President might not think these projects are a priority. I certainly do.

This conference report authorizes projects that will provide needed flood and storm damage protection, as well as a lot of navigation improvements and a lot of environmental restoration. There is also authority here that is so important for rebuilding and restoring the coast of Louisiana devastated by Hurricanes Rita and Katrina, and authority for modernizing the lock and dam system on the Mississippi River, and authority for ecosystem restoration projects from New Jersey to Florida to Colorado—all vitally important.

The 1986 comprehensive WRDA bill was enacted after a 16-year deadlock between the Congress and the executive branch. The deadlock we see today between the Congress and the President is about priorities. What are our priorities? What are America's priorities? What are the priorities of our country? The Congress has set priorities and enacted this legislation. The American people clearly value—and it goes without saying—the water resources of our country and our need to invest in them. The American people see this as a priority.

Again, the conference report passed the Senate by a strong 81-to-12 vote, clearly enough votes to override a Presidential veto, and the House voted moments ago very strongly to override the President's veto 361 to 54. So let's not delay any longer. Let's get this conference report enacted with a very strong vote and override the President's veto. We already did it in the House. Let's do it in the Senate when the time comes—I think it is tomorrow—and then we can get on with developing these projects, and we can be very proud of doing something in the Congress that is very worthwhile.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. TESTER. Mr. President, I want to say a few words about this farm bill. Before I start, though, I thank Senator GRASSLEY for allowing me this time to speak. I certainly appreciate his hospitality.

This farm bill is one of the most important pieces of legislation we will vote on this year. Along with the members of the committee, I thank Chairman HARKIN and Ranking Member CHAMBLISS for their hard work on this bill in committee. This farm bill just doesn't affect farmers and ranchers and folks who need nutritional assistance; it impacts all Americans and it ensures that food in this country is secure.

Our agricultural policy has created the most dependable and affordable food system in the world. Americans have incredible choices at the grocery store. We have high quality and safe

food, and our supplies and prices are stable. What makes this stability possible is a comprehensive farm bill that helps set national priorities, keeping our family farms and ranches productive and food on America's tables.

I bring a different perspective to the farm bill than a lot of my colleagues. I am a third-generation farmer. My wife and I farm the same land my grandparents homesteaded nearly a century ago. I have spent a lifetime with my hands in the dirt, and I know how difficult it is to get by in production agriculture, especially in these days. I am proud that Sharla and I are passing that same farm down that my grandparents homesteaded to the fourth generation of our family. If this bill is vetoed as the President has promised, many families won't have the option to pass their farm down, because over the next 5 years, many of them will go broke.

American agriculture is facing very difficult challenges, such as skyrocketing land prices, aging populations in rural America, and the high cost of fuels and fertilizers. The changing global marketplace creates more uncertainties for our producers and challenges when our so-called free markets sometimes come with a high price. America's family farms and ranches have a lot on the line right now. They also have tremendous potential. This farm bill provides new opportunities for rural America.

America's farmers and ranchers can be leaders in energy production as they are leaders in food production. For years, Montana, especially farm and ranch country, has adapted to our Nation's growing energy needs.

The folks who put food on America's dinner tables also have tremendous opportunity in contributing to this country's energy independence through biodiesel, cellulosic ethanol, and wind power—just to name a few.

That is good news for rural America, it is good news for our pocketbooks, and it is good for family agriculture.

In Montana, an oil-seed crop called Camelina is being used for biodiesel production. It grows on marginal soils, takes few inputs and doesn't need a whole lot of water. This year Montana started its first biodiesel facility—this farm bill will help this facility get off its feet and supply this country with much needed energy. I hope this plant is the first of many.

We have only scratched the surface of our energy potential—and this farm bill could really tap into it. This bill will put the necessary resources into the production of biofuels, and more incentives for rural wind power projects.

Many folks may not know that the farm bill is perhaps our largest conservation program. Our farmers and ranchers are stewards of the land and are constantly working to improve their operations to reduce their impact on the environment.

This bill strengthens our working lands conservation programs to help

make our farms and ranches productive and protected.

This bill will finally implement mandatory country-of-origin labeling. May I say it is about time. In Montana, we passed a country-of-origin labeling law in 2005. It is time we implement it at the Federal level.

Whether it is the t-shirt I wear, the truck I drive, or the toy I buy for my grandkids, I can tell where it was made. It only makes sense that we know where our food comes from, too.

COOL is good public policy. Americans deserve to know where their food comes from, and implementation of mandatory country-of-origin labeling is long overdue.

Part of adequate labeling is the ability for our producers to market their products. I am happy to see that this farm bill will allow for the interstate shipment and sale of beef. Montana has some of the best beef in the world and smaller producers should be able to market their safe, healthy, quality products across State lines.

I don't like shopping all that much—but it is even worse here in Washington. The lines are too long and the prices too high. But I will tell you what, it sure would put a smile on my face to see a t-bone on the shelf with a "Made in Montana" stamp on it.

We hope to include in this bill permanent ag disaster assistance. I hear that some of my colleagues don't think this is the best way to protect family farm and ranch businesses but as a farmer I strongly support this measure.

I know what it is like in the good years when you have a crop to put in the bin. And I know what it is like to have no crop. Whether it is hail, drought, floods, grasshoppers, or any other disaster, we need to make sure that our farmers and ranchers are protected. This is a real safety net that will help family farmers get by when disaster strikes.

This disaster assistance program has strict requirements on who may receive assistance and will only help those farmers who have taken steps to mitigate their risk. This program will provide the predictable and consistent safety net that our family farmers and ranchers deserve.

This farm bill makes great strides in acknowledging the importance of organic agriculture in our food system. Organic foods have been growing at a rate of over 20 percent a year for 20 years. This bill offers money for research dollars to support organic agriculture. And it will provide funds to help family farms—if they choose—convert to organics so that U.S. farms can meet the needs of this growing market.

Organic agriculture is really a value-added program. It allows farmers and ranchers to find ways to increase the profitability of their products by consumers driving the marketplace.

As far as nutrition is concerned, of course, the farm bill has a tremendous impact on the underprivileged segments of our society.

The people who use these programs aren't lobbying our congressional offices, or sending thousands of letters, or using influence with the media to shape public policy. They are our children. They are the elderly. They are young, single mothers working two jobs. They are disabled veterans who need nutritional assistance until times get better.

In Montana, nearly 20 percent of our children live below the poverty line. Each month, more than 80,000 Montanans seek assistance through the food stamp program; 20,000 seek supplemental assistance through the Women, Infants, and Children program. Out of a total population of just under a million people this is a big impact on our State.

Montana also has some of the lowest unemployment rates in the country. We have good schools and college participation. We just can't always make ends meet where there is high cost of living and low wages. These nutrition programs are just the help folks need until they can get on their feet.

In the wealthiest, most-advanced society in the world, no person should go hungry. I am glad that this farm bill has made long overdue increases to our food assistance programs.

This farm bill is something that our Nation can be proud of. It strikes a balance between our different regions, and different interests. It does not have everything we want, but it has what we need.

This is a farm bill that meets the needs of this country's family farmers, and it takes great strides in helping families with a more realistic nutrition component.

Mr. President, I know firsthand how important this bill is for America's producers and America's consumers. This is mainstream, bipartisan legislation that was crafted and passed out of the Ag Committee without a dissenting vote. The farm bill is too important for anyone to obstruct, or to delay, or to play political games with.

American consumers, from all walks of life, living paycheck-to-paycheck, depend on this farm bill. American producers, in every corner of this country, living harvest to harvest, depend on this farm bill.

The Senate needs to debate and pass this legislation, and the President of the United States needs to sign it.

THE PRESIDING OFFICER. The Senator from Iowa is recognized.

MR. GRASSLEY. Mr. President, I rise to speak to the amendment that is before the Senate—the Dorgan-Grassley amendment—on payment limitations; in other words, limiting the amount of money that one farming operation can get from a farm program in a specific year.

The second reason I come to the floor is to address the issue of the President's suggested veto of the farm bill because it contains tax provisions that, presumably, the White House does not like.

I would like to give a justification for the provisions that are in this bill. I think everybody in this body would agree we need to provide an adequate safety net for our family farmers. In recent years, however, assistance to farmers has come under increased scrutiny. The largest corporate farms are reaping the majority of the benefits of the farm payment program. These payments were originally designed to benefit our small- and medium-sized farmers but instead have contributed to the demise of the small- and medium-sized family farmers. I believe we need to correct our course and modify the farm programs before those programs cause further concentration and consolidation in agriculture.

Today, most commodities are valued off demand, and the market dictates profitability. When farmers overproduce by planning for the farm program or expand rapidly because of the security of those programs, then the markets are not functioning. Unlimited farm payments have placed upward pressure on land prices and have contributed to overproduction and lower commodity prices.

I am going to refer to a series of charts that I have. Increased land prices and cash rents are driving family farmers and making it difficult, particularly for young farmers, to get into family farming—something that is probably there because for generations families have been farming sometimes the same land.

For instance, in Iowa, you can see how the value of farmland has very dramatically increased, particularly very recently. Around my hometown of New Hartford, IA, land is selling somewhere between the poor land at \$4,000 an acre and the very best land for \$6,000 an acre. In my home county of Butler, the value of an acre is up 64 percent since 2000. Across the entire State of Iowa, the average land value per acre rose 72 percent just in the last 6 years.

You will see from the next chart that the average typical cash rent per acre in Iowa rose 25 percent in that same timeframe. So you can legitimately ask, how are family farmers, particularly young farmers who cannot buy land and who have to rent land, going to survive when they have had such a rapid increase in either the price of land, on the one hand, or cash rents on the other hand? How are they even going to be able to get into farming for the very first start?

I have been hearing directly from producers for years what former Secretary Johanns heard in the series of farm meetings. I think either the Secretary, or his staff, had well over 100 hearings on proposed farm legislation prior to—well, during the years 2005 and 2006. So I have heard what Secretary Johanns has heard in his farm bill forums: Young farmers cannot carry on the tradition of farming because they are financially unable to do so because of high land values and cash rents.

What does all this have to do with farm programs? I am going to quote a famous and well-known Midwestern agricultural economist, Dr. Neil Harl, now emeritus. He came out with a report on this subject. He is and was at Iowa State University. The report states:

The evidence is convincing that a significant portion of the subsidies are being bid into cash rents and capitalized into land values. If investors were to expect less Federal funding—or none at all—land values would likely decline, perhaps by as much as 25 percent.

So here we have an article from last year's Washington Post, when the Post did a series of articles on the disparity that farm program supports are causing. They reported:

The largest farms' share of agricultural production has climbed from 32 percent to 45 percent, while the number of small and medium-sized farms has tumbled from 42 percent to 27 percent.

I assume the printing on the chart is so small that you will have to take my word for it that is what it says. The law creates a system that is clearly out of balance.

If we look at the results posted here, we have a system where 10 percent of the biggest farmers get 73 percent of the benefits from the tax-supported farm programs. Worse yet—or more extraordinary, I should say—the top 1 percent get almost 30 percent of all of those payments. I tend to concentrate on the top 10 percent of the biggest farmers getting 73 percent. But I think this other top 1 percent of—how do you say it—the big farmers, the top 1 percent are getting 30 percent of all of the benefits out of the Treasury. So we are back where we were 5 years ago.

This body passed as part of the farm bill, by a vote of 66 to 31, putting limits on farm payments. Well, it didn't survive a House-Senate conference. Senator DORGAN and I were working together then, and here we are back 5 years later. The farm bill is up for reauthorization, and we are filing an amendment that, I believe, will help revitalize the farm economy for young people across this country.

This amendment that Senator DORGAN put before the Senate this morning—actually, Senator REID did it for Senator DORGAN—will put a hard cap on farm payments at \$250,000. No less important, it will close the loophole that has allowed large operations to avoid even the existing \$360,000 limit and, as a result, receive benefits far exceeding the limit.

If I could say that another way, we have a situation where we do have caps in place, but there is legal subterfuge to get around those caps. One of them is the three-entity rule—split up your farming operation into three entities, and each one of those could qualify for that \$360,000 limit.

The other one is where generic certificates are used. Those are not included in the limit. So that is why you read where some farmers are getting

millions of dollars through the farm program.

We use the adjective, hard cap; \$250,000 is the absolute limit. We do away with the legal subterfuge of getting around the cap to make it so it works and so it is effective.

I have another article by the Washington Post from last year outlining the ongoing abuse of farm support programs. It is entitled "Farm Program Pays \$1.3 Billion to People who Don't Farm." We are paying \$1.3 billion to people who are not actively engaged in the business of farming. Senator DORGAN spoke better about this last night and this morning and gave better examples than I can on that point. We have examples of people who live on land collecting direct payments because a commodity was once grown on that land. Any agricultural use, including having a horse on that land, qualifies them for a direct payment, even though they are not even growing a crop.

Our bill addresses these problems by doing away with the loopholes people have abused over the years to continue to get the payments. I have already referred to the three-entity rule. We also put in place a system we call direct attribution. Most importantly, we tighten up what is already in the law but not enforced by the U.S. Department of Agriculture, that you have to be "actively engaged" in the business of farming.

I wish to make a very clear distinction. Some Members of the Senate have advocated that the Dorgan-Grassley amendment is not as tough as what is in the Senate Agriculture Committee bill before us. I wish to explain why that is not true.

I have another chart. We have to compare apples to apples. Saying the committee has a hard cap on payments at \$200,000 is not accurate. They only have a hard cap on two categories of payments: direct payments and countercyclical payments. The Dorgan-Grassley amendment actually caps those at \$100,000.

In addition, my amendment will cap marketing loan gains at \$150,000, while the committee bill before us that the Dorgan-Grassley changes leaves the marketing loan unlimited in the amount of money you can get through the marketing loan.

This actually weakens current law, and if you can believe, after all the bad publicity about 10 percent of the biggest farmers getting 72 or 73 percent of the benefits out of the farm program, why, the Agriculture Committee might write a bill that actually weakens current law. But I wish to make clear our bill at \$250,000 is a hard cap, and it is more effective in taking care of this issue of the biggest 10 percent getting 73 percent of the benefits.

I anticipate there will be other votes on other types of reforms, including even means testing, also known as the adjusted gross income limit. I wish to make sure my colleagues are aware

that an adjusted gross income cap and a hard cap on payments are two very different things and each should be looked at and considered individually.

Back in 2002—and I referred to this before, that Senator DORGAN and I have been working together—back in 2002, I voted against the farm bill out of conference committee. A lack of payment limits in that bill because it was lost in conference, the Senate position was lost to the House position, was one of my reasons for voting against the bill.

I have been fighting to reduce large-scale subsidies since I was a Member of the House of Representatives in the 1970s. Then we were, believe it or not, arguing over a \$50,000 limitation.

Our amendment produces some considerable savings. Senator DORGAN and I have identified very critical and essential programs to help producers and farmers, small business owners, conservationists, and low-income people, including seniors and children. We support beginning farmer and rancher programs and the Rural Microenterprise Program. These programs are crucial to bolstering young farmers and to helping main streets across America.

It will also provide funds for the organic cost-share program and the farmers Market Promotion Program. These growing components of our food supply system will create new opportunities for farmers and increase healthy food options for our consumers.

A large priority of mine has always been seeing justice for Black farmers—discrimination cases brought against the USDA, but not everybody eligible got in on it. This amendment puts some money, double the amount provided by the committee, in for late filers under the Pigford consent decree for farmers who haven't gotten a chance for their claims to be heard. It is time to make it right for these farmers who were discriminated against in their attempts to get help from the Federal Government in farming.

We also support the Grasslands Reserve Program and the Farmland Protection Program with additional dollars. Conserving our natural resources is one of the most important components of agriculture, and this investment will make a substantial difference in the availability of these programs.

Finally, while the Agriculture Committee makes significant contributions to the nutrition and food assistance programs, they were not able to go far enough due to tight budget constraints. So Dorgan-Grassley adds money to this program so it can be adjusted for inflation and other nutrition priorities to assist low-income seniors, as well as children.

I worked with Senator DORGAN on a similar measure, as I have said for the third time, in 2002, and it passed with bipartisan support by a vote of 66 to 31. Unfortunately, it was stripped out of conference. My colleagues might remember the last time we had a vote on payment limits was on the budget reso-

lution. Many of my colleagues said they agreed with what we were trying to do, but they voted against us at that particular time because they said doing it on the budget resolution in the middle of a farm bill authorization of 5 years was not the right time. Everybody said it needed to be done the next time the farm bill came up for debate.

Well, that time is right now, and I ask those who maybe thought it shouldn't be done on the budget resolution a couple years ago to remember what they said. They came up to us individually and said: We agree with what you are trying to do, but it shouldn't be in the middle of the farm bill reauthorization, and it shouldn't be done on the budget resolution. The inference was they will be with us at the right time. The time is right now, or within the next 24 hours, when we vote on this amendment.

I remind this body that in addition to what was said by our colleagues at that particular time, in the last farm bill, we set up, as supposedly a sop for those of us who didn't get what we wanted in payment limitations out of conference 5 years ago, a commission on the application of payment limitations for agriculture.

This commission was set up, and for a couple years they studied this issue. The purpose was to conduct a study on the potential need for further payment limitations on farm programs. The commission met. Farmers, agricultural economists—I can't think of everybody who was on it, but they knew the business of agriculture. This commission recommended the very same loophole-closing measures which we included in this amendment that is now before the Senate. Those people who thought they threw us a sop or some sort of a compromise that we ought to accept a commission instead of the real hard change in law to accomplish what we wanted to accomplish, that we would have people study it and then give some respectability to it, or maybe they thought we would forget about it and go away 5 years later, we haven't forgotten about it; we haven't gone away.

We are taking the recommendations of this commission that was set up to say what we ought to do in the area of payment limitations, and we are doing exactly what they said. We not only have the promise of those people who said it shouldn't be done on the budget resolution, we have the recommendations of all these experts of how it ought to be done, when it ought to be done, and why it ought to be done. It is for all those reasons that we have Dorgan and Grassley back again suggesting what we thought should have been done 5 years ago. If it had been done 5 years ago, we wouldn't have this problem of 10 percent of the biggest farmers getting 73 percent of the benefits out of the farm program.

There are several problems connected with that situation. One, when urban people read about this, they are going to say: Why do you need a farm safety

net if all the help is going to biggest farmers? So we lose urban support. We lose support of a farm program in the House of Representatives controlled by urban people, and we don't have a farm safety net, and family farmers don't have the ability to withstand a lot of situations that are beyond their control. We also have a situation where we drive up the price of farmland so the next generation of farmers cannot get started. But also, we depart from the principle of a farm safety net of the last 70 years that was supposed to be directed to medium- and small-sized farmers, the very same people who produce the food we eat in a way so consumers spend less of their income on food than any other society anywhere on this globe, and to keep them strong when they cannot withstand natural disasters or the politics of agriculture or a war or energy problems. They don't have the staying power, but the larger farmers do.

For 70 years, we have directed the benefit of a farm program, until very recently, to small- and medium-sized farmers. How it gets out of whack so we get 10 percent of the biggest farmers getting 73 percent of the benefits of the program is hard to explain. But it has happened, and we are trying to get back to the original purpose of farm programs to help small- and medium-sized farmers over the hurdles they have to cross, through no fault of their own, situations they cannot control, that larger farmers have the ability to have a little more staying power.

So here we are. By voting in favor of the Dorgan-Grassley amendment, we can allow young people to get into farming and lessen dependence on Federal subsidies. This will help restore public respectability for Federal farm assistance by targeting this assistance to those who need it the most.

So let us quit dragging our feet and let us pass real reform with a real payment for real farmers. I call upon my colleagues to support this common-sense legislation that is referred to as Dorgan-Grassley.

I told you, Mr. President, in my opening remarks that I wished to address a second issue as well, directly related to the farm bill, but including some issues that are a little bit broader than the farm bill, and that deals with the tax policy.

Remember, a very significant part of this farm bill is tax policy that we in the Finance Committee—Senator BAUCUS, me, and the other 19 members of the committee—set up that are directly related to soil conservation and drought relief, and we raise revenue to pay for it. In the process of this broad policy, we have freed up money the Agriculture Committee would otherwise spend on a lot of programs, such as disaster relief and conservation, so the Agriculture Committee would have a little more leeway to do what needs to be done in farm policy, and that is directly related to the fact that under the budget adopted by this Congress,

we find the Agriculture Committee \$15 billion under benchmark, and that is a big bite to swallow with the needs in American agriculture. So we have come up with, in the Finance Committee, a little bit of help for the Agriculture Committee.

As recently as yesterday, the President, or his people, have suggested because of the tax policy that is in this bill, they might veto the whole farm bill. I want to tell the President why that is a crazy idea—a crazy idea—so I will take the time to comment, then, on the revenue raisers that are in this farm bill.

The revenue raiser is a proposal to clarify a judicial doctrine in the tax law known as the economic substance doctrine. I am here not so much to justify revenue raising through this definition of economic substance, but I am here to say there are four circuit courts of appeal in different parts of the country that have had four different decisions on economic substance and each has said Congress ought to define economic substance. So as far as I am concerned, in putting economic substance in here, it is not just to raise revenue and to have an offset for the programs we have set up, it is for Congress to do the job of making the Tax Code on economic substance clear so the courts are not defining it, and most importantly so that four different courts aren't defining it in four different ways. We need to have some certainty, and this bill brings that certainty to the definition of economic substance.

But before I get into that, I have to be a little more general. For a lot of folks, this proposal may sound like an esoteric tax policy matter, and they might wonder why I am focusing on it today. The reason is the White House has indicated the President will veto the farm bill if this proposal is included in the bill sent to the President's desk.

Mr. President, I ask unanimous consent to have printed in the RECORD the Washington Post article reporting on the President's suggested veto of the bill.

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

[From washingtonpost.com, Nov. 6, 2007]
BUSH VOWS TO VETO SENATE'S FARM BILL
(By Dan Morgan)

The Bush administration, setting the stage for another confrontation with Congress over a major spending measure, issued a veto threat yesterday against the Senate version of the \$288 billion farm bill.

The announcement came as a disappointment to bipartisan Senate supporters, who had hoped the farm legislation avoided some of the pitfalls that prompted a similar veto threat this summer against a House-passed version.

But in a news briefing held as Senate debate began yesterday, acting Agriculture Secretary Charles F. Conner charged that the five-year legislation had been inflated by \$37 billion through the use of "tax increases and budget gimmicks."

"It will need significant changes. . . . We have a long way to go," he said. Conner said details of the administration critique will be issued shortly in the hope that they "will impel Congress to work with us."

Despite the enormous congressional popularity of the bill—which funds farm subsidy programs, food stamps, environmental programs and biofuels research—the administration believes it can sustain a veto by rallying Republicans against tax provisions used to fund some of the new outlays.

Conner charged that the bill's funding depends on \$15 billion in new taxes and added that "we don't believe other sectors should pay" so that farm subsidies can go to "millionaires living on Park Avenue."

Most House Republicans voted against that chamber's version of the bill in July after Democrats offset new spending on nutrition programs by tightening tax rules on U.S. subsidiaries of foreign companies. Democrats said they were merely closing a loophole, but Republicans and the White House branded it a tax increase.

The Senate version, which includes a new \$5.1 billion fund that farmers could tap when hit by weather losses, would be financed in part by a different set of measures clamping down on tax-avoidance techniques used by business.

Conner also said the bill contains too little reform of subsidies. He said the administration is dissatisfied that the bill does not place stricter limits on subsidy payments to rich farmers.

Mr. GRASSLEY. The title of that article is: "Bush Vowed to Veto Senate's Farm Bill."

Before I discuss the specifics of the economic substance doctrine, I wish to put this revenue raiser in context. We have heard a lot about pay-go. That is short for pay as you go. If you want to spend money, either raise taxes to offset it or cut someplace else to offset it. Or if you want to cut taxes, raise taxes someplace else to pay for it or cut spending someplace else to pay for the tax decrease. But around here we use the term pay-go for short.

Now, of course, pay-go was in place for many years before the current policy was put into place after a few years of absence. The difference is the old version of pay-go applied it as a backstop to a budget resolution. So if a proposal spent more than the budget permitted and added to the deficit, a pay-go point of order was possible. Likewise, if a proposal to cut taxes more than the amount of the revenue the budget assumed would come in, pay-go would apply.

This year Congress is struggling because a rigid notion of pay-go has hamstringed the committees—meaning every committee of the Congress that processes revenue or spending policies. The rubber has hit the road with pay-go here, more so at the end of the session than throughout the rest of 2007, and it has been a somewhat bumpy road for all of us. Of course, I think this road is even going to get bumpier as time goes on between now and Christmas.

As everyone knows, Congress has a lot of unfinished business. I am going to focus on the unfinished tax business. I have a chart here I want to point to. It is a chart I have used before. This chart shows the unfinished tax busi-

ness that has got to come before the Congress between now and Christmas. It accounts for all the bills we passed out of the Finance Committee. It also accounts for the expiring provisions that are known as tax extenders. The biggest item of the revenue loss chart is the alternative minimum tax and the fix for that alternative minimum tax so 19 million additional middle-income taxpayers and their families are not paying the AMT. You see all of those various aspects listed there separately—the 2007 AMT fix, 2008 AMT fix, 2008 extenders, the Energy bill that has already passed the Senate, the airport reauthorization bill, and then eventually we will spend some time on the farm bill. But you can see they add up to a heck of a lot of money.

Since we are in the 2008 fiscal year, I have included then extenders for 2008 and also carrying a fix for AMT for not only 2007 but 2008.

This chart accounts for the revenue loss from the farm bill package that is there at \$13 billion. My chart shows the revenue loss side as demands on the water well there. It is at the top of the well in the bucket what the shortfall is there. There are a lot of thirsty bills that have to be paid for. Those thirsty bills carry a revenue loss of \$170 billion over 5 years.

I have accounted for the revenue offsets. This figure includes all revenue raisers proposed by Senate Democrats that are specified and scored by the nonpartisan Joint Committee on Taxation. That figure includes \$32 billion from the Finance Committee-approved proposals and \$29 billion in other proposals. That total is \$61 billion. That is what we know for sure that has been thought up and probably has a great deal of support to accomplish.

This offset figure is calculated from the vantage point of the Senate Democratic leadership. In this total are proposals that House Democrats have opposed, such as shutting off the foreign subway leasing tax shelter, known as SILOS. In this total are proposals that most Senate Republicans have opposed, such as the reimposition of the Superfund taxes. In this total are many proposals that even the Bush administration has come out against.

Now with this favorable assumption to them, the pay-go advocates in the Senate need to know that as we stand here today, there is not enough known revenue to meet the pay-go requirements that are on this chart that obviously have to be dealt with between now and Christmas. In other words, the demands on the revenue well are \$170 billion, and the available revenue raisers are only \$61 billion. So that is a shortfall that is clear there, in the middle of the well—a shortfall of \$109 billion. In other words, the revenue well is dry.

Now, \$109 billion is a lot of money even here in Washington, DC. If the proposals are scored over 10 years, that shortfall does narrow slightly, from \$109 billion down to \$76 billion, and it is

possible that some of the revenue raisers in Chairman RANGEL's bill may be pursued by the Senate Democratic leadership. But as it stands now, for unfinished tax business alone, by this accounting, we cannot meet the requirements that the Senate must meet that we call pay-go.

I point this out because everybody has to see this big picture. They seem to be missing the big picture on how we wrap up our overdue legislative business and meet the demands of the new pay-go rules. On the farm bill alone, my chart treats the farm bill as fully offset. My chart is created from the perspective of the Senate Democratic leadership, and so it shows the farm bill as offset. That is the way it is as it came out of the Senate Finance Committee.

The problem is that President Bush's opposition to the key revenue raiser is not accounted for in this chart. President Bush's position does matter. His opposition to any revenue raiser, but specifically this one, would have to be overcome with a veto override. As my friends and the Democratic leadership know, that happens to be a very tough hurdle, as we have found out, for instance, on the Children's Health Insurance Program recently before the House of Representatives.

My point is it is time to get practical around here. This chart of the water well shows that as we sit here today, looking at it from a Senate Democratic leadership perspective, the revenue well is dry. To insist on pay-go without a sense of realistically available offsets is trying to go up a blind alley. I say to my Democratic friends: At this late point in the legislative session, let us focus on what is practical. Let us apply the offsets we can agree to and in a manner we can agree on. We need to get to a posture of what can be agreed to by the House, by Senate Republicans, and by the White House. The AMT fix is the 800-pound gorilla in this discussion. It is \$55 billion of the \$109 billion shortfall. It affects 23 million families and could affect adversely another 27 million families. The AMT fix is long overdue. It needs to be completed expeditiously.

To address this important matter solely from a pay-go perspective is to ignore the realities that it needs to get done. Republicans are ready, Republicans are willing, and Republicans are able to help get this AMT fix done, and done very shortly, but for many reasons I have discussed all year, not at the price of offsets.

I will now go into the reasons why clarification of the economic substance doctrine is an appropriate revenue raiser and why it is basic to this farm bill before us, because it is a part of the farm bill; and why the President is crazy to use that as an excuse for vetoing the farm bill.

The provision made the Finance Committee package revenue neutral, raising \$10 billion over 10 years. But I support codification of economic sub-

stance not just to raise revenue—although it does that, and it is important that it do that because otherwise we would not have our provisions offset, according to pay-go. As ranking member of the Finance Committee, and even when I was chairman in the last two Congresses, I have supported codification of economic substance because it is the right policy. This provision is an improved version of a provision that passed the Finance Committee and the full Senate in the last two Congresses.

The prior version was included in two bills passed by the full Senate in the 109th Congress, twice in the tax reconciliation bill, once in 2005 by a vote of 64 to 33, and again in 2006 by a vote of 66 to 31. It also passed the full Senate two times in the 108th Congress, once in the 2003 tax bill by a vote of 51 to 49 and again in the 2004 JOBS bill by a vote of 92 to 5.

This Senate is acquainted with the need to codify economic substance for us to do our job of making the Tax Code understandable so you do not get four different circuit courts of appeal giving four different definitions to economic substance. We ought to have one national policy on what is economic substance. Codifying it will clarify the test. It is a conjunctiva test requiring both a meaningful change in economic position and a business purpose, independent of Federal taxes. The courts are split on whether a transaction must have both economic substance as well as business purpose. This will give courts, then, a uniform doctrine to apply to noneconomic transactions that are inappropriately motivated solely to avoid Federal taxes—in other words, closing loopholes.

It will also ensure that a court will not overturn the doctrine, as a trial judge did in what is called the Coltec case, saying:

The use of the economic substance doctrine to trump the mere compliance with the Code would violate the separation of powers.

That judge—I don't have to say that judge was crazy because the court of appeals reversed that judge's decision. But I am still concerned that another strict constructionist judge might reach a similar conclusion. Most important, codifying the economic substance doctrine will provide an additional deterrent against taxpayers entering into transactions solely for tax purposes, in ways that are inconsistent with congressional intent.

As I said earlier, this provision is an improved version of what has already passed the Finance Committee and the full Senate more than once. So this Senate agrees with economic substance. But maybe Senators have forgotten how they voted 2 and 3 and maybe 5 years ago, so I am here to remind them this has been overwhelmingly accepted by the full Senate.

This improved version has modifications made in response to concerns of taxpayers that codification would throw legitimate tax planning into question and allow the IRS to sub-

stitute its business judgment for that of the taxpayers. I am going to talk about those modifications so people understand, and all these lawyers in this town who are concerned about our writing this, that they know we have taken some of their legitimate concerns into consideration.

For instance, the strict liability nature of the penalty has been retained in order to effectively deter taxpayers from entering into tax-motivated transactions in unintended ways. Indeed, according to the Joint Committee on Taxation, the bulk of the revenue score is attributable to this strict liability penalty—not because the IRS will collect the penalty but because people are going to start obeying the law and change their behavior. The penalty will alter taxpayer behavior. It will cause taxpayers to forego entering into noneconomic, tax-motivated transactions that Congress never intended.

We have heard complaints that a strict liability penalty will cause IRS field agents to overreach and courts to be reluctant to apply the doctrine. These are serious concerns, and we have addressed those concerns by requiring the IRS to nationally coordinate through the Chief Counsel's Office when the penalty is asserted and/or when it is compromised. This procedure is similar to a process currently used by the IRS to designate cases for litigation.

As a protective measure, taxpayers will be permitted to make their case to the IRS at the national level before a penalty is asserted. Of course, cases involving the economic substance doctrine should be going through Chief Counsel anyway, and taxpayers currently have the ability to persuade the IRS not to assert a penalty. But because of the strict liability nature of this penalty, it is important to formalize this process and move it to a higher level of review.

Getting the Chief Counsel's Office involved earlier in this controversy will help taxpayers and the IRS resolve or make litigation decisions regarding tax shelters earlier.

We have also lowered the penalty for undisclosed transactions from 40 percent to 30 percent to bring it in line with the penalty on undisclosed listed transactions.

The proposal to codify economic substance has been controversial, even though it has passed the Finance Committee and the full Senate in the last two Congresses. Taxpayers and practitioners expressed legitimate concerns about it. We have addressed those concerns—maybe not in the way everybody wants, but I think we have done it in a responsible way.

As a general matter, in my tenure as chairman of the Finance Committee before we went into the minority this year, I am proud to have kept taxes down. During my tenure, we enacted bipartisan tax relief bills that totaled over \$2 trillion over 10 years. So for

critics who look at any change in the Tax Code, regardless of how legitimate it is, even regardless of not doing it for revenue-raising measures—they look at everything and say: You are changing the Tax Code; you are raising taxes—I am here to tell them on this issue of economic substance how ridiculous that is. So for the critics of this revenue raiser, I would refer them to my record of keeping taxes down.

By the way, for those on the liberal side of the political spectrum, I point out, as a percentage of GDP, the Federal Treasury is taking in a percentage that is above the post-World War II average.

Codifying the economic substance doctrine should be considered on its merits. It should not be dismissed because it scores as a revenue raiser. It should not be endorsed either because it scores as a revenue raiser. In my view, it should be enacted because it is the right tax policy. Folks need to take off the bean-counting green eyeshades and look at the tax policy.

The same goes for the long overdue AMT fix that I have talked about. It is not about maximizing Federal revenues. It is about fair taxation for 19 million middle-income families.

I am done, Mr. President, but I want to digress for one minute for the benefit of faceless bureaucrats down at the White House. I want to talk to those people who maybe were advising the President, and they put it in his veto message, that one of the reasons he was vetoing the Children's Health Insurance Program is because our bill allowed families earning up to \$83,000 to have their children in a government program—when quite obviously most people making that kind of income can have health insurance. What I have said to those very same people who put that in the President's message is it was not in our bill; that States could do that. That has been in the law for 10 years. But nobody pointed that out to the President. Some stupid person said to the President: This bill allows people with \$83,000 to get it. It didn't have anything to do with that. It was in the law for 10 years.

I want those faceless bureaucrats to read why we are doing economic substance. It is about time Congress does its job and the courts don't do the job we are supposed to do. Four circuit courts of appeal have defined and found fault with various aspects of economic substance. They said it is time for Congress to define it.

Yes, it is a revenue raiser, but it is not one of these changes in tax policy that is a change in rates of taxation that you can legitimately call tax increases. But somebody down there at the White House is telling the President this is a tax increase. What we are trying to do is do our job. This cannot be a reason for vetoing the farm bill.

If anybody down at the White House wants to discuss my rationale for this, come up and I will sit down and talk with them, or I will even go down there if they want to talk about it.

I yield the floor. I guess nobody else wants to speak, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRASSLEY. Mr. President, within the past few weeks a series of events has occurred that can help shed light on how tax relief enacted in the past 7 years has impacted the budget of the United States. On September 27, the Senate voted to increase the debt limit so the Treasury would be able to borrow enough to meet our Nation's obligations. At the time, I made a statement that this was necessary. The proper place to take a stand for fiscal responsibility is when we are considering bills that spend money and actually create our debt.

Unfortunately, some of my colleagues believe the only answer to our budget woes is to increase taxes. But I believe this point of view is misguided and would prove destructive to our budget in the long term. Especially over the past 7 years, discussion of an increase in debt limit has prompted excitable statements from my colleagues across the aisle on the current administration's fiscal record. I am sure I do not have to say these statements from across the aisle have not been positive.

Another event I want to mention is the release on October 5, 2007, of the Monthly Budget Review from the Congressional Budget Office. The Congressional Budget Office budget review forecasts that the deficit for fiscal year 2007 would be significantly smaller than the deficit for 2006, and then the Final Monthly Treasury Statement, published by the Treasury Financial Management Service, confirmed that. According to the U.S. Treasury, the Federal deficit for fiscal 2007 was \$162.8 billion. The deficit for 2006, the year before, was considerably higher, at \$248.2 billion. The deficit for 2007 then is around \$85 billion less than it was last year.

The chart I am going to show you, taken from Treasury documents, shows how this decrease in the deficit has been driven by a 6.7-percent estimated increase in total receipts over fiscal year 2006.

If you are determined to show that tax relief has led to less revenue from the Federal Government, then this data is difficult to explain. Of course, the conventional criticism offered against tax relief was that it was going to be directly responsible for massive increases in the deficit. This argument implies that as a result of tax relief, the Federal Government would collect less money in taxes.

On May 23, 2003, the Senate voted to agree to a conference report to accompany the Jobs and Growth Tax Relief

Reconciliation Act of 2003. The vote was close. The conference report was agreed to only because the Vice President cast the tie-breaking vote in favor of the report. Anyone who reviews the CONGRESSIONAL RECORD of that debate would see that the rollcall vote was preceded by a very contentious discussion. Many of my colleagues had very strong criticism of the bill which, among other things, reduced the rates for capital gains and dividends.

Tax policy generally is not seen as something that attracts a lot of excitement, but the floor debate of May 23, 2003, could have given a listener the impression the sky was falling.

This chart of Chicken Little reporting that the sky is falling illustrates the tone of some of the criticism made by my colleagues.

One Senator claimed:

The tax base of the Federal Government is being destroyed.

This same Senator referred to the bill as:

One of the most dangerous, destructive and dishonorable acts of Government that I have ever seen.

Another one of my colleagues claimed that the bill:

Is about helping the elite few with large tax cuts while burdening the majority of Americans with huge debt.

Here again, you see the implication that the 2003 tax relief was going to diminish revenues collected by the Federal Government.

A third colleague claimed:

This bill I call the policy of the three Ds. This is the policy of debt, deficits and decline.

This comment is especially interesting when examining a statement made by this very same Senator on September 27 of this year during the discussion on increasing the statutory limit on the public debt. That same Senator said at that time that:

Revenue has been basically stagnant in this country for 6 years.

According to my colleagues in the Congressional Budget Office, revenues in 2000 were \$2 trillion, just a hair over \$2 trillion, while revenues in 2007 were calculated by the Treasury to be around \$2.12 trillion, taking into consideration inflation.

First, I wish to point out that the word "stagnant" used by my colleague is a far cry from the debt, deficit, and decline that tax relief was supposed to inflict on this Nation. I am not saying we do not have a massive national debt fed by successive budget deficits, but the specific tax relief enacted in 2003 and again within the past 7 years is not the cause of that.

As my esteemed colleague pointed out, even accounting for inflation, the revenues of the Federal Government are projected to be greater in 2007 than they were in 2000. So this certainly shows that our tax base was not gutted by tax relief as was so profoundly asserted by my colleagues.

I also would like to say that I do not think that \$90 billion is a trifling

amount of money. Maybe it is to some people in some places, but it is certainly not for us people, for the Iowa farmer.

To offer a different perspective, let's consider this year's appropriations bills. The Democratic leadership wants to spend \$23 billion more than the President's budget on appropriations. That same group is preparing to force a showdown with the President over that \$23 billion. That is one-fourth of the amount I am talking about here. So when it comes to spending, extra dollars do count, but extra revenue from lower levels of taxation is to be belittled no matter what the number might be. It just sounds so inconsistent.

My excitable colleagues here in the Senate are not the only ones who predicted gloom and doom that never came because of the tax relief in August of 2003. Even the Congressional Budget Office published a document titled "The Budget and Economic Outlook: An Update." The bill reducing rates on capital gains and dividends had become law at the end of May, so the Congressional Budget Office was able to take tax relief into account as they conjured their budget projections. This chart right here illustrates the discrepancy between what was forecast by the Congressional Budget Office in the summer of 2003 and what actually transpired. You can see the red line actual figure is way above the blue line that was suggested by the Congressional Budget Office.

In August of 2003, the Congressional Budget Office projected that the Federal Government would collect about \$1,770 billion in revenue. According to the historical budget data—also from the CBO—revenue in 2003 was actually about \$1,783 billion. That difference is \$13 billion. Now, \$13 billion may be peanuts to some people, but I think it is a good start.

In August 2003, the Congressional Budget Office projected Federal revenues for 2003 to be \$2,276 billion. Actually in 2003, Federal revenues were about \$2,407 billion. The Federal Government collected, then, \$131 billion more in 2006 than was originally forecast in the dark days of 2003, when several of my Democratic colleagues thought that tax relief was poised to destroy our tax base. Revenues actually collected were higher than projected when considered as a percentage of gross domestic product.

In August 2003, CBO projected that revenues in 2006 would be 18.2 percent of GDP. Actual revenues collected in 2006 were more than that—at 18.4 percent compared to 18.2 percent of GDP. In 2005, they were 17.6 percent; in 2004, they were 16.3 percent; and in 2003, they were 16.5 percent. After a small downturn in 2004, Federal revenues, taken in proportion, increased faster than the GDP.

Speaking of its 2007 projection, in an October 2007 monthly budget revenue, CBO states:

Revenues rose to 18.8 percent of GDP, which is slightly higher than the average of 18.2 percent over the past 40 years.

Even with lower taxes, the Federal Government is collecting, on average, a greater percentage of GDP in revenue year by year than it has over the past four decades.

Incidentally, in 2003, CBO projected that revenues would equal 18.3 percent of GDP in 2007.

Next, I want to compare the 4-year period after the 2003 tax relief plan went into effect with the 4-year period after the tax increases were enacted in the Clinton first year, 1993.

The Omnibus Budget Reconciliation Act of 1993, signed into law by the President in August of that year, increased taxes on corporations and individuals while increasing taxes on gasoline and raising the taxable portion of Social Security benefits.

I think this may be counterintuitive to some people, especially to those who believe that the well-being of our Nation is directly proportional to our ability to seize income from taxpayers, but as a percentage of GDP, Federal revenues increased faster after tax relief than they did after tax increases.

To set the stage, in 1993, Federal revenues were 17.5 percent of gross domestic product. In 2003, Federal revenues were a percent less at 16.5 percent of GDP.

By the way, all of these numbers are Congressional Budget Office numbers, and until I get to 2007, they are not projections.

If you look at this chart we are now putting up, you can see that as a percentage of GDP, Federal revenues increased faster in the 4 years after the 2003 tax relief than they did after the 1993 tax increase. Let me emphasize that. Revenues came in faster after we decreased taxes in 2003 than they did after 1993 when we increased the taxes.

For 1997, Federal revenues were 19.3 percent of GDP. Between 1993 and 1997, Federal revenues increased by 1.8 percent of GDP.

Now, in 2007, Federal revenues are projected by the Congressional Budget Office to be 18.8 percent of GDP. If this is the case, then over the past 4 years, Federal revenues will have increased by 2.3 percent, and 1.8 percent subtracted from that 2.3 percent leaves one-half of a percent. The tax relief enacted in 2003 grew Federal revenues by one-half of a percentage point more than the tax hikes of 1993 in the 4 years following each.

I like to emphasize this because I think that it just—too many people see it as common sense that if you raise tax rates, you are going to bring in more revenue; if you lower tax rates, you are going to bring in less revenue. But I just showed that tax increases under Clinton did not bring in as much revenue as tax decreases in this administration. They brought in more revenue. So I would like to disabuse people of the fact that increasing rates brings in more revenue and decreasing rates brings in less revenue.

What is also important is that as a percentage of GDP, revenues were higher in 1997 than they will be this year. In my opinion, they were too high.

The point that I am making is that the rate of change in revenues as a percentage of GDP has so far been greater after tax relief than after a tax hike. I think it is very important, especially for those who reflexively believe that the only way for the Federal Government to raise more money is to confiscate more income from taxpayers. Clearly, that view is false.

To conclude, let me summarize the current budget situation.

Right now, taxes are lower than they would have been under Democratic rule. I want to make it clear that I am not saying that no Democrats supported any tax relief. Some Democrats voted for the 2003 tax relief plan, and many more voted for the 2000 tax relief plan. However, I am skeptical that a Democratic Congress or White House would have allowed taxpayers to keep so much of their own money.

The budget deficit is shrinking, and Federal revenues are increasing. Anyone who finds fault with this situation is determined to do nothing but simply find fault. They would probably be unable to enjoy a sunny day because they would constantly be on the lookout for storm clouds regardless of what the forecast said. There is a problem with debt and with Federal budget deficits, but tax increases are the wrong way to approach that problem.

We have a Federal budget deficit because the Federal Government spends too much money, and the best way to get rid of deficits is to spend less. Consequently, raising taxes makes the situation worse by punishing the overall economy and making conditions more difficult for the economy—the source of Federal revenues—to function efficiently. We have to remember that our economy supports the Government and not the other way around. The budget data I have discussed today shows how we can increase revenues and reduce deficits by removing impediments to economic efficiency and allowing our economy to flourish.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SALAZAR.) The clerk will call the roll. The legislative clerk proceeded to call the roll.

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

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

Mr. REID. Mr. President, I appreciate everyone's patience. The Republican leader and I have been doing our best. Sometimes it is tough to work through the process.

UNANIMOUS CONSENT AGREEMENT—CONFERENCE REPORT TO ACCOMPANY H.R. 3043

Mr. REID. Mr. President, I ask unanimous consent that tomorrow following