

Floor Speech of Sen. Jeff Bingaman
Debate on the Conference Report on the Farm Bill HR 2646
United States Senate
May 8, 2002

Mr. BINGAMAN. Mr. President, I rise today to say a few words about the Farm Bill Conference Report the Senate will soon be voting on.

Let me say at the outset that there is a lot of good in this bill. I wish I could vote for it. However, I will not vote in favor of this bill today, and I'll explain why shortly.

Mr. President, Senator HARKIN and his staff have worked very hard to craft this Farm Bill in the face of very strong and competing state and regional interests.

I know their task was not an easy one and it isn't always possible to please everyone. Clearly, there are some provisions in this bill that will benefit New Mexico. In particular, I'd like to cite Chairman HARKIN's steadfast commitment to strengthening the agriculture conservation programs that help protect the environment.

Mr. President, I do believe the conservation programs should be the real centerpiece of this legislation. Unfortunately, funding for these vital programs was cut \$4 billion below the level in the Senate-passed bill. I am disappointed the Senate did not prevail in the conference with the House.

Nevertheless, existing conservation programs, such as CRP and EQIP, as well as the new Conservation Security Program, will help protect New Mexico's farm and ranchland for future generations, though not as much as they would have under the Senate bill. There is a new Water Conservation Program that will help slow the depletion of the Southern Ogallala Aquifer in Texas, New Mexico, Oklahoma, and Kansas.

This bill has funding for a new Grassland Reserve Program and a Water Conservation Program that will be helpful to farmers and ranchers in my state, especially with New Mexico now in the throes of an extended drought. There is also mandatory funding in this Farm Bill for the Small Watershed Rehabilitation Program, which I cosponsored in the last Congress. This program supports reconstruction of the 100 small watershed dams in my state, many of which are 30 to 50 years old and reaching the end of their expected life.

Funding for the Market Access Program has been increased, which will help all farmers increase exports of their products. I am pleased the conferees adopted my language that will allow New Mexico's Valencia peanut pool to continue to operate as an effective marketing association.

Within this Farm Bill's nutrition programs, I am pleased that Congress is finally restoring benefits for adult legal immigrants who have lived here for at least 5 years and all children of legal immigrants. I also support increased funding for the WIC and Senior farmers' market nutrition programs.

This bill continues important Rural Development programs that have been critical to helping New Mexico's smaller communities improve infrastructure and promote economic development. There are new programs to train rural firefighters and to extend broadband service to rural areas. The additional funding for water and wastewater projects will be especially important to rural communities in my state facing major construction costs to meet EPA's new standard for arsenic in drinking water.

Finally, I cosponsored Sen. JOHNSON's bill that requires country of origin labeling of meat, fruits and vegetables, fish and peanuts. This Farm Bill includes these new labeling provisions. I do believe consumers deserve to know the source of their commercial food products.

Mr. President, that's some of the good in this Farm Bill. However, as I said, I will not be voting in favor of the bill and I'd like to take a few minutes to explain why.

This Farm Bill does nothing to stem the staggering cost to the taxpayers of subsidies for agricultural commodities. In fact, this legislation will increase federal subsidies by nearly \$50

billion over the next decade; this is on top of the baseline funding of \$77 billion. The federal government's role in agriculture will grow dramatically under this legislation. By some estimates, forty percent of net farm income now comes from the federal government.

Nearly three quarters of all of the new money in this bill goes to crop subsidy programs. As we all now know from the analysis done by the Environmental Working Group, the vast majority of these federal subsidies go to growers in 10 central and southern states for only a few specific crops. Such massive subsidies drive up land prices and do nothing to stem overproduction, especially when commodity prices are low.

Mr. President, even more troubling to me is the new national dairy subsidy program in this Farm Bill, which will cost taxpayers at least \$1.3 billion over the next three to four years. At the same time it will actually lower the average revenue for milk producers in New Mexico by an estimated 17 cents per hundredweight.

That's correct, Mr. President, you heard it right. This program costs taxpayers \$1.3 billion and will actually hurt dairy producers in my state. Moreover, we estimate that every producer with more than about 800 cows in all 50 states will lose revenue under this program. Because the average size of New Mexico's dairies is about 1,580 cows, nearly every producer in my state will be hurt by this legislation.

Mr. President, in the past decade, New Mexico has quietly come to the forefront of the nation's dairy industry. Milk production in my state has more than tripled since 1990. New Mexico is now seventh in the nation in total milk production and fifth in average milk production per cow. In the first three months of this year, production has grown 17% over the 2001 level. In Roosevelt and Curry Counties, production is up a whopping 32 percent.

Mr. President, there is no secret for my state's booming dairy industry. New Mexico is an ideal location for dairies because of our mild climate, which boosts milk production and doesn't require sheltering the animals from the weather. In addition, producers are moving to New Mexico because of the strong dairy infrastructure, moderate land prices, and well-integrated alfalfa industry. Currently, there are plans for 35 new dairies in New Mexico, most of which will have between 1,500 and 3,000 cows. These are not some kind of mega-industrial operations, but family-run farms just like dairies all over America.

The growth in dairy production in New Mexico is coupled with rapid growth in milk processing, including production of powder, cheese, and ultra-filtered milk. Soon, the nation's first commercial plant producing milk protein concentrate will open in Portales, New Mexico. The economic impact of the dairy industry on New Mexico is now estimated at \$1.8 billion per year.

Because New Mexico has mostly large, efficient, family-owned dairies, my state is the big loser under this new dairy subsidy program. Independent analyses show the \$1.3 billion federal subsidy will encourage overproduction and depress market prices nationwide. According to FAPRI's preliminary analysis of this legislation, the excess production will drive down national class III and IV milk prices by 17 and 28 cents/cwt, respectively. This means every dairy producer in America will get a lower price for all of his or her milk.

Meanwhile, under existing law, the federal government must step in and purchase the surplus. The government already owns nearly a billion pounds of surplus non-fat dry milk, equal to an 18-month supply. In just the last month alone, the government has had to purchase 80-million pounds of non-fat dry milk at a cost of about \$70 million. This legislation will add still more to the government's already bulging powder inventory. The taxpayers, of course, will be asked to bear the cost of purchasing all of this excess production on top of the new \$1.3 billion subsidy. Sadly, this ill-conceived program will continue to erode the dairy industry for years to come. Finally, we don't really know how much this program will cost because it depends on milk prices in the future and the number of participants in the program. The lower the price of milk, the higher the cost to the taxpayer. As I indicated, CBO scored the program at \$1.3 billion. However, the Food and Agricultural Policy Research Institute has performed an independent analysis and estimates the total cost to the taxpayers at \$3.6 billion-nearly three times more than CBO's estimate. Unfortunately, only time will tell how big the final bill will be for this program.

In short, Mr. President, the new dairy program is a real lose-lose proposal for the American people. There simply is no need for Congress to ask taxpayers to subsidize the dairy industry to the tune of billions of dollars. From the outset, I said I could not support a Farm Bill that contained any massive new national dairy subsidy program. This bill suffers the added defect that it actually harms the dairy industry in my state. In fact, New Mexico's producers are hurt more than producers in any other state.

Mr. President, I'd like to read part of a letter addressed to me from the Dairy Producers of New Mexico.

"The Farm Security Act of 2002 is not good for New Mexico. It introduces a new, expensive, and counterproductive direct payment provision to dairy producers on some of their milk."

The letter goes on.

"This is not good policy for dairy farmers-it turns them from business people in the market to people on the government dole. It is not good for taxpayers because it misspends their money. It is not good for our Nation because it interferes with international trade."

I ask unanimous consent that the full text of this letter be printed in the RECORD at the conclusion of my remarks.

Mr. President, I would have liked to be able to vote for this Farm Bill, but regrettably, I cannot.

I will vote no on this conference report.