

Negotiators Agree on Farm Bill, but Bush Vows to Veto It

(Washington Post, DC)

By Dan Morgan

House and Senate negotiators yesterday reached final agreement on a new farm bill that will spend close to \$300 billion on nutrition, conservation, energy and farm subsidy programs over the next five years, but administration officials immediately announced that President Bush will veto it.

"This bill increases subsidies to farmers at a time of record farm income," Agriculture Secretary Ed Schafer said. The negotiators "have done a disservice to taxpayers."

The speedy reaction from the executive branch put the spotlight on congressional Republicans, many of whom support the legislation and might be hard-pressed to vote to uphold a veto in an election year.

Rep. Robert W. Goodlatte (Va.), ranking Republican on the House Agriculture Committee, said that he is "favorably disposed" toward the bipartisan compromise bill, but that lawmakers must decide for themselves whether to vote to override a veto. House Minority Leader John A. Boehner (R-Ohio) indicated that he will vote against the bill, saying, "I don't think [it] represents our best effort."

House Speaker Nancy Pelosi (D-Calif.) supports the bill. Congressional leaders plan to bring it to the House and Senate floors next week for votes that could test the depth of support for it.

The package, the product of weeks of closed-door bargaining, is stuffed with plums for key constituencies. Dairy farmers will get as much as \$410 million more over 10 years to cover higher feed costs, and negotiators tucked in an annual authorization of \$15 million to help "geographically disadvantaged farmers" in Alaska, Hawaii, American Samoa and Puerto Rico.

The bill assures growers of basic crops such as wheat, cotton, corn and soybeans \$5 billion a year in automatic payments, even if farm and food prices stay at record levels.

House Agriculture Committee Chairman Collin C. Peterson (D-Minn.) acknowledged that the payments are "very hard to explain to our urban colleagues." But negotiators, under pressure from farm groups, made a token cut of \$30 million a year in the current program.

Advocates of the bill stressed that eligibility will be tightened by prohibiting anyone earning more than \$500,000 from off-farm sources to participate in the farm programs. Those earning more than \$750,000 from farming would also be ineligible for the automatic payments. Currently, only those with more than \$2.5 million in income from all sources are ineligible.

The impact of the new eligibility limits would be modest, according to data provided by the Internal Revenue Service. In 2005, it showed 2,025 taxpayers collecting subsidies had farm income above \$750,000. The tighter limits will save an estimated \$620 million over 10 years, budget officials said.

"Those who say there is no reform here have not read this bill," said Sen. Kent Conrad (D-N.D.).

But administration officials cited a number of problems, including new protections for sugar beet and sugar cane growers that will require the government to buy excess quantities of Mexican sugar and resell it to ethanol plants at a loss.

Schafer noted the bill increases support prices and guaranteed prices for more than a dozen crops, making the United States vulnerable to trading partners' claims that it violates subsidy limits.

However, lawmakers in both parties pointed to improvements in the nutrition, conservation and research programs that account for the bulk of the bill's costs.

Eligibility for the food stamp program will be eased by increasing the income deduction allowed to qualify, and the minimum benefit will be raised.

The conferees added \$1.5 billion over 10 years for conservation activities on working farms. The program is a top priority of Tom Harkin (D-Iowa), chairman of the Senate Agriculture Committee, who favors linking subsidies to a farm's environmental efforts, along lines being tried in Europe.

Almost \$400 million would be available to help farmers reduce runoff of pollutants into Chesapeake Bay. 5-09-08

3. Congress United on Farm-Bill Package

White House Vows Veto Over Subsidies To Wealthy Growers

(Wall Street Journal)

By GREG HITT

The White House and Congress are on a collision course over agricultural policy, amid demands by President Bush to pare subsidies to wealthy farmers. But the fate of a sweeping farm bill is more likely to depend on commitments made to bolster nutrition assistance for the needy.

A top Bush administration official made it clear Thursday that the president opposes the proposed five-year, \$300 billion farm bill, citing concerns about spending and subsidies to farmers, among other things. "The president will veto this bill," Agriculture Secretary Ed Schafer said.

But senior Republicans from the House and Senate joined Democrats to tout the package. The event on Capitol Hill drew the top-ranking Republicans on the House and Senate agriculture committees and offered a bipartisan show of strength that could bode ill for efforts by Mr. Bush to block the bill from becoming law. The measure is expected to be brought before the full House and Senate next week.

"This is truly bipartisan legislation," said Rep. Bob Goodlatte, a Virginia Republican. The top-ranking Republican on the House Agriculture Committee, Mr. Goodlatte voted against the initial version of the bill when it came before the House last year. Now, he praises the current measure, contending it will promote stability in the farm economy and respond to the nation's emergency food needs. "There was give-and-take on all sides."

The bill also lays the groundwork for a shift in policy on ethanol production, which critics say has been a culprit in the run-up in food prices. Among other things, the measure would trim support of corn-based ethanol and steer new benefits to biofuels made by prairie grass, wood chips and farm waste. So-called cellulosic ethanol would benefit from a new production tax credit and some \$300 million that would be set aside for research. At the same time, the existing tax credit for corn-based ethanol would be trimmed to 45 cents a gallon, a drop of 6 cents.

Food-aid programs make up more than two-thirds of spending in the bill, which includes provisions that would make millions of Americans eligible for wider assistance at a time of rising public concern with high food prices. The spending is the linchpin in a series of commitments -- from research in next-generation biofuels to restoration of the Chesapeake Bay -- designed to appeal to a coalition of urban and rural lawmakers.

It is not clear whether the legislation will attract enough Republican support, especially in the House, to override the president.

The legislation has come together against the backdrop of concerns about the economy, from sagging home prices to high gas prices. Rising grocery bills for consumers have come into sharp focus as the cost of basic commodities has soared, pushed by global demand for food, especially in developing countries such as China and India, and the escalating price of petroleum.

The White House has asked Congress to approve a separate bill rushing food assistance overseas.

The farm bill, by contrast, is designed largely to meet domestic needs. The measure would lift spending on nutrition \$10 billion beyond what would otherwise be handed out by the government.

The bulk of the spending would go to the Food Stamp Program, which provides monthly assistance to more than 25 million American households. The legislation includes provisions that would bolster the purchasing power of beneficiaries, raising the minimum

monthly benefit from \$10 to \$14, for example, and changing the annual calculation of benefits to reflect inflation.

Moreover, the bill would ensure that spending on child care, as well as contributions to tax-preferred retirement and education accounts, don't disqualify potential beneficiaries from receiving assistance, a top priority of Sen. Saxby Chambliss, (R., Ga.).

The legislation would also increase spending for food banks, which provide walk-in assistance to the needy. Spending on snacks of fresh fruit and vegetables to school children also would grow.

"There are a lot of hungry people in this nation," said Rep. Rosa DeLauro, (D., Conn.). Ms. DeLauro says the food assistance represents a "robust" attempt to ease the strain on low-income families.

The bill would establish a framework for spending on an array of programs beyond nutrition, from forestry management to rural development. Among other things, the legislation would provide \$1.8 billion in tax cuts, creating incentives for farm-equipment purchases and protection of endangered species.

By far, the biggest conflict is over the bill's continued support for producers of commodities, such as corn, soybeans and wheat. The bill does step toward the White House on the issue of subsidies. Among other things, the measure would eliminate the ability of farmers to manipulate current law by collecting triple payments. All government subsidies would be capped for individuals with nonfarm income of \$500,000 or more. And the measure would limit so-called direct payments, which are designed to provide income support, for farmers with earnings of \$750,000 and more.

In recent negotiations, Mr. Bush urged lawmakers to cut off all benefits for farmers with incomes of at least \$500,000.

Critics complain the limits don't bite hard enough. Noting "we can do better," especially at a time of high commodity prices, House Republican Leader John Boehner of Ohio said he will oppose the bill.

But Mr. Goodlatte said the bill has "moved dramatically" in the direction of the White House. He expects rank-and-file Republicans will be allowed to "make their own decisions," and he expects the bill will attract "very strong" support. 5-09-08

4. Plow It Under

A farm bill larded with giveaways deserves President Bush's veto.
(Washington Post, DC – Opinion)

After weeks of wheeling and dealing, a House-Senate conference committee has finally produced a farm bill. And what an unlovely creation it is. The nearly \$300 billion, five-

year legislation brims with subsidies for everything from biofuels to historic-barn preservation. It includes a dubious sugar-to-ethanol program and billions of dollars for a permanent disaster relief fund that essentially pays farmers to grow crops on land too dry to sustain them. And it perpetuates the multibillion-dollar system of direct payments to corn, wheat, rice, cotton and soybean growers, with only minimal limitations on how much of this corporate welfare rich farmers can receive.

To be sure, food stamps and other nutrition programs account for about two-thirds of the bill's cost. These would grow by roughly \$10 billion, a needed increase, given rising food prices. Attaching wasteful subsidies to the poor's nutritional safety net is the oldest trick in the agriculture politics book. It secures the votes of urban and suburban representatives who otherwise would have no reason to countenance the most egregious farm subsidies. The farm bill's advocates are counting on this old gambit to ensure final passage of their overstuffed turkey. That, and the claim that a handful of modest subsidy trims amounts to "reform" of agriculture policy. But the bill ends direct payments for individuals only when their farm incomes hit \$750,000 a year (double that for couples). This is not reform.

Congress began working on this legislation at a time of relatively stable food and energy prices. Those conditions no longer apply; many farmers, especially those who grow corn for ethanol, have profited mightily as a result. Yet farm-state legislators, cocooning with agribusiness lobbyists, continue to act as if federal taxpayers owe their constituents a helping hand. They have definitely misjudged the economics of the situation; they may have overplayed their hand politically as well. President Bush should veto the bill, as he has all but threatened to do, and Congress should deny it the two-thirds vote in both houses necessary to override. Then all concerned could sit down to draft a bill that increases food stamps and extends current law for a year. Admittedly, that would leave in place policies that are, in some respects, even worse than those that emerged from the conference committee yesterday. But it would avert having bad policy locked in for the next half decade. And in 2009, a new president and a new Congress could hammer out something more defensible.