

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. GRASSLEY:

S. Res. 188. A bill to designate October 30, 1995, as "National Drug Awareness Day"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LIEBERMAN:

S. 1367. A bill to amend the Food Security Act of 1985 to strengthen the payment limitations, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE FARM FAIRNESS ACT OF 1995

• Mr. LIEBERMAN. Mr. President, the commitment we have made to balancing the budget has forced each of us to reassess a wide variety of Federal programs. We are asking tough but necessary questions about welfare, Medicare, funding for the arts, and so forth, all with an eye toward determining whether we are truly doing right by the taxpayer, and whether we can afford to continue the status quo.

One corner of the budget that I believe deserves this kind of heightened scrutiny is the U.S. Department of Agriculture's farm subsidy programs. Each year about \$10 billion gets plowed into price and income supports for commodities, in the name of helping the struggling family farmer. But there's substantial evidence to show that these programs are not serving the interests of those small farmers, nor are they doing justice to America's taxpayers.

The current system for distributing commodity payments is too complicated, plagued by too many loopholes, and permits far too many tax dollars to flow to wealthy landowners, passive investors, and others who the programs are not designed to serve. Perhaps worst of all, the system in place today actually encourages farmers to try to circumvent the laws governing who is eligible for program payments and the limits on how much they can receive. The resulting waste and abuse is not fair to the taxpayer, nor is it fair to the overwhelming majority of hard-working farmers who are obeying the spirit as well as the letter of the law.

That is why I rise today to introduce the Farm Fairness Act of 1995, a plan to dramatically reform the payment limit and eligibility laws, and restore some basic fairness to the way subsidies are distributed. This legislation would go a long way toward rooting out the waste and abuse in the commodity programs while strengthening our commitment to the family farmer these programs are meant to support. What's more, it would save hundreds of millions of dollars each year, which would enable us to significantly reduce the cuts in the commodity programs

we are asking the small- and medium-sized farmer to absorb over the next budget cycle.

Mr. President, the need for the kind of changes I am proposing has been well established by the USDA inspector general. Over the last few years, the IG's office has produced dozens of investigative reports documenting widespread attempts to cash in on loopholes in the law. These plans invariably involve the creation of shell corporations set up for the sole purpose of getting around the \$50,000 cap on payments that was set by Congress. These efforts have been effective, too: in 1993, nearly 10,000 farms received payments above the \$50,000 limit.

The law is so full of loopholes that these excessive payments are technically legal, even though they make a mockery of the \$50,000 cap. In fact, a U.S. Attorney's Office recently declined to prosecute a substantial fraud case against a big farming group because, in the judgment of the U.S. Attorney, the law seemed to sanction the group's deceptive behavior. "[T]he program rules are not simply complex, but actually invite the creation of complicated entities, and numerous federal payments, that arguably do not correspond to a common sense notion of farming," the U.S. Attorney wrote.

Perhaps the most notorious case of abuse is that of landowner profiled a few years ago on "60 Minutes," whose family exploited several loopholes in the eligibility laws to receive almost \$3 million in USDA money over a 2 year period. He did it by creating an ornate ownership structure that looked like a Christmas tree, but this tree was trimmed with phony partners: among them were three churches and a local boy scout council that the landowner used to maximize his payments.

Like this landowner, many farmers are enticed by these loopholes to concentrate more on farming the government than farming their land. This trend of farming the government is so pervasive that one former Agriculture Secretary called it "the principal problem" in the farming community today.

As a result of these flaws in the law, you don't have to be a farmer to receive farm subsidies. In fact, a recent study showed that at least \$2 billion in crop payments have been made to individuals living in America's 50 biggest cities over the last decade. We cannot think of any justification for crop subsidies going to Manhattan, Greenwich, and Beverly Hills.

More farm subsidies are going to non-farming locales than any taxpayer would ever guess. That's because, in spite of the rhetoric about the family farmer, these programs are disproportionately benefiting wealthy landowners and off-farm investors: The richest 4 percent of program participants receive more than 40 percent of all payments.

If we are to justify a continued investment in the commodity programs, I believe there must be some funda-

mental reforms. The legislation I am introducing today would do just that. It is designed to restore some common sense to the administration of these programs, to remove the incentives for farming the government, and ultimately to better target the subsidies to those who were meant to receive them.

Among other things, this proposal would: Close the loopholes that allow huge sums of farm subsidies to flow to nonfarmers; eliminate the shell corporations the current rules encourage farmers to create; set tough penalties for cheating the Government to add a real deterrent for engaging in fraudulent behavior; bring some simplicity into a system that is nearly unintelligible to anyone but a well-trained lawyer; and reduce the budget in a way that minimizes the pain for the small family farmer who is playing by the rules.

The Congressional Budget Office estimates that the Farm Fairness Act would save approximately \$1.8 billion over the next 7 years. I believe that is a conservative estimate, and that if the reforms I am proposing are properly enforced, this legislation would reduce commodity payments anywhere from \$2 billion to \$3 billion over 7 years. That amounts to a significant chunk of the \$13.4 billion in commodity program cuts called for in the budget reconciliation package we are in the process of considering.

Without a proposal like this, those cuts will be made across the board, meaning the small wheat farmer in Fargo will suffer as much as the passive investor in Key Largo. To prevent that from happening, I intend to offer a version of the Farm Fairness Act as an amendment to the budget reconciliation bill this week.

This proposal is called the Farm Fairness Act because it will restore some fairness to the way we support farmers, by targeting payments to the people who are actually plowing the fields and harvesting the crops. And it will make sure that taxpayers finally get a fair return for the tax dollars we spend on the commodity programs. It is a balanced measure, one that Members from both farm and nonfarm States can support, and I would urge my colleagues to do so.

Mr. President, I ask unanimous consent that the full text of this legislation be included in the RECORD, along with a section-by-section summary that I have prepared explaining the contents of the bill.

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

S. 1367

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Farm Fairness Act of 1995".