

news

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Corner Post

Days spent working to pay federal taxes



Source: Tax Foundation

In 2003, it took the average tax paying American until April 19 to earn enough money to pay his or her taxes. That is the same date on which Tax Freedom Day fell in 2002, but eight days earlier than in 2001 and 11 days earlier than in 2000.

Energy bill features renewable fuels plan

After working late into the night considering amendment after amendment, the full House on April 10 was expected to pass comprehensive energy legislation (H.R. 6) the following day.

The legislation is very similar to the bill the House passed in the 107th Congress, but unlike the last bill, H.R. 6 establishes a renewable fuels standard (RFS) to increase the use of fuels like ethanol and biodiesel.

Troy Bredenkamp, American Farm Bureau Federation energy specialist, said that while the RFS in the House energy bill is not as aggressive as other proposals in implementing renewable fuels requirements, its inclusion in the comprehensive bill sends a positive signal. "It's not the renewable fuels standard we want at the end of the day, but it puts us in a good position at conference," Bredenkamp said. "Instead of debating the concept of an RFS, it's now about the details."

The House bill also includes language to permit oil exploration in the Arctic National Wildlife Refuge (ANWR). Farm Bureau supports omnibus energy legislation that fully utilizes domestic energy resources.

Meanwhile, the Senate Environment and Public Works Committee last Wednesday approved legislation to increase production of renewable fuels.

The Reliable Fuels Act (S. 791), approved by voice vote, would require

refiners other than those that supply fuel to Alaska and Hawaii to produce more renewable fuels. The mandate calls for the entire U.S. fuel supply to consist of 2.6 billion gallons of renewable fuel by 2005, steadily increasing each year until use reaches 5 billion gallons in 2012.

The bill also would eliminate methyl

tertiary butyl ether (MTBE) from the U.S. fuel supply within four years of its enactment.

The bill will likely be added to the draft energy package being marked up by the Senate Energy and Natural Resources Committee. Committee consideration is scheduled to begin at the end of the month.



Young farmers say 'thanks'

Matthew and Andrea Lohr of Virginia found a way to say "thanks" every day for their new pickup truck. The Lohrs won the American Farm Bureau Federation's Young Farmers and Ranchers Excellence in Agriculture award, and their fire-engine red Dodge Ram, in January.

Budget will not cut farm programs

The House last Thursday night approved the fiscal 2004 budget resolution without instructions to the Agriculture Committee to slice funds from mandatory farm programs over the next 10 years. The Senate was expected to pass the resolution last Friday.

After presiding over the House Budget Committee that produced the original budget resolution including deep cuts in mandatory ag spending, Rep. Jim Nussle (R-Iowa), chairman of the committee and leader of the conference negotiations, later committed to working during the conference negotiations to restore the funding at least through 2008.

Also, Farm Bureau members from around the country visited Washington over the last two weeks to press

members to support full funding for farm programs. Their efforts have apparently paid off.

The House-passed resolution would have instructed the Agriculture Committee to reopen the farm bill signed into law less than a year ago in order to cull \$600 million in 2004, \$5.5 billion by 2008 and \$18.6 billion by 2013 from direct and countercyclical payments for farmers, loan deficiency payments, crop insurance, conservation programs and nutrition programs.

Instead, the final conference report establishes a procedure for the Agriculture Committee to recommend ways to find savings in the programs, but there are no instructions to cut mandatory spending. However, the Appropriations Committees would have to

cut discretionary agriculture programs by \$4.9 billion over the next 10 years.

In addition, there was a risk that the conference report might include a stricter limit on the size of farm payments, from \$360,000 per year, per farmer, with the ability to increase that amount by using generic certificates, to \$300,000 per year without the ability to use generic certificates. At press time, there was no definitive word on whether the payment limit provision was included in the final conference report, although it was rumored that it was not.

"We haven't seen any paper yet," said Dana McGilton, an American Farm Bureau Federation director of congressional relations. "But we think agricul-

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VIEWPOINT

West could see yet another devastating fire season

By Sen.
Jon Kyl



A prolonged drought and a serious outbreak of bark beetles that killed trees by the millions have put Arizona in danger of another devastating fire season.

Even as we brace ourselves, Arizona still has not recovered from last year's Rodeo-Chediski fire, which engulfed 460,000 acres in the Apache-Sitgreaves National Forest, destroyed fragile ecosystems and put many lives in danger. The federal government has provided millions in emergency assistance, disaster relief and other funds to help the Apache-Sitgreaves officials in their efforts to rehabilitate the forest, including \$2.5 million that I requested as part of the omnibus appropriations bill that Congress passed in January, and \$825 million to replenish federal accounts exhausted by fighting last year's fires. But if we don't fundamentally change our forest management philosophy, that money will literally be just a modest down payment.

A new forest management program should be based on the following fundamental principles that experts say

are necessary to sharply reduce the risk of wildfires.

Sensible forest management

Environmental scientists have repeatedly stressed the need for prescribed burns or thinning of small-diameter trees.

Land managers have for decades been prohibited from clearing out hazardous undergrowth and weeding out small trees that serve mainly as impediments to larger tree growth. As a result, small, disease-prone trees have crowded old-growth trees, depriving them of valuable nutrients and spreading disease. These small, dry trees act as kindling whenever fires break out.

Some extremists say thinning should be confined to areas around homes and communities. Yet these are the same people who claim to want to protect the habitats of threatened and endangered species which, of course, live in the rest of the forest. The fact is we can, and should, do both.

Relief from frivolous litigation

Endless administrative appeals, protests and lawsuits have thwarted even the most minor forest-protection projects, sometimes for years.

Nearly half (48 percent) of all Forest Service projects to reduce mechanical fuels in national forests were appealed by extreme activist groups and other litigants between 2001 and mid-2002.

Even the most minor forest-protection projects are thwarted, sometimes for years.

In Arizona and New Mexico during that period, 73 percent of these projects were appealed.

Appeals add at least three and a half months to project preparation. But as appeals increase and become more complex, a project's start is routinely dragged out for a year or longer.

More than 90 percent of all Forest Service projects ultimately survive litigation, so most of these appeals are not meritorious. But because of the lengthening delays, it is often too late to save the forests. Perhaps the most notorious, and tragic, example happened in my home state of Arizona.

In 1996, the Forest Service proposed a thinning project on the Coconino National Forest to reduce fire risks to habitat and known nesting sites of the northern goshawk. Local activists halted the project by filing protests and threatening lawsuits. Later that year a catastrophic fire burned through the area, completely destroying the

habitat, nesting sites and thousands of acres of lush forest.

Relief from over-regulation

Well-intentioned environmental laws and regulations are overwhelming the Forest Service. Project decisions by the agency now involve as many as 800 individual requirements and there are more than 100 points where various laws and administrative requirements interact. On one project to reduce severe fire risk in a municipal watershed, the Santa Fe National Forest spent nearly five years and more than \$1 million compiling documentation.

Even the simplest project requires six months to prepare environmental planning documents. More complicated projects can take two years or longer. These activities consume 40 percent of total work at national forests, at a cost of more than \$250 million per year. Much of this money could be better used treating the forests!

Many Western senators have been making these points to our colleagues. And President Bush has proposed the Healthy Forests Initiative, encompassing these and other goals to protect forests and wildlife. We are working hard to adopt these reforms. There is no time to waste.

Sen. Jon Kyl (R-Ariz.) is a member of the Senate Energy and Natural Resources; Finance; and Judiciary Committees.

Death taxes not just a problem for the wealthy

By Lynne Finnerty

The same ole foes of repealing the death tax have trumped up the same ole excuses for keeping it on the books.

Farm Bureau news

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Joseph S. Fields,
Public Relations Director
Don Lipton, Associate Director
Lynne Finnerty, Editor
Jaime Naig, Assistant Editor
Phyllis Brown, Assistant Editor
Amy Bakker, Assistant Editor

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Only the very wealthy pay the death tax, they say, and why should the richest Americans get a tax break? Try telling that to Neil Westfall. His great aunt left the family ranch, valued at about \$900,000, to him, his brother and their father. It took them the next 15 years to pay estate taxes of \$750,000. That's money that they could have reinvested in the ranch. Instead, they had to tighten their belts and pay it to Uncle Sam. I'm sure Neil doesn't think he is wealthy.

Farmers and ranchers are typically land rich and cash poor. Most who end up on the hook for estate taxes have to liquidate part of their assets unless they can switch their crops from corn and cattle to money trees. But I'm sure some farmer somewhere has already tried that and found out it won't work.

Actually, it isn't the super-wealthy who must fear the death tax. They have enough cash to pay it. It's the people who have worked hard to accumulate a few assets, but aren't rich by any means, who take it on the chin when a family member dies.

Some say that farmers and ranchers account for a very small percentage of those who owe estate taxes. But that

doesn't take into account the millions of dollars they must pay to accountants and lawyers, trying to structure their affairs in such a way that they'll be able to save their farms for their kids and grandkids.

Critics of the repeal effort also say that eliminating the estate tax will bring a decrease in charitable donations, since some people use such donations to lower their tax burdens. However, some experts say that the more money people have, the more they feel like giving away—simple as that. People aren't so selfish that it takes a tax loophole to force them to help others.

In fact, contributions to foundations and charities could go up once the death tax is fully repealed because people will have more money to give to the causes they care about, instead of having to turn it over to the government.

Some say full repeal isn't needed—just exempt farmers from the estate tax. Let the Buffetts, Rockefellers and Gateses continue to pay, they say. But that would only increase the complexity of the tax code. Plus, farmers would have to plan for the specter that members of Congress could scrap the

exemption whenever they feel like it. The cloud of death taxes would continue to hover over thousands of farm families, and potentially hit them at one of the hardest times any family will face—the loss of a loved one.

"I feel that estate taxes put a terrible burden on families, in a time of already existing strife, and should be ceased," says Sarah Bedgar, a student and part of the fifth generation to grow up on her family's farm in Baltimore County, Md. When her great uncle died, the family had to sell a quarter of their land to pay estate taxes. What happened to that land, near urban Baltimore? It was developed, of course. Now there's less land on which to raise livestock and produce crops that will support Sarah's grandparents, two uncles and their families, two great uncles and a great aunt. For that reason, Sarah has given up her dream of someday raising a family of her own there.

Some say the death tax affects only 2 percent of Americans. That's little consolation to the Neils and Sarahs and thousands of other farm families. The death tax has affected them 100 percent.

U.S.-Russia poultry trade progresses

The Agriculture Department recently reported that it had resolved the remaining technical issues compromising poultry trade from the United States to Russia.

The final dispute was over veterinary inspection standards, and the new agreement will allow the Russian Veterinary Service to resume inspections of U.S. poultry plants. Plants that pass inspection will then be certified to export poultry to Russia.

The inspections must be completed by June 1 in order for U.S. plants to continue shipping poultry to Russia.

Inspections halted last November because of disagreements regarding technical issues. USDA said the dispute over technical issues was in large part due to differences between veterinary practices used in Russia and those used in the United States.

Teresa Howes, American Farm Bureau Federation trade specialist, said it is important to remember that the issue of plant inspections is just one of the problems U.S. exporters face when trading with Russia. "Russia must still remove the [tariff rate quotas] on beef and pork that it implemented on April 1, and should agree not to implement quotas on poultry on May 1, as it has said it intends to do," Howes said.

Earlier this year, Russia introduced a plan to limit its imports of meat and poultry by implementing quantitative

restrictions, a move that Howes said is designed to protect Russian producers from import competition. "Implementing these types of protectionist measures is a bad idea for a country seeking permanent normal trade relations status with the United States, as well as membership in the World Trade Organization," Howes said.

AFBF does not support granting Russia permanent normal trade relations (PNTR) because of ongoing problems caused by Russia's restrictive agricultural trade practices. While these problems remain, some members of Congress are ready to promote Russia to PNTR status.

Sen. Richard Lugar (R-Ind.) last month introduced legislation that would grant Russia PNTR by repealing the Jackson-Vanik amendment as it relates to Russia.

The Jackson-Vanik amendment, passed by Congress in 1974 as part of a trade bill, requires annual reviews of Russia's normal trade relations status to find out whether the government is allowing its citizens to emigrate freely. Lugar said Russia has satisfied the amendment's requirements for more than eight years.

"Over the years, [the Jackson-Vanik amendment] has been an effective tool to promote free emigration, but its continuing applicability to Russia no longer makes sense in the context of

the many changes that have occurred since the fall of the Soviet Union," Lugar said in a statement introducing the bill.

Sen. Max Baucus (D-Mont.) has also introduced Russia PNTR legislation. And in the House, Reps. Charles Rangel (D-N.Y.) and Sander Levin (D-Mich.) introduced legislation similar to Baucus' bill.

The bills, both formally named The U.S.-Russia Trade Act of 2003, would repeal the Jackson-Vanik amendment but would also give Congress a role in overseeing Russia's quest to become a member of the World Trade Organization. The WTO accession process includes negotiation of bilateral trade agreements between WTO members and those seeking to join. The legislation would allow Congress to vote on Russia's WTO accession, in addition to providing it with PNTR.

The Bush administration supports providing PNTR status to Russia, but without a separate vote in Congress on the country's WTO accession. U.S. Trade Representative Robert Zoellick said that requiring a separate vote on Russia's WTO accession would unfairly single it out among other countries seeking to join the WTO.

President Bush is scheduled to meet with Russian President Vladimir Putin in May and could grant PNTR status to Russia at that time.

EU approves tariff list on U.S. products

European Union member states late last month approved a list of U.S. exports—including many agricultural products—that are targeted for sanctions because of a dispute over a tax break for U.S. exporters.

The list includes meat and dairy products, fresh fruits and vegetables, grains and prepared foods, as well as wool, cotton and wood.

The EU issued the list in response to a World Trade Organization ruling last year that the United States violated international trade rules with tax breaks for American exporters through the Foreign Sales Corporation. The WTO ruled that the EU was entitled to impose retaliatory tariffs worth \$4 billion against U.S. exports to EU member states.

The European Commission must now formally approve the list, which is expected to happen sometime this month. With EC approval, the EU could bring the list before the WTO Dispute Settlement Body, which could then grant the authority to impose the tariffs. Each EU member state would be able to decide whether it wants to apply the sanctions.

EU officials have said that the bloc would not follow through with the sanctions as long as the United States keeps progressing toward compliance with the WTO decision. "To date we believe that is still the case, but we are watching the situation very carefully," said Arancha Gonzalez, EC spokesman.

House Ways and Means Committee Chairman Bill Thomas (R-Calif.) recently circulated a "Dear Colleague" letter on the EU's new list of U.S. products. "The new list ... is significant because it marks a refined, focused set of products that are the targets for retaliation at any time," the letter said. "This new list is real."

Thomas pointed out that products on the list are limited to those that the EU imports less than 20 percent of from the United States. "The products are carefully chosen to have maximum impact on U.S. manufacturers, farmers and exporters while having minimum impact on the EU because there is alternative supply," he said.

U.S. agriculture running a trade surplus

The Commerce Department reported April 10 that U.S. agricultural trade is in a surplus of \$6 billion, while overall U.S. trade in goods and services showed a deficit of \$40.3 billion.

The most recent Commerce report reflects a turnaround for agriculture from the previous month's report, which showed a deficit in January of \$176 million. The department reported that U.S. exports of foods, feed and beverages increased \$100 million between January and February, while imports in that category declined by the same amount.

However, according to John Skorburg, American Farm Bureau Federation senior economist, the Commerce Department report is slightly misleading and U.S. agricultural trade never dipped into the negative range.

"According to U.S. Agriculture Department figures, U.S. agricultural trade has a \$14 billion surplus for fiscal 2003," Skorburg said. "The USDA numbers are more accurate, because the commodities that USDA includes in its report are a truer definition of agricultural trade."

The Commerce report includes fish and shellfish in its foods, feed and beverages figures. The United States has a trade deficit of about \$7 billion in fish

"According to U.S. Agriculture Department figures, U.S. agricultural trade has a \$14 billion surplus for fiscal 2003."

and shellfish; however, in bulk commodities such as corn, wheat, soybeans, rice and oilseeds, the United States runs a surplus under both departments' reports.

In addition, USDA includes sugar, cotton and tobacco exports in its report, while the Commerce Department does not. All three items are in a trade surplus.

"When the figures are adjusted to the more common definition of U.S. agricultural trade, used by the Agriculture Department, the United States continues to run a comfortable agricultural trade surplus with the rest of the world," Skorburg said.

USDA's forecasted agricultural export surplus of \$14 billion would be the largest since exports peaked in 1998, then dropped dramatically in 1999.

Skorburg said the Commerce report may also underestimate U.S. meat exports, which are nearly \$11 billion according to USDA, but only about \$7 billion according to Commerce.

By both departments' reckoning, the

United States runs a trade deficit in horticultural products such as fruits and vegetables. The Commerce Department shows U.S. exports of fruits, frozen juices and vegetables at almost \$7 billion, and imports of the same foods at more than \$9 billion. At USDA, the horticultural products figure for U.S. exports is \$11 billion, with imports at more than \$17 billion. Again, the difference comes from what each department includes in the category, according to Skorburg.

Both departments also show the United States importing more dairy products than it exports. USDA puts the dairy products trade deficit at about \$800 million.

The Agriculture Department forecasts overall U.S. agricultural exports will rise to \$57 billion this year, an increase of \$3.7 billion over 2002. Most of the export growth is expected in corn and soybeans, with modest gains also forecast for wheat and meat exports.

USDA also expects agricultural imports to rise, by \$2 billion from last year, bringing the total to \$43 billion. The strong U.S. dollar and imports of horticultural products such as wine and malt beverages, fruits and vegetables account for most of the gain, the department says.



FB task force is reviewing competition issues

An American Farm Bureau Federation task force is reviewing the changing structure of the U.S. livestock industry and preparing to make recommendations on a variety of issues surrounding packer ownership of livestock. Its findings and recommendations are expected in early June.

The task force, created last February, is reviewing what impact a packer ownership ban would have on agriculture, what is needed to encourage packers to participate in the marketplace, the effectiveness of the two-year-old mandatory price reporting program and the effectiveness of the Packers and Stockyards Act.

The task force has met twice and plans to meet a third and perhaps final time on April 25. Numerous organizations, including the National Pork Producers Council, National Farmers Union, R-CALF, Organization for Competitive Markets, National Turkey Federation, National Broiler Council and others, have presented their views to the AFBF task force.

The group has also heard from several meat-packing companies, retailers and agricultural economists.

Consisting of 16 members, of whom 11 are state Farm Bureau presidents, the task force's work is in response to a recommendation of the AFBF voting delegates at the 2003 annual meeting in Tampa, Fla. The delegates, concerned about potential, unknown impacts to livestock producers, voted narrowly to strike AFBF policy that called for a ban on packers owning livestock more than 14 days before slaughter.

Soon after the annual meeting, the AFBF board of directors approved creation of the task force to address the structural issues that the livestock industry is facing.

"The board felt that America's largest farm organization could not be silent on an issue of such great importance to producers," AFBF President Bob Stallman said. "We need to find a position acceptable to the majority of states."

The AFBF delegates approved the current policy, omitting a call for a ban on packer ownership, by just seven votes.

"More information is needed on the full

range of issues surrounding competition and concentration in agriculture," Stallman said. "The board hopes the task force can provide a clearer understanding of what is going on and what should be done about it."

Sens. Charles Grassley (R-Iowa), Tim Johnson (D-S.D.), Michael Enzi (R-Wyo.) and Tom Harkin (D-Iowa) introduced legislation (S. 27) in January that would amend the Packers and Stockyards Act "to make it unlawful for a packer to own, feed or control livestock" more than seven days before slaughter. Producer co-ops would be exempted under the bill. Reps. Leonard Boswell (D-Iowa), Jim Leach (R-Iowa), Steve King (R-Iowa), Jim Nussle (R-Iowa), Earl Pomeroy (D-N.D.), William Janklow (R-S.D.) and Doug Bereuter (R-Neb.) have introduced identical legislation (H.R. 719) in the House.

AFBF supported similar legislation, banning packer ownership more than 14 days before slaughter, last year. But, based on the change in AFBF policy, the AFBF board of directors currently opposes any legislative changes on the issue until the task force completes its work.

Labeling, payment limits are concerns

Agriculture concentration expands into the arena of competition issues, such as competition between products from the United States and those from other countries.

After a two-year voluntary implementation period, the farm bill requires mandatory country-of-origin labeling of U.S. products at the retail level by September 2004. Under the guidelines, fresh and frozen beef, veal, lamb, pork, fish, fruits and vegetables, and peanuts must be labeled at retail to indicate their country of origin.

Questions have emerged about the benefits of the country-of-origin labeling program for consumers and producers, as well as its potential costs.

The labeling scheme would allow consumers to easily distinguish between U.S. foods and foreign foods, and a study released last month shows American consumers may be willing to pay more for the label guaranteeing the origin of the product.

The survey found that 75 percent of consumers prefer to purchase a beef product that carries a label indicating its origin. And

73 percent of consumers would pay an additional 11 percent and 24 percent premium for country-of-origin labeling on steak and

hamburger, respectively.

The study, headed by Wendy J. Umberger, Colorado State University economics professor, listed the most common responses by consumers when choosing country-of-origin labeled beef, which included: food safety concerns about imported beef; a preference for labeling source and origin information; a strong desire to support U.S. producers; and belief that U.S. beef is of higher quality.

The authors concluded that further research was necessary in order to determine whether the premiums paid by consumers would be enough to cover the costs from certification and traceability programs needed to validate the label.

American Farm Bureau Federation policy supports labeling of agricultural products as "grown in the USA."

Another competition issue involves the disparity between small producers and large producers, which feeds into the debate over payment limits.

Proponents of payment limits argue that the largest chunk of farm program payments, when unlimited, goes to the nation's biggest farms, which allows for overproduction and leads to lower commodity prices. Smaller farmers are then unable to compete with the large farms and receive less for their products.

Farm Bureau opposes all types of limitations on farm program payments. AFBF

holds that payment limits make the farming industry less efficient because they are inconsistent with today's production agriculture practices, as USDA research shows all types of farms have gotten larger.

The decades-old debate over payment limits began when limits were set in 1970 under the 1965 farm bill. It continues as lowering payment limits are again being debated during consideration of the 2004 budget.

The Agricultural and Food Policy Center at Texas A&M University released a working paper titled "Economic Impacts of Farm Program Payment Limits" last year, which was originally written in 1987 in response to the 1985 farm bill. The updated paper said that while the data were dated, the underlying principles regarding payment limits remained the same. The paper's primary conclusion is that effective payment limits result in smaller farms, and due to the economics of size, increase production costs and reduce international competitiveness.

In a recent statement to the House Agriculture Committee's payment limitations commission, Farm Bureau noted that while all farms are different, they have one common goal: to turn resources of lesser economic value into products of greater economic value. AFBF holds that farm programs, including direct payments, were created to help farmers do just that, regardless of farm size.

"More information is needed on the full range of issues surrounding competition and concentration in agriculture."



Competition in Agriculture



Justice Department keeps eye on agribusiness

Farm Bureau News recently talked with Douglas Ross, special counsel for agriculture in the Justice Department's Antitrust Division. Ross and others at the department enforce laws that prohibit conspiracies to suppress marketplace competition, prohibit the use of predatory business practices to maintain a monopoly, and prohibit business mergers that are likely to substantially lessen competition. Below are a few of the questions posed to Ross and his answers.

Q Tell us a little about what you do at the Justice Department.

A The Antitrust Division has the responsibility under antitrust laws enacted in 1890 and 1914—the Sherman Act and the Clayton Act, respectively—to help ensure that the economy remains competitive through prevention of, under Section 1 of the Sherman Act, collusive behaviors, such as price fixing, boycotts and market division. Under Section 2 of the Sherman Act, we investigate monopolization. And, under the Clayton Act we prevent mergers and acquisitions whose effect would be to substantially lessen competition in the market. These laws apply across the economy, so agriculture is certainly included. One thing that's special about agriculture is there is an exemption under the Capper-Volstead Act for cooperative organizations.

Q What are some of the division's biggest accomplishments in recent years?

A We have prosecuted several international price-fixing cartels. Back in 1996 the Lysine case involving Archer Daniels Midland resulted in, at that time, record fines—\$100 million and jail time for several executives. Lysine is an important feed additive.

In the area of vitamins, important supplements in animal feed, a case involving German and Swiss firms resulted in a \$500 million fine, a Justice Department record for any criminal prosecution. We were involved in a case, with the help of USDA, involving a couple of buyers for meatpackers who were doing a market allocation scheme. What's important about that is we were prosecuting conduct that affected producers in their selling abilities directly.

In the merger area, back at the end of 2001, the Suiza-Dean acquisition was an example of a situation where we saw competition problems and indicated to the parties that we would sue unless they changed what they were proposing. So they did restructure the deal in a way that dairy farmers would have additional outlets to sell their milk.

The Cargill-Continental case is one that I encourage your readers to look at on our Web site, to learn more about exactly what we do when we investigate merger cases. We determined that the merger would affect the competitiveness of several markets and particularly harm farmers in their ability to find

outlets to sell their grain. That's a concern that we take quite seriously and we, therefore, required that there be a sale of several grain elevators so that farmers would have continuing competitive conditions.

Q Before three years ago when the special counsel position was created and you were appointed, was there any scrutiny of agribusiness practices?

A Absolutely. In fact, many of these cases began before I was appointed. My role is largely to put a public face on the work of the Antitrust Division in the agriculture area. I meet with organizations like Farm Bureau and with producers. Through public speaking and testimony, I help people understand what the antitrust laws are and how they can and do protect the agriculture area of the economy as well as the rest of it.

Q How does your office find out about these cases?

A There are various ways that we learn about things. We're constantly monitoring developments in the overall economy and in specific areas of the economy. People call us on the phone or send e-mails, raising concerns that they think may or violate the antitrust laws, and we pursue them as warranted.

Q What do you look at with a proposed merger?

A The statute requires that, in order to prove a violation, we show that the effect of the merger may be to substantially lessen competition in the market. So one of the first things we have to do is figure out what is the market, both in terms of geography and the product. So we're analyzing, with the help of economists and information we get from the parties and industry and anywhere else we can find it, whether there is an impact. Usually, the question would turn on whether there is going to be an effect on price.

Q Do you look at potentially just one region or one state?

A Possibly. In fact, in the Cargill-Continental matter, some people said to us that they thought we should have defined

the market as global. But our analysis showed that we really needed to look at more regional and almost local markets. We literally drew circles on maps showing where are the grain elevators to which farmers can sell and what would be the effect if there was only one left.

Q Is increasing concentration unique to agriculture, or is it part of what's going on in the overall economy?

A One of the things about the agriculture sector, of course, is that there are many producers and they often don't have the kind of bargaining power that they would like to have in the face of a shrinking pool of people to whom they have to sell. But I think it is fair to say that the economy generally has many trends toward concentration, not just in agriculture.

Q That's something that some companies say they have to do to remain competitive, right?

A Right. Concentration is not necessarily evil by itself. And concentration by itself is not enough for us to bring a complaint or charge a violation of antitrust laws. Generally speaking what we're trying to do is ensure that a proposed merger will not harm competition.

Q What can farmers and ranchers do to help you do your job?

A Where they think the market is not as free and open as it should be under the antitrust laws, farmers and ranchers should bring that information to our attention.

Similarly, in the criminal area, if they know of circumstances that may help us uncover price fixing, bid rigging or allocation schemes, that kind of information is extremely valuable as well. We'd like your readers to understand that, as we think our record shows, we take seriously the concerns expressed about concentration and trends in the agriculture industry that the antitrust laws might be able to address.



"Where they think the market is not as free and open as it should be under the antitrust laws, farmers and ranchers should bring that information to our attention."



FOR THE RECORD

Roll Call

vote

vote

vote

vote

vote

vote

vote

Senate passes CARE Act

April 9, 2003

The Senate approved, 95-5, legislation (S. 476) that would give tax breaks and other help to farmers who donate food to charities and help protect the environment through land easements and restoration of wetlands and wildlife habitat. The bill encourages food donations by giving all farmers, regardless of how their farm business is organized, an enhanced income tax deduction for their donations. It encourages farmland preservation and conservation by giving landowners a 25 percent exclusion from capital gains tax liability if they sell perpetual conservation easements or sell land to an entity that will keep it in a conservation use. In addition, the bill would provide financial and technical assistance to private landowners who voluntarily restore wetlands and other fish and wildlife habitats on their land. Farm Bureau favored a "yea" (Y) vote.

LEGEND: Y — yea n — nay

Name	Party	Vote	Name	Party	Vote	Name	Party	Vote	Name	Party	Vote	Name	Party	Vote
Alabama			Hawaii			Massachusetts			New Mexico			South Dakota		
Sessions (R)		Y	Akaka (D)		Y	Kennedy (D)		Y	Bingaman (D)		Y	Daschle (D)		Y
Shelby (R)		Y	Inouye (D)		Y	Kerry (D)		Y	Domenici (R)		Y	Johnson (D)		Y
Alaska			Idaho			Michigan			New York			Tennessee		
Murkowski (R)		Y	Craig (R)		n	Levin (D)		Y	Clinton (D)		Y	Alexander (R)		Y
Stevens (R)		Y	Crapo (R)		n	Stabenow (D)		Y	Schumer (D)		Y	Frist (R)		Y
Arizona			Illinois			Minnesota			North Carolina			Texas		
Kyl (R)		Y	Durbin (D)		Y	Coleman (R)		Y	Dole (R)		Y	Cornyn (R)		Y
McCain (R)		Y	Fitzgerald (R)		Y	Dayton (D)		Y	Edwards (D)		Y	Hutchison (R)		Y
Arkansas			Indiana			Mississippi			North Dakota			Utah		
Lincoln (D)		Y	Bayh (D)		Y	Cochran (R)		Y	Conrad (D)		Y	Bennett (R)		Y
Pryor (D)		Y	Lugar (R)		Y	Lott (R)		Y	Dorgan (D)		Y	Hatch (R)		Y
California			Iowa			Missouri			Ohio			Vermont		
Boxer (D)		Y	Grassley (R)		Y	Bond (R)		Y	Dewine (R)		Y	Jeffords (I)		Y
Feinstein (D)		Y	Harkin (D)		Y	Talent (R)		Y	Voinovich (R)		Y	Leahy (D)		Y
Colorado			Kansas			Montana			Oklahoma			Virginia		
Allard (R)		Y	Brownback (R)		Y	Baucus (D)		Y	Inhofe (R)		Y	Allen (R)		Y
Campbell (R)		Y	Roberts (R)		Y	Burns (R)		Y	Nickles (R)		n	Warner (R)		Y
Connecticut			Kentucky			Nebraska			Oregon			Washington		
Dodd (D)		Y	Bunning (R)		Y	Hagel (R)		Y	Smith (R)		Y	Cantwell (D)		Y
Lieberman (D)		Y	McConnell (R)		Y	Nelson (D)		Y	Wyden (D)		Y	Murray (D)		Y
Delaware			Louisiana			Nevada			Pennsylvania			West Virginia		
Biden (D)		Y	Breaux (D)		Y	Ensign (R)		Y	Santorum (R)		Y	Byrd (D)		Y
Carper (D)		Y	Landrieu (D)		Y	Reid (D)		Y	Specter (R)		Y	Rockefeller (D)		Y
Florida			Maine			New Hampshire			Rhode Island			Wisconsin		
Graham (D)		Y	Collins (R)		Y	Gregg (R)		Y	Chafee (R)		Y	Feingold (D)		Y
Nelson (D)		Y	Snowe (R)		Y	Sununu (R)		Y	Reed (D)		Y	Kohl (D)		Y
Georgia			Maryland			New Jersey			South Carolina			Wyoming		
Chambliss (R)		Y	Mikulski (D)		Y	Corzine (D)		Y	Graham (R)		Y	Enzi (R)		n
Miller (D)		Y	Sarbanes (D)		Y	Lautenberg (D)		Y	Hollings (D)		Y	Thomas (R)		n

CAPITAL UPDATE

Farm Bureau welcomes wolf designation change

Reforming the Endangered Species Act is a Farm Bureau priority, and positive action on that front includes a recent change in status for a type of predatory wolves and introduction of legislation that would rework the ESA listing process.

The U.S. Fish and Wildlife Service took the first step toward delisting the

gray wolf by changing its ESA status from endangered to threatened in most parts of the country. FWS reported that a steadily growing gray wolf population in the western Great Lakes states combined with a successful reintroduction program in the Rocky Mountains prompted its decision to reclassify the animal.

Under ESA rules, the threatened designation allows options, including killing, for removing wolves that imperil livestock. The endangered designation prohibits such options.

"Wolves are coming back, and their new status highlights our progress toward recovering them across their range," said Steve Williams, FWS director. "Our action today gives us greater management flexibility for most gray wolf populations as we work toward the next step—removing gray wolf populations from the list of endangered and threatened species."

Gray wolves in the Northeast, Midwest and West are now listed as threatened, and the wolves have been completely delisted in the Southeast. The animal remains classified as endangered in the Southwest. Complete delisting of the gray wolf could occur as early as next summer.

Currently, 1,262 species of plants and animals are listed as endangered or threatened, and only 14 species have been delisted due to recovery since the ESA became law in 1973.

The impact of the protections for gray wolves and other species on farmers' ability to use natural resources and protect their livestock has prompted calls for revamping the ESA. American Farm Bureau Federation policy states that any protection of "alleged threatened and/or assumed endangered and threatened species pursuant to the ESA" must demonstrate that the bene-

fits to humans exceed the cost to humans. It states that farmers and ranchers who may be affected by critical habitat designations and resulting conservation plans should be consulted throughout the process. And Farm Bureau policy favors voluntary, incentive-based efforts over land-use restrictions and penalties.

Sen. Craig Thomas (R-Wyo.) recently introduced a bill to restructure the process for listing species under the ESA, to give landowners and state authorities more say in determining which species should be protected.

The Endangered Species Listing and Delisting Process Reform Act of 2003 (S. 369) would establish minimum requirements for listing a species as endangered or threatened, including analysis of the status of the species, its range, and population trends and threats. It would also require the Interior secretary to verify if adequate information exists to validate a recovery program before a species can be listed. Additionally, the legislation would require each listing to have a detailed recovery plan.

Thomas sent a "Dear Colleague" letter to his fellow senators last month to gather co-sponsors for the Farm Bureau-supported bill.

"Make no mistake, I fully support efforts to protect species that are truly threatened or endangered," the letter said. "However, we cannot lose sight of the real goal, which is recovery and delisting."

Budget will not cut farm programs

continued from page 1

ture is mostly OK in this budget resolution. Of course, this is only one step in the budget and appropriations process, and we'll have to remain diligent in the coming months to protect the integrity of the farm bill."

Congressional negotiators last week labored over a wide difference between the amount of money set aside in the House and Senate resolutions for tax cuts President Bush proposed at the start of this year.

After several long days of wrangling, conference committee members agreed on a compromise that budgets up to \$550 billion for tax cuts in the House. But in the Senate only \$350 billion could be provided without facing a possible filibuster. Unless Senate leaders garner 60 votes to break a filibuster and pass a tax cut of \$550 billion, the so-called bifurcated resolution would have to be

reconciled at a later date. Traditionally, the budget resolution is identical for both chambers.

How much to allow for the president's tax cuts was the main obstacle to reaching agreement on the resolution. The original House resolution would have provided \$626 billion for tax cuts, while the Senate resolution would have limited that to only \$350 billion. The president's request is estimated to cost \$726 billion.

Lawmakers rushed to complete the budget resolution before leaving town last Friday to begin the annual two-week spring recess. Last year, Congress was criticized for not working out differences between Republicans and Democrats and completing a budget resolution. That led to continued budget disagreements and inability to pass most fiscal 2003 appropriations bills until halfway through the fiscal year.

Cookbook to raise funds for agricultural education

The Virginia Farm Bureau Federation is inviting epicureans, tourists and devotees of farm traditions to take a tour of agriculture in the Old Dominion through a new cookbook and tour book. At the same time, they can help support agricultural education in the state.

Virginia Farm Bureau helped develop "The Best of Virginia Farms Cookbook and Tour Book," along with Virginia's Agriculture Department, the Virginia Tourism Corp. and WHRO, a public TV station in the state. Proceeds from book sales through Virginia Farm Bureau will benefit the Virginia Foundation for Agriculture in the Classroom.

"The glory of 'The Best of Virginia Farms' is its focus on not only how to prepare foods grown in Virginia, but also where to see them in their natural state or eat them as they've been enjoyed by countless generations," said Bruce Hiatt, Virginia Farm Bureau president.

Readers can prepare Dolley Madi-

son's recipe for ice cream, the first ever to be served in the White House. Or fast forward to the nouvelle cuisine of Virginia in the 21st century and prepare Sweet Red Bell Pepper Soup with Sambuca Cream, one of the favorite recipes of the critically acclaimed Historic Inn at Little Washington. For the more casual menu there's Emu-on-a-stick, a recipe from Thunder Ridge Emu Farm in Manassas, or Sen. John Warner's (R-Va.) favorite cookie recipe.

The book combines agricultural history; more than 260 recipes from Virginia political leaders, celebrities, chefs and farm families; and maps and colorful photos of 17 driving tours.

The book's author, CiCi Williamson,

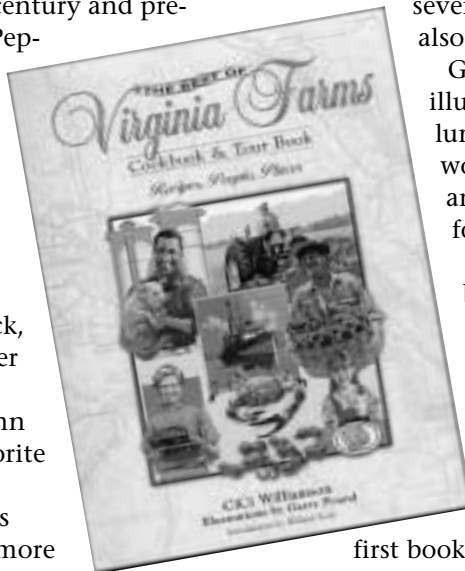
is a Virginia resident and has written five other cookbooks, as well as a weekly syndicated food column for several newspapers. She is also a travel writer.

Garry Pound, the book's illustrator, lives in Columbus, Ga., where he works as a professional artist and is well-known for his portraiture.

The Virginia cookbook and tour book is part of a series called "The Best of American Farms," designed to highlight most states' two top industries: agriculture and tourism. The

first book in the series was "The Best of Georgia Farms," published in 1998. It sold 40,000 copies.

The publishers, Menasha Ridge Press of Birmingham, Ala., and CI Publishing of Peachtree City, Ga., decided to make



Virginia the subject of the next book because the state is considered the "cradle of American agriculture." The first permanent European settlement in America was in Jamestown in 1607.

Virginia Farm Bureau didn't have to look for the opportunity to get involved in the project; it came to them.

"The publishers contacted Doug Stoughton, director of Women's and Young Farmers activities," explained Karen Davis, executive director of the Virginia Foundation for Agriculture in the Classroom. "And that's how we got started with it."

The book began rolling off the press in March and is now available for sale, at \$24.95 per copy, from Virginia Farm Bureau. Order forms are available at all Virginia Farm Bureau county offices. For an additional \$2.95 for shipping, orders can be placed by calling 1-800-553-8970. And, by the end of April, Virginia Farm Bureau will have online ordering set up on the organization's Web site, www.vafb.com.

Lodging discounts available to Farm Bureau members

Cendant Corporation's Hotel Group and RCI Holiday Network have announced a program to offer discounted lodging rates and vacation accommodations to state Farm Bureau members.

Farm Bureau members can receive a 10 percent to 30 percent discount off regular room rates at more than 4,000

participating Super 8®, Days Inn®, Ramada®, Travelodge®, Howard Johnson®, Knights Inn®, Villager, Wingate Inn® and AmeriHost Inn® hotels and motels nationwide.

Tim Hamid, vice president of worldwide sales for Cendant's Hotel Group, said the program would increase awareness of the group's franchised

hotels among a wider audience of consumers. "We are pleased to offer the American Farm Bureau Federation a wide range of quality travel options at affordable prices," he said.

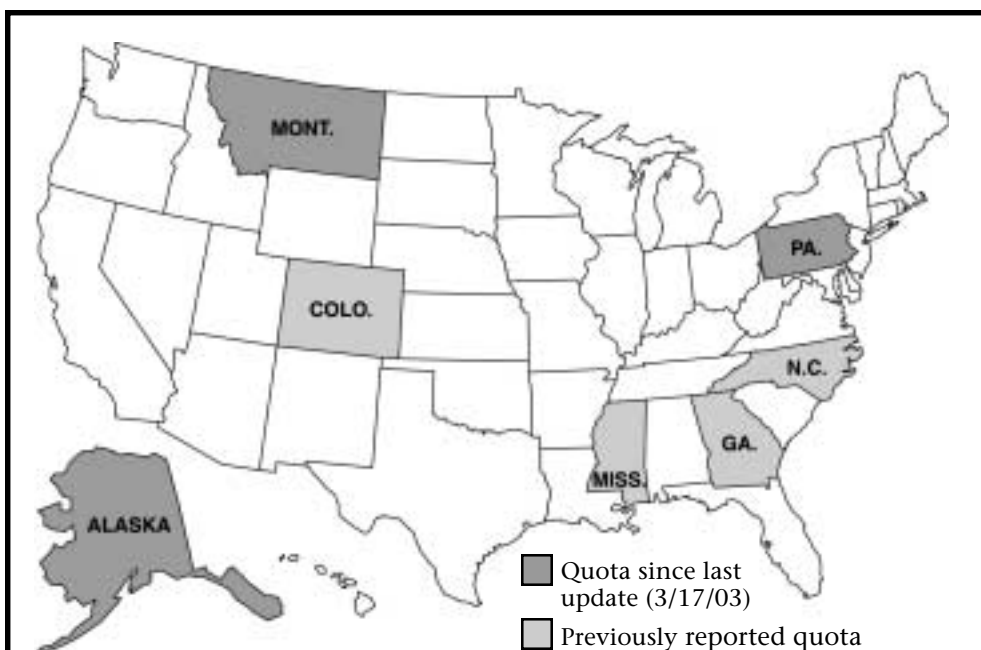
Farm Bureau members also qualify for discounts on RCI Holiday Network vacation rentals including resort condominiums, cottages, villas and vacation homes.

"When the nation's hard-working farm and ranch families are ready to relax and get away, we can offer them family-friendly accommodations," said Peter Giamalva, RCI Holiday Network president.

Dick Harris, AFBF's chief administrative officer, observed that member families are traveling for both business and personal reasons. "Being able to take advantage of this additional savings while traveling will certainly prove beneficial for our members," he said.

To take advantage of the discounts, state Farm Bureau members should contact their county or state Farm Bureau offices for details. Advance reservations are required, and blackout dates may apply. Discounts may not be used in conjunction with other discounts, offers or special promotions.

MEMBERSHIP UPDATE



Pennsylvania: 30,202 member families; 5th state Farm Bureau in the nation and 1st in the Northeast to report membership quota; 6 years of growth and an all-time high.

Alaska: 165 member families; 6th state in the nation and 2nd in the West.

Montana: 10,038 member families; 7th state in the nation and 3rd in the West; 17 years of growth and an all-time high.

FB NEWSMAKERS

Keith Propst, former **Colorado** Farm Bureau president and former American Farm Bureau Federation board member, **died** in a car accident near Wiggins, Colo., on Feb. 20. Propst farmed and ranched near Merino, Colo.

Sara Payne has been named **marketing and communications director** for the **Iowa** Farm Bureau Federation. She will oversee the publications, electronic media and public relations divisions. Prior to joining IBBF, Payne served as marketing director for Canal+ Technologies Inc., a software company. She holds a bachelor's degree in communications from Iowa State University.

Judy Bartlett is the new **regulatory affairs specialist** in the **Idaho** Farm Bureau Federation's public affairs division. She will lobby state legislators and track regulatory issues. Before joining Idaho Farm Bureau, Bartlett

managed a private natural resources consulting business.

Bill and Jean Knill of Carroll County, Md., were **inducted** into the **Maryland Agriculture Hall of Fame** on Feb. 6. Bill previously served as president and vice president of both the Carroll County and Maryland Farm Bureaus, and Jean chaired the Carroll County Agriculture in the Classroom committee for 15 years. They own and operate Knill's Farm Market, a 700-acre livestock, grain and fresh produce farm in Carroll County.

Gail Scherweit, **North Dakota** Farm Bureau **director of special programs**, has been elected to the board of directors of Farm Safety 4 Just Kids (FS4JK). Scherweit was elected for a three-year term during the FS4JK board meeting and annual meeting held March 13 in Clive, Iowa.

FOOD FACTS

Meals Ready-to-Eat ease life on the battlefield

U.S. troops face many challenges as they wage the war in Iraq. But one thing they don't have to worry about is getting enough to eat.

Thanks to the Meals Ready-to-Eat (MRE) program, run jointly by the Defense and Agriculture departments, soldiers can enjoy food on the battlefield similar to what they would eat at home.

"We really strive to have acceptable products for the troops," said Richard Boyd, head of the Defense Contract Inspection Section at USDA's Agricultural Marketing Service. "It's a morale builder."

Boyd and his staff work closely with the Defense Department as well as the 16 factories around the country that make the meal components, to ensure that MREs meet soldiers' nutritional needs, stand up to the harsh combat environment and provide convenience for the troops. They also work hard to ensure the food tastes good.

MREs are portable, cooked meals that can be stuffed into a pack or even a coat pocket and taken along wherever the soldiers need to go. Each MRE includes a "flameless ration heater" that makes warming the food easy to do anywhere. The heater is a plastic pouch that can be filled with water, which automatically heats up. Since all the entrees are hermetically sealed, they can be immersed into the hot water.

Heating isn't necessary, but the ability to enjoy a hot meal can make a tough environment seem a little more tolerable.

Each meal component is sealed and placed into a pouch made of brown,



Several components are squeezed into one Meal Ready-to-Eat, including an entrée, a "flameless ration heater," a dessert, snacks, condiments, and coffee or tea. The meals are made to last three to five years and are small enough to fit into a coat pocket.



Agriculture Department staff test various Meals Ready-to-Eat to ensure they taste good and are packaged properly. They provide feedback to USDA inspectors who routinely visit the factories that make the meals.

four-ply plastic. The packaging is durable and provides a shelf life of three to five years, although the meals can last longer.

Boyd and his staff once consumed a few MREs that had been sitting around for 14 years, just to see what they would taste like. "They tasted fine," Boyd said.

A dozen different meals are packed into each cardboard box. This helps to ensure there is variety for the troops in a single location. During the 1991 war in Iraq, Boyd said, one group of soldiers ended up eating lasagna three times a day for several days. "Obviously, that didn't go over very well," he said. "We want to make sure that doesn't happen again."

The boxes in which MREs are shipped aren't made of ordinary cardboard. The cardboard is extra strong to withstand airdrops from several thousand feet.

Since the program began in 1979, the number of menus offered has grown from 12 to 24. There are four vegetarian meals. But, because vegetables provide fewer calories for the amount of space they take up, most of the MREs include more meat than vegetables. The meals contain about 1,200 calories each, enough to provide a daily caloric intake of 3,600.

The packaging for some of the meal components includes more graphics than it used to. Most of the items even have the "Nutrition Facts" table on the outside, listing the amount of calories, fat, sodium and nutrients contained in the food. Some of the meals might seem a bit salty to a civilian, but like most things military, that is intentional. They are calibrated to replace sodium lost through sweat in hot, dry conditions.

Menus include beef stew, cheese tortellini with tomato sauce, meat loaf with gravy, boneless pork chops, fettuccine Alfredo, jambalaya, grilled chicken breast, turkey with mashed potatoes, and hamburgers, to name a few. There are also breakfast entrees like omelets, waffles and sausages. The omelet is an odd shade of orange, which could be a turnoff, but the diner who gets beyond its appearance finds it actually tastes great.

Baked items include pound cakes of different flavors, cookies, brownies, bread and even chocolate energy bars. Some commercially available products are also included, such as Slim Jims and Tootsie Rolls.

"The commercial items help the troops feel connected to things that they're familiar with at home," Boyd said.

Each MRE also includes an accessory pack—a combination of such things as condiments, candy, chewing gum, tea or coffee and non-dairy creamer. They sometimes also include matches and toilet paper.

MREs are meant to sustain soldiers for about 15 days in combat conditions. It is hoped that no one would have to go beyond that amount of time on MREs, but if they did, they would be well-fed.

The quality of MREs has come a long way since the program began, and certainly from the C-Rations that many Korean War and Vietnam War veterans remember. For one thing, C-Rations were served in cans, and the food would heat unevenly. The MREs' plastic packaging is less durable, but allows for more even heating of the food. "It's a tradeoff," said Boyd. In addition, each time USDA approves a pro-

duction lot of MREs, it becomes a new benchmark to exceed, to ensure that the meals keep getting better.

USDA inspectors routinely visit the 16 processing plants, as well as three other plants that assemble the components into complete MREs, to check the quality of the food and its packaging. There are normally about 25 USDA inspectors, but because production of MREs has nearly doubled in recent months, so has the number of inspectors.

Boyd and his staff also conduct weekly taste tests at USDA headquarters in Washington, D.C. They give feedback to the inspectors, which they can take back to the food processing plants to continue improving the meals. The rate of rejects has gone from about 50 percent when the MREs program started to about 6 percent today.

An example of a food product that isn't up to snuff is, once, a batch of beef stew didn't contain enough potatoes. While that may seem like an insignificant problem, Boyd said only the best makes it to the troops.

"It's important that the meals be something a soldier will want to eat," Boyd said. "Otherwise, the soldiers won't get the nutrition they need to sustain them through their long, physically demanding days."

While most soldiers might prefer a home-cooked meal, MREs are a marvel of science, engineering and logistical planning. Thanks to the care that goes into making, testing and continuing to improve the meals, U.S. troops have the sustenance they need, and a greater chance of finishing their jobs safely and getting back to their family dinner tables.

NEWSPAPER HANDLING

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