

this session of Congress. I have four primary goals as we look at the upcoming farm bill.

First, we need to increase the market income of family farmers. Farmers are the backbone of rural America and an essential part of the foundation of our entire economy. The new farm bill should be structured to maximize net farm income and reduce reliance on Government payments.

Farmers tell me time and time again that they want to receive more income from the market and less from the Government. The income support programs in the farm bill must give farmers the flexibility to respond to market conditions while still providing an economic safety net. I am firmly convinced the market can and should more fairly compensate farmers for the long hours and large amounts of capital they invest in producing our food.

Second, we need to promote the production of innovative value-added agricultural products that will expand the markets for American agriculture and enhance the incomes of all of our producers. USDA research dollars should be targeted toward the expansion of these market opportunities.

The American farmer is the most productive in the world, but production in and of itself does not pay the bills. We need to facilitate the creation of new markets in which agricultural products can actually be sold. This will stimulate our small communities by bringing new industries to rural areas and improving the economic stability of all family farmers.

Third, we need to drastically simplify Federal programs. I have had the opportunity to work in a South Dakota county ASCS office and see the excessive paperwork and redtape. Any of us would get hopelessly lost in the maze of base acres, deficiency payments, marketing loans, payment acres, program crops, nonprogram crops, and target prices that producers must navigate each and every day. These programs cry out for reform and simplification. Most farmers will tell you that if we could do any one of them a favor, this would be it. Let us allow farmers to get back to doing what they do best: Growing safe and abundant food.

Finally, we need to find innovative ways to assist young and beginning farmers. The future of rural communities is really in their hands. Far too many young South Dakotans are forced to leave our State every year in search of opportunities in urban areas. Loans, assistance programs and, most of all, a good price are needed to encourage young people to begin farming. We are almost unanimous in support of this goal, but the challenge here is perhaps greater than anyplace else, given the severe budget restrictions we face over the next few years. I hope we can find the creativity necessary to meet this particular challenge.

In the context of the extensive cuts the current budget resolution will in-

flict upon rural America, our actions on the farm bill are magnified in importance. We simply cannot let the farm bill deteriorate into a political squabble between parties or, for that matter, regions. If that happens, everybody will be busy scoring political points, and the only real loser will be agriculture. It is time we stopped taking our safe and abundant food supply, and the farmers and ranchers who produce it, for granted. We must use this opportunity to craft a farm bill that reflects the need to preserve rural America and the farms that produce the world's safest and most abundant food supply.

Mr. President, I yield the floor.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, briefly, because I know we are ready to move on with this legislation, I certainly want to speak in support of the Work Opportunity Act of 1995. That bill which my fine colleagues, Majority Leader DOLE and Senator PACKWOOD, have placed before us represents, I think, a very good starting point for welfare reform. I commend both of them for their work and for working with all of us to ensure that our concerns were taken care of.

It is not a perfect bill. A bill rarely is. But it surely puts us on the right track. They have listened to my suggestions, especially with regard to recognition of rural areas and amending the bill to include vocational training and the definition of work. That is a provision Wyoming needed in the bill, and now under the bill, recipients can receive vocational training for up to a year. I appreciate that very much. That was very attentive to our needs.

I strongly felt that welfare reform should be a high priority. I think we all agree with that. There is much to do. Not only to "get tough" with those who might best be described as welfare addicts, which offend us all, but also to help those who truly want to become self-sufficient, which charms us all, and know that these people need our attention.

So, if we can do this in a humane and responsible manner—there is not one among us who has a desire to be punitive or destructive to any of those who are disadvantaged and most vulnerable in society. I do not see that. That is an absurd premise.

When we talk about welfare reform, it is important that we look at the big picture and understand the reasons why people are on welfare. It is a very difficult thing. Those who have studied it for decades are unable to really come to closure on how these things happen, why is this occurring, why is the birth rate here, and what is the rate of illegitimacy? Nobody has done more work

in that area than the senior Senator from New York. We read his studies, his works, and appreciate his extraordinary range of and grasp of the issue. It is a giant puzzler for us.

In Wyoming, I know a single parent will tell me that they could get by without welfare if they just received the child support they were supposed to get in the divorce. I know about that because I did about 1,500 of those in my practice of law for 18 years. "If he would pay the child support, I would not need to be on welfare." That is very true. I have often felt we should put teeth in the welfare and child support enforcement laws. I applaud the leadership for including serious child support provisions in this bill. I am particularly pleased by the provisions that improve our ability to track down absent parents and streamline the process to make interstate enforcement less complicated and unmanageable. This is what has happened for years. You get the decree and support order, and the husband takes off. This will inject some responsibility in here for a group in society known as "fathers" who are not here on Earth simply to sire the flock and move on, and that has to stop.

Paternity establishment is another high priority in the legislation, and we are addressing that. I appreciate the approach in regard to block granting. Our very able Governor, Jim Geringer, a very able administrator, tells us that they need and require flexibility. We want to give that flexibility in the form of block grants so States can shape their own programs, make themselves laboratories. I am one who just does not believe that the Federal Government, or we here, have a monopoly on compassion. I do not see how people can even imagine that State officials somehow care any less about families and children than the Feds do. I think that these programs and flexibility are very important.

I also agree with Senators PACKWOOD and CHAFEE in their approach to the child welfare provisions included in the bill by not putting child welfare and child protection into block grants. They have recognized that we should not be too hasty in turning everything over to the States at one time.

There is a consensus here among child welfare administrators that Federal protections have led to new improvements to this system and critical incentives to the State. It was true in my State where the system was in complete chaos until the State had guidelines and requirements to follow for receiving the Federal funding. Only then did Wyoming develop a child protection and foster care program that takes care of its most vulnerable and neglected children. In fact, were it not for the standards that Congress enacted—and I know this is strong language for a Republican, but in this situation, were it not for the standards Congress enacted in 1980, the States and territories with the worst track

records, such as the District of Columbia, would have been allowed to continue to disregard the basic safety of abused and neglected children with complete impunity.

So I support block grants. I feel that aid to families with dependent children, along with the JOBS Program and AFDC child care programs, should be block granted. I would like to see States given the flexibility to run these programs as they see fit without Congress defining specific categories to whom States cannot pay benefits.

With regard to SSI, we had hearings on supplemental security income. I agree that drug addicts and alcoholics should not receive cash payment benefits because they have a so-called "disability." It is a self-induced one in many cases. However, I do feel that these addicts and substance abusers need to receive treatment for their addictions.

I feel that sensible improvements have been made also in this area of children's eligibility for SSI. We had anecdotal examples of parents coaching their children to act up in school, and families who have all of their family on SSI rolls. However, those are only anecdotal evidence, and we should not use them as an excuse for carrying out some wholesale purge of children from the SSI rolls. We should make sure the low-income families who have children with severe disabilities are taken care of, especially if one or both parents must stay at home to care for this very troublesome and disabled child—and often they are similar and often a tremendous burden upon a parent in a time of stress.

With regard to immigration, we will deal with that in a large area of the immigration subcommittee, which I chair. But I think it is very important to note here that since our earliest days as a nation, we have required new immigrants to be self-supporting. In the year 1645—and I see my colleague from New York pique his interest, because he loves history—Massachusetts refused to admit prospective immigrants with no means of support other than public assistance. But America's first general immigration law—the big one, before the big influx in the early 1900's—was passed in 1882. In 1882, it prohibited the admission of "any person unable to take care of himself or herself without first becoming a public charge." This restriction still exists. Section 212 of the Immigration and Nationality Act excludes those who are "likely at any time" to become a public charge. Courts have come along and interpreted that in a way which made it absolutely senseless. But that is the law.

I think our Nation's welfare law should be consistent with America's historic immigration policy. This bill, in conjunction with immigration proposals under consideration within the subcommittee, will create a long absent commonality.

Many immigrants—half of the new immigrants in fiscal year 1994, according to the State Department—are permitted to enter only because a friend or relative in the United States has promised, that is sponsored, and said to the U.S. Government that the newcomer will not require public assistance. Should this new immigrant then fall on hard times, it is the responsibility of the sponsor—that friend or relative who promised the support—to provide the aid. This Dole bill will require all Federal welfare programs—save a few "public interest" programs—to include the income of this sponsor when determining a recent immigrant's eligibility for welfare.

The message in this area with regard to welfare is very clear: America is serious about our traditional expectation that immigrants be self-supporting. Newcomers should turn to the friends and relatives who sponsored them for assistance before seeking aid from the American taxpayer. Hear that clearly.

Immigrants who come here and are sponsored must be self-supporting. They will not turn to the taxpayers first; they will turn to their sponsor first.

I look forward to a healthy debate on all these issues. We will have one. I am happy to see us move forward. We need to move toward this program of work and self-sufficiency while leaving States without restrictions, giving flexibility.

I thank the leaders for their fine work in moving this legislation forward.

Mr. MOYNIHAN. Mr. President, may I take just a moment of the Senate's time to express my gratitude, and I am sure that of Senator PACKWOOD, for the substance of the remarks of Senator SIMPSON and particularly for the tone of those remarks.

We are, indeed, struggling in this effort with forces we do not fully understand that have come upon us very suddenly, as history goes.

The learned Senator can speak of the Massachusetts Bay Colony and its regulations in 1645. That is eons of time, as compared to the sudden incidence of this problem in our cities.

I wonder if the Senator could allow me a moment to point out the urban dimension of this subject, because urban affairs—cities—are no longer a central topic of our concerns as they were, say, 30 years ago.

President Nixon's first act upon taking office was to create an Urban Affairs Council. This will not take 3 minutes. I know the Senator from West Virginia is waiting, and he will be heard in just a second. This is what has happened in the course of the last few years, suddenly, as if it were a tornado out in Wyoming country.

In the city of Los Angeles, Mr. President, 62 percent of the children are supported by aid to families with dependent children; in Chicago, 43.7 percent; in Detroit, 78.7 percent; in my city of New York, 28.4 percent; in Houston,

TX, 24.6 percent. These are the 10 largest cities. There are higher ratios, but these are our 10 largest cities.

What this does, and I think the Senator from Wyoming can sympathize with this, these ratios overwhelm municipal capacity. Going back to 1912—I will go back that far—the New York Times began a series that has been going on until this day called "The 100 Neediest Cases." At Christmastime, they give you a list of 100 families; most had tuberculosis, or an industrial accident killed the father, or something like that. You can cope with 100. There are more than 100, but it gives you a sense of dimension.

How do you cope with the situation where 62 percent of your children are on welfare, which means, of course, they are paupers. One of the things we have had most application for in waivers was to allow families to have a car worth little more than \$1,500. In Wyoming, you need a car to get to work in most places. That is an element we do not talk about often.

This problem tends to be concentrated. It is an urban problem. It is an urban crisis. It is a general problem. What is a problem in Wyoming is a crisis in Cook County.

Therefore, the more do I appreciate the concerns of the Senator from Wyoming and the mode in which he has stated them. I thank the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, a lot of the time I wonder what we are doing talking on the floor because we just seem to be talking about things that do not make a lot of difference and that do not necessarily concern Americans as much as they may concern some internal dynamic here in the Senate, which may or may not be important.

This obviously is a very different kind of setting. This time the Senate is turning to something that the people of my State, and the State of the Presiding Officer, and States all over this country really care about and really expect us to do something about. They see a welfare system that gives out too much for too little in return. They do not like it. They are very clear in their view about it. They are right.

They see too little emphasis on something which I think is sort of the byway by which America is either going to come back to our proper course or we are not. That is something called personal responsibility. We have lost our sense of it in this country—not just the poor, but all of our people, I think—what we have an obligation to do ourselves as opposed to turning toward the communities or toward the Government.

Also, something called work ethic, which people are talking a lot about, beginning to do something about, something the American people want to see badly and something they deserve to see.

I think people have lost, and rightly so, their tolerance on dependency. Dependency is unavoidable in certain circumstances, but in most circumstances it is not. The American people know that. There are a lot of Americans who pay taxes who were dependent one way or another and fought their way out of it and have every reason to look at those who do not askance.

The point is that we are talking about something really serious in welfare reform. Tax-paying, hard-working Americans are not the only ones who want reform in welfare. Most families on welfare want things to change, too, because many of the things that we in Government have done has fostered their dependency even against their own will, although they have to submit to it. The whole act of submission is one, of course, of losing a sense of personal responsibility.

For all kinds of reasons, some very sad, mothers and fathers find themselves living in poverty. For some, attitudes and behavior bring them to welfare and keep them on welfare. For many families and many in my State of West Virginia, they want to get off welfare as much as the middle class wants them to get off welfare and to avoid all the problems that are associated with welfare, including the cost of it.

The father disappears or refuses to pay child support. There are billions and billions of dollars out there. Child care costs more than a minimum-wage job, so people do not get around to overcoming that fact. Or the parent just cannot find a paying job because she or he does not have the most basic of skills. That I can remember from earlier days. They use to have something, as the ranking member of the Finance Committee knows, called the dollar-an-hour program. We had that in West Virginia. I am not sure if they had that in all kinds of other States, but that was something where, when there really was not anything else, you paid somebody \$1 an hour and they went out and worked on the highways for the department of highways. They got \$1 an hour. It was really for people who could not do anything else but that kind of work.

It was sad, but it was all that there was, and people did it because they had to. These are some of the situations we run into.

Welfare is also about children. Acronyms and clunky program titles keep that basic truth from the picture of welfare.

But the fact is that 43,000 families in West Virginia who get a welfare check every month—there are that many—and the 5 million families across America who get a welfare check every month—and there are that many—include over 9 million innocent children; 5 million families, 9 million children. We are talking about 1-year-olds, 7-year-olds, 11-year-olds, and everything in between; people who are just starting life, in effect. These are not the

deadbeats, are they? They are totally innocent of whatever can be blamed on the welfare system and its recipients. Whatever their parents might have done or not done, they are innocent—and they really are.

I think back to many cases I know of in West Virginia where the children of parents who are on welfare simply overcame that and went on and now have decent jobs and are raising families. It is a triumphant thing to see. It is something to fight for, something to work for, something to glory in, if we can get a welfare system that allows that to happen more commonly.

In fact, from every poll that I have seen, while Americans expect Congress to reform welfare and are fairly stiff in their views about it—us and it—they also expect us to make sure the children are protected. On that, they are not equivocal. They want children protected. They recognize the difference between the perpetrators and victims. They see children as victims and they say so, and they want children protected even as they want the adults and the parents to work. They want children protected. They are not asking us to be cruel. They are asking us to be firm, but not cruel. They are asking us to be smart, in other words.

Because of the anger about the welfare system, it is very tempting for politicians to simplify the solutions; because there is always a coming election, to say that you were tougher on welfare than the next person. There is nothing like being tougher on welfare except, of course, if it does not work. If you do something that does not work, you may do better in the argument but you should not sleep as well at night.

The test in welfare reform, it seems to this Senator, will be met by its results, what we actually do—hopefully come together to do—on the floor of this body and the other one. It will not be charts or bumper stickers or promises.

West Virginians want welfare reform because they want to see things really change. They know the system is not working as it is. They believe the system should work, can work, ought to work, and can be made to work by us, who are their representatives, if we will but come together. If we do not come together we will all fail, and it will be a shame and a sham on this institution. If we come together, Republicans and Democrats, we can make this work. We do not have to be tougher, one than the other, but simply be smart and make it work. And being smart will be plenty tough—plenty tough.

I think that is what the Senate should spend this week, or whatever time we have, sorting through. That is the way to change the welfare system in a way which works—on both sides, if that is possible. Every single Member of this body should reject the idea that welfare reform is some kind of trophy that one party holds over the other. I see some of that already and it worries

me, as I know it worried the Senator from New York. It is a chance to recognize the realities of people on welfare, and a system that spits out the wrong results. It is a chance to do careful surgery so we get it right. There is not any time for anything else. And we can get it right.

I am still incredibly surprised—and I say this not in a partisan spirit, but because I must out with my feelings on this subject—that the majority leader thinks that a block grant is welfare reform. I have to say that. There is no question, if the Federal Government collects \$16 billion from the taxpayers and chops it into 50 separate pots for the States, welfare will certainly end as we know it. But that is a cop-out. What a way to run from the hard decisions and the tough calls that we know are required to get the results that will make all of this possible. Nobody on either side of the aisle is running from tough decisions, but we have to be smart. As a former Governor, I know that we have to be practical. What we do has to work.

I support the Daschle-Breaux-Mikulski bill, because it is an actual plan to change the welfare system. It does not just pass the buck to Governors. It replaces the current unsatisfactory, maddening welfare system with the rules and the steps that will get people into jobs and enable them to stay employed. It is not just the getting of the job that is important, it is having that job 2 years later that really tests the mettle of what we do. But it also remembers the children in the right way.

There is all this talk about values, and properly so. I just hope that means that some compassion—a little bit—is carved out for something called children, that one really does put them in a separate category—children who had nothing to do with where they were born, how they were born, or whether their mother is dirt poor or an heiress. I mean, most of us really have very little to do with that. Yet, if we are in one condition or another, it has an enormous impact on our lives. And people have to understand that. The Senate must not surrender this country's commitment to children and the idea that everybody deserves a chance after they are born.

There is nothing timid about the Daschle-Breaux-Mikulski bill. It is a bold bill.

AFDC, the letters for the core of today's welfare program, is abolished. AFDC—I have been living with that acronym for 35 years—is abolished. It is ended, as we know it. In its place we propose something called Work First, words that mean what they say. For the first time we say financial aid for poor families comes with strings attached, and that aid will only last so long a period and then it will stop if those conditions are not met. Children will keep getting help if they need it, but for adults the help is temporary.

Parents have to actually sign something called a parent empowerment

contract. It is a personal agreement outlining how he or she will move from welfare to work. The contract is enforceable. All of this is new.

In return, Work First is a plan that respects what families need to go from poverty to independence—what they have to have. That means different things for different families. Basically, we make sure there is help to find a job, qualify for a job, and stay in a job with backup support like child care and, thank heavens, health care. What parent in his or her right mind can take a job if there is no one to care for his or her children? We put people in jail, you know, for neglecting children. It is a Federal offense.

Again, as a former Governor, I know what happens when the Federal Government declares victory over a difficult problem—and now I come back to block grants. Block grants, in my judgment, are closer to something called surrender: Here, States, come along with us on this block grants. It is a sturdy idea, come along. We are going to give you a check. But, by the way, the check is going to shrink. And, by the way, should there be a recession, or some kind of natural catastrophe, or you happen to have many more poor families, then that is kind of a problem for you. But people like the idea of block grants, so we are going to do block grants.

This Senator does not like the idea of block grants. This Senator was Governor during the first New Federalism in the early 1980's and watched the State go from the highest employment in its history to a 17 percent unemployment rate all in the period of 3 years. That is not pretty. That is full of tragedy. That is not all because of the Federal block grants. But they symbolized it, and it hurt. It hurt a lot, Mr. President.

That is why I hope that we can find agreement on this Senate floor, and why it is so important—and why we have opening statements and then two Senators over there who are running against each other for President and Senators over here, and then two sides, that we sort of forget about some of these things—that we start thinking about what we are here for, which is solid welfare reform.

We have the time if we take it. If we have to stay longer, then I guess we should do that. But we have to think about the realities of poverty, of welfare, and how to make the whole country a place where children do matter.

For example, in Senator DOLE's plan the answer to States hit by a recession or depression is a loan fund. Right—States really are going to be able to borrow money. Of course, that money has to be repaid in 3 years with interest, when more of their people face a temporary crisis of unemployment and hunger.

Mr. President, the Senate needs to look behind the rhetoric of that welfare plan and deal with facts and come together. The Congressional Budget Of-

fice says that under a very similar bill—the one passed by the Finance Committee—44 States will not be able to meet the bill's supposed work requirements. Let me say that again. The bill that we put out of Finance will fail in 44 of the 50 States, will fail according to the Congressional Budget Office. Common sense says that we, therefore, should not do that, and we have to again come up with something that works. That is all I am interested in—something that works, that is practical and works, that gets people off welfare, that protects children, that is tough on personal responsibility, that makes parents work, makes them work but works as a plan.

The bill of Senator DOLE really has the same problem. It just does not bother to figure out how the work requirements become reality.

Why should we set our States up to fail? We do not want to do that. We may be in a rush. But we do not want to set our States up to fail. We do not want to do that. It would be supremely wrong and shameful. I would say look at the democratic alternative and you will find a plan that will get results, with people actually working, what we all say that we want.

The block grant approach in the Dole bill turns away from the Nation's safety net for children, and we are all asked to hope that each individual State will step in. Many of them will not. Americans are not asking us to abandon children. I repeat and repeat. They are asking us to strike a better deal with their parents, to link the responsibility to Government help that is also temporary.

There are areas of agreement in this Chamber on welfare reform, and I celebrate those. Members on both sides of the aisle are clearly interested in promoting flexibility and in encouraging innovation among the States. Again, as a former Governor, I also know the frustration, that a Federal bureaucracy that micromanages is annoying, a Federal bureaucracy that is too regulated, that stifles creative efforts to develop local initiatives to move families from welfare to work. So we all agree, 100 of us I suspect, that the States need more flexibility.

I might add, that is not where you need to look for sudden converts. The senior Senator from New York, Senator MOYNIHAN, focused the country's attention 8 years ago on the signs of progress that were just appearing in a few States that had been given more room to experiment. That was the basis of the Family Support Act passed in 1988, and it is the reason States this very minute are trying all kinds of new ways to move families off of the welfare rolls and to making it on their own.

I remember in West Virginia we started something back in the 1970's. It was called the Community Work Experiment Program [CWEP]. That was made a part of the Family Support Act. We were the only State in the Na-

tion at the time to be doing that. We started that, and we aimed it particularly at some of our southern counties, and it worked. It was working. As a result of that, it was kept in the 1988 Family Support Act and was deemed to be good, and is still on the books.

There is partisan agreement on the crucial need to dramatically improve child support enforcement. I would say 100 Senators will agree on that, again a building block for bipartisan consensus here. The tools to force parents to accept financial responsibility for their children are not in full use. We know that. They must be, and we do that.

Mr. President, if the Senate sets politics aside and makes results our test, and keeps a special place in our hearts for children, we can produce and pass a bill that deserves the title "welfare reform." We can do that.

Our debate should focus on how to get the parents of over 9 million children to work, while making sure that the victims are not the children. Our work and our votes should be based on facts and realities, not on the temptation to pretend slogans will solve problems, or on trying to outdo each other or to bring home a trophy. The only trophy ought to be a bipartisan one that creates a welfare system that works, and that is a trophy for our country—not for us.

As I look ahead to this debate, I intend to respond to West Virginians who have been waiting for welfare reform. For the system to change so that the rules are the same for everyone—if you can work, by golly, you work; if you have children, care for them, take responsibility.

I also hope we will see the country change. We can do better, and it does not have to be done by becoming mean or becoming thoughtless. It certainly should not be done by abandoning the little that is done for children who have so little.

I recall, Mr. President, Majority Leader DOLE's opening statement from a March hearing in the Senate Finance Committee. I am going to quote what he said. Senator DOLE said:

I do not know anything else as meaningful or as critical as doing our part to help America's children in need, and helping them get the necessary support to remain a part of their family, helping them realize their full potential as we launch into the next century . . . our first concern must be the well-being of the children involved. They are not the instigators, they are the victims of what we see as a growing problem . . .

If we heed those words, wise words, and work together to achieve real reform and insist on getting the surgery right—that is, that we are careful and smart and practical in what we do—then we have a tremendous opportunity to come through for the American people on welfare reform.

I hope the Senate will surprise the pundits and the skeptics and the professional observers of this place by not only passing something called welfare reform but a bill of which we can be proud.

I thank the Presiding Officer and yield the floor.

Mr. MOYNIHAN addressed the Chair. The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I just express the appreciation of this Senator for the remarks that have been made by the Senator from West Virginia, the chairman of the Rockefeller Commission on Children, who spoke so carefully and thoughtfully, particularly to his point about dependency.

The issue of welfare is the issue of dependency, and in a world where adults stand on their own two feet, as the phrase has it, we have a situation in which the condition of dependency is massive in our cities, pervasive in the land, and while we have not been able to solve the problem, we are making real steps in addressing it. And I want very much to share his sentiments and his concerns.

I thank the Chair. Mr. President, I yield the floor.

Mr. CRAIG. Mr. President, with the consent of the leaders on this issue at the moment, I would, if I could break for a moment, ask unanimous consent to speak on another issue for no more than 10 minutes as if in morning business.

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

SUBSIDIZED CANADIAN LUMBER

Mr. CRAIG. Mr. President, I have sat through 2 days of probably some of the most substantive debate on a key issue in this country that I have heard in years, listening to the debate of our colleague from Oregon, who has led the Republican side of welfare reform, and certainly the senior Senator from New York on the other side, both men of tremendous substance attempting to deal with a very important issue for our country. I have just listened to the Senator from West Virginia in a most sincere appeal for resolution of an issue that has gone beyond what I think most Americans ever intended it to be.

In some way my comments this morning are a part of that because I am talking about a very real people issue in the West that has caused, by its presence and by our inability to act, people to go on welfare, to be subject to at least or to ask for assistance from their State to provide for food on their children's table. And so, if I could for just a few moments, I wish to reflect on an issue which is really very perplexing that I and others in this Chamber have attempted to deal with over the years that is now front and center again, at least in the timber-producing States of our Nation.

Every week, I receive tragic appeals from unemployed forest workers struggling to feed and care for their children, many of them, as I have just mentioned, on the edge of welfare at this moment. A major reason for their struggle is that a rising flood of subsidized Canadian timber has captured

nearly 39 percent of our domestic softwood lumber market in May of this year.

This May figure is already an all-time record for foreign market's share of lumber in our country, and the industry anticipates that the figure in June will be equal to or will exceed that level. This flood of imports also has contributed to a 34-percent reduction in U.S. softwood prices since 1994. Last year alone, Canada sent to the United States nearly 16 billion board feet of lumber worth \$5.8 billion. Tens of thousands of jobs and the economic livelihood of hundreds of communities throughout the public forested States of our Nation, primarily in the West, depend on a prompt and fair solution to this problem of Canadian subsidized timber.

What is the cause of the problem? In Canada, where 92 percent of all timber is Government owned, Provincial programs allocate trees to producers under long-term agreements at a fraction of their fair market value. Producers in British Columbia, for example, paid on the average of \$100 per thousand board feet of timber in 1994.

That is in stark contrast to United States producers immediately across the border in the States of Washington and Idaho and down into Oregon paying \$365 per thousand board feet of timber of the same type and the same quality—nearly 300 percent more than what was being paid in Canada. United States prices are substantially higher because in the United States, unlike Canada, trees from virtually all public and private forests are sold at fair market value through the competitive bid process.

Coupled with that, there has also been—by Government edict, environmental laws, Endangered Species Act—a tremendous reduction in the allowable timber cut or the allowable sales quantity on our public forests. The result of this and the subsidies have resulted in mills shutting down and, of course, the competitive advantage that should be ours in our own market being dramatically lost to this flood of subsidized timber. All regions of the country have announced production curtailments, temporary shutdowns, and permanent closures of mills and related businesses. Small family-owned businesses have been devastated. If prompt action is not taken, the inequity will only get worse.

The United States lumber industry is competitive but for Government curtailment of supply and Canadian subsidies. United States lumber production costs, excluding timber, are the same and in most instances lower than Canadian production costs. The United States output per employee is about the same as the Canadian industry. Canadian labor costs are higher and rising faster than labor costs in the United States.

Canadians must adopt a fair market-based approach to timber pricing to begin to level the playing field that we

are talking about. These pricing policies also have been criticized by Canadian groups, including Canada's maritime and small lumber producers. Criticism also comes from a previous British Columbia Forest Minister who said that Canadian timber pricing practices harm the Canadian economy and do not provide a good return from the industry.

Over the past 10 years, United States lumber industries have repeatedly won duty determinations against Canadian subsidies before the United States Department of Commerce and the International Trade Commission. Why? Because it is obvious and well-known that Canada subsidizes its industry.

In 1993, however, three Canadian members of the binational panel operating under chapter 19 of the United States-Canadian Free-Trade Agreement ruled that Canadian timber pricing practices are not subsidies under United States law. In response, the U.S. lumber industry filed a constitutional challenge to the panel's authority to arbitrate such disputes. This challenge was withdrawn when the industry was assured by United States Trade Representative Kantor that Canada would agree to consultations to address the timber pricing issue.

There was also another reason why our trade ambassador entered in; he did not want the Canadian Free Trade Agreement and its problems and its loopholes exposed.

When that agreement was passed in the mid-1980's, I voted against it, and in the Chamber of the House—I was then a Congressman—I argued that these loopholes did exist and that we had set ourselves up for the very scenario being played out today. If our Trade Ambassador wants to solve this problem and keep the free-trade agreement intact, then he ought to move on this issue.

In spite of these consultations, I think legislation may be needed to resolve the problem that has surfaced with this binational panel or panels as a result of the free-trade agreement. Past panels have ignored the standard of review mandated by the agreement and United States law, and two Canadian members of one lumber panel failed to disclose serious conflicts of interest.

Because these rulings by nonelected, non-United States panelists are binding under the United States-Canadian Free-Trade Agreement, and now under the North American Free-Trade Agreement, serious constitutional and procedural issues arise. Reform is needed to assure that future panels do not and cannot ignore U.S. law in order to protect unfair trade practices.

So where are we today, Mr. President?

The U.S. softwood lumber industry is in no condition to endure unrestrained, subsidized imports during an extended period of negotiations. Nonetheless, the first meeting of the United States-Canadian lumber consultations that