And then you give them all away before they start to rot.'' This quote says a great deal about Henry Knott. He saw his wealth as a way to make life better for others. He never lost sight of this goal.

I mourn Henry Knott's death along with his family and the rest of Maryland. We will miss him greatly. However, I am very grateful that he was with us for 89 years, and I rejoice that he left Maryland and our Nation a better place than he found it.●

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS UNDER RULE 35, PARAGRAPH 4, REGARDING EDUCATIONAL TRAVEL

● Mr. MCCONNELL. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD notices of Senate employees who participate in programs, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The select committee received notification under rule 35 for Kari Austin, a member of the staff of Senator KASSEBAUM, to participate in a program in Germany sponsored by the Konrad Adenauer Foundation from November 11-18, 1995.

The committee determined that no Federal statute or Senate rule would prohibit participation by Ms. Austin in this program.

The select committee received notification under rule 35 for Kevin Wilson, a member of the staff of Senator PELL, to participate in a program in Germany sponsored by the Konrad Adenauer Foundation from November 11-18, 1995.

The committee determined that no Federal statute or Senate rule would prohibit participation by Mr. Wilson in this program.

The select committee received notification under rule 35 for Eric Burgeson, a member of the staff of Senator DOLE, to participate in a program in Korea sponsored by the Korean Economic Institute from November 18–26, 1995.

The committee determined that no Federal statute or Senate rule would prohibit participation by Mr. Burgeson in this program.●

DOMESTIC SUGAR POLICY

● Mr. CRAIG. Mr. President, I find it necessary today to set the record straight on the issue of domestic sugar policy. My remarks are in reference to comments made on November 17, 1995, by my good friend from Nevada, Senator REID, and on November 18, 1995, by my colleague from New Hampshire, Senator GREGG.

EVERYONE BENEFITS FROM FAMILY FARMERS

First, let me tell you about the significant importance of sugar to my State of Idaho; 1,800 family farms raise sugar beets on an annual basis. These farms combine to grow over 200,000 acres and produce over 5 million tons of sugar beets. Sugar beets are the third largest crop in Idaho after potatoes and wheat.

Sugar-beets are also important to the communities where these family farmers live. Farmers generate sales at local businesses for their vehicles, fuel, farm implements, irrigation materials, fertilizer, and other inputs.

These sugar-beet farmers are also efficient. Of the 31 countries around the world that produce beet sugar, the U.S. beet-sugar industry is the second lowest cost producer. While these farmers are efficient, they need the stability of U.S. sugar policy to compete against unfair subsidies and trade practices used by foreign countries.

Sugar beets provide direct employment opportunities in Idaho communities. There are three processing facilities in Idaho—plus one in nearby Nyssa, OR—owned by the Amalgamated Sugar Co., that combine to pay in excess of $45 million in salary and wages to their employees. There are 1,200 people employed year round and at the seasonal peak total employment approaches 4,000 people.

The Amalgamated Sugar Co., also pays $50 million annually to the truck and rail transporters of raw beet sugar and the finished products.

ERRONEOUS GAO REPORT

My colleagues cited an erroneous figure of $1.4 billion in annual consumer costs. This figure is based on an April 1993 General Accounting Office report. The U.S. Department of Agriculture recently admonished the GAO report for its flawed estimates, omitted data and ambiguous results.

In an October 24, 1995, letter, Under Secretary Gene Moos wrote that

> Some data were used incorrectly and important data and sugar market issues were not considered . . . Based on this world price estimate and an average U.S. sweetener price over 1992–1994, a more normal price period, it can be shown using GAO's methodology, that there are no costs to domestic users and consumers.

Mr. Moos continues:

> The estimated effects of the U.S. sugar program are highly sensitive to expected world prices if global sugar trade is liberalized. GAO's analysis, in my judgement, does not adequately consider the complexities and dynamics of the U.S. and global sugar markets.

The erroneous GAO results have been misinterpreted by my colleagues. First, the mistaken $1.4 billion cost is not a payment to beet or cane producers. Sugar is not like the wheat or corn program; sugar farmers do not receive a Government payment. Rather, sugar growers pay a marketing assessment on their sugar that goes directly toward deficit reduction. Over the course of the Balanced Budget Act of 1995, the sugar assessment will provide $287 million in deficit reduction.

Mr. President, at the conclusion of my remarks, I ask that the text of the letter from Mr. Moos of USDA to Representative PATSY MINK regarding the erroneous GAO report be printed in its entirety.

WORLD AND U.S. SUGAR PRICES

To fully understand the selling price of sugar here and abroad, my colleagues need additional insight and information.

It is important to realize that the world sugar market is very volatile due to the small quantities traded and large number of countries with protectionist policies. According to USDA, all 110 countries producing sugar subsidize their sugar production, consumption, and/or trade in some way.

The world price of sugar has ranged from more than 60 cents per pound in 1974 and more than 40 cents per pound in 1980 to less than 3 cents per pound in 1985.

This world price does not correspond with the world cost of production. In fact, a 1994 Landell Mills study showed that the world price average of 8.4 cents per pound between 1982–92 and the average cost of production was estimated at 17.5 cents per pound during the same period.

This obvious presence of a world dump market does not and would not allow foreign needs to meet domestic demands at the suggested lower price. U.S. consumers use about 9 million tons of sugar each year, which is equal to more than a third of the total sugar traded on the world market each year.

PROGRAM EXTENSION

The gentleman from New Hampshire also took issue with the fact that the sugar program was extended for 7 years. Mr. President, for the record I would like to note that all agricultural commodities were extended for 7 years. Yes, every single commodity in the ag title of the Balanced Budget Act. This includes not only sugar, but wheat, cotton, rice, peanuts, corn, and barley.

I would point out that the Balanced Budget Act of 1995 was designed to achieve a fiscal balance by 2002 and thus most, if not all, of the bill's provisions were approved in 7-year timeframes.

RECORD OF COMMITTEE REVIEW

For the record, I would also like to review the process of hearings and committee markups that the sugar section of the bill underwent prior to final inclusion. To suggest that the sugar program slipped into the bill is an insult to the members of the Senate Agriculture Committee.

Last December, the Agriculture Committee chairman, Senator LUGAR, asked 53 questions about domestic agriculture and rural policy that began an extremely comprehensive schedule of committee hearings. Eight full committee hearings were held between March and June to form the foundation of the 1995 agricultural legislation. Four subcommittee hearings were also held in May and June. In addition, I personally chaired a field hearing in Pocatello, ID, on August 15 to thoroughly review farm policy, including sugar. In addition, the full committee participated in 2 days of lengthy debate in late September prior to final approval of the bill.

SUGAR PROGRAM PASSES THE REFORM TEST

In closing let me briefly review the significant reform submitted as a result of the thorough committee process and recently approved by the Congress in section 1107 of the Balanced Budget Act.

The sugar program of the future is definitely not the sugar program of the past. Consistent with the other ag policy changes, the sugar program contributed to deficit reduction and was rewritten to more closely respond to market signals.

Sugar program reform included the removal of marketing allotments, a shift to recourse loans, an increased assessment, and a penalty that effectively lowers the loan rate by a penny.

In past years, sugar production was controlled by a system of marketing allotments. This bill removes those production controls. The Government will no longer tell farmers where and in what quantity they can raise sugar. This major reform signifies the end of sugar-supply management.

A recourse loan provision will now apply to the sugar program. Other commodities, and previously sugar, utilized a nonrecourse loan program. This meant the Government had no means of recovering a defaulted loan except collection of the commodity used as collateral. The new sugar program will not allow that risk to the Federal Government. This is significant to farmers, because it eliminates any guarantee of previous minimum payments.

The most significant reform provision is a new penalty on any sugar that is forfeited to the Government. This 1-cent penalty effectively lowers the loan rate by a penny. That occurs because the loan holders will lower the sales price of their sugar to avoid paying the newly instated penalty.

There are significant real life effects of a 1-cent decrease in the sugar loan rate. The average Idaho farmer raises 128 acres of sugar beets according to the latest data. The USDA says they will average 25 tons of sugar beets per acre this year and, given the national average extraction rate, this means they will produce 6,924 pounds of refined sugar on each acre they harvest in Idaho.

In Idaho, like most of the rest of the areas where sugar beets are grown, the farmer has a contract with the company that processes the sugar beets and it provides that the farmer will get 60 percent of the value of the sugar he produces.

Thus, the farmer's share of 1-cent reduction is 60 percent, Six-tenths of a cent a pound times 6,924 pounds per acre equals $41.55; $41.55 loss per acre times the average Idaho farmer's 128 acres equals $5,318.40.

Let me repeat, a 1-cent reduction in the value of sugar per pound will cost the average Idaho farmer $5,318.40.

That $5,318.40 is very often the difference between profit and loss for many farmers even during prosperous, let alone difficult, economic times in rural America.

Unfortunately, there is no guarantee that the loss to producers would be passed on as savings to consumers.

A 1-cent reduction might seem minimal to those not familiar with the program, but it is not.

Mr. President, in closing, I ask that my colleagues consider my words carefully and come to appreciate the reforms that have been made to the domestic sugar program. I also want to commend the other members of the Senate Agriculture Committee that combined to craft sugar policy that this Congress can be proud to point to as an example of market driven reform. Most importantly, I offer my gratitude to the farmers and ranchers from across this country that continue to produce a bountiful, safe, and reasonably priced food supply.

The text of the letter follows:

DEPARTMENT OF AGRICULTURE,
Washington, DC, October 24, 1995.

Hon. PATSY T. MINK,
House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSWOMAN MINK: Thank you for your letter of July 26, 1995, concerning the General Accounting Office (GAO) report that stated that the U.S. sugar program costs domestic users and consumers an average of $1.4 billion annually and GAO's July 1995 analysis that the sugar program cost the Government an additional $90 million in 1994 for its food purchase and food assistance programs.

In my opinion, GAO's April 1993 report was flawed in its estimates. Some data were used incorrectly and important data and sugar market issues were not considered. Based on GAO's methodology, but by selecting prices in different time periods, the results are more ambiguous. Depending on the timeframe, one may contend that the domestic sugar program either costs or benefits U.S. users and consumers.

GAO's estimate of $1.4 billion annually was based on an assumption of a long-run equilibrium world price of 15.0 cents per pound of raw sugar if all countries liberalized sugar trade. GAO added a transportation cost of 1.5 cents per pound of raw sugar to derive a landed U.S. price (elsewhere in the report GAO stated that the transportation cost adjustment should be 2.0 cents per pound.) To derive a world price of refined sugar of 20.5 cents per pound, GAO added a refining spread of 4.0 cents per pound.

GAO compared its constructed U.S. sweetener price with its derived world price. However, GAO constructed the U.S. price for the 1989–1991 period during which 1989 and 1990 were unusually high price years for U.S. refined sugar. This exaggerated the difference between the so-called world derived price and the U.S. sweetener price. By selecting a period of world price spikes, such as 1973–1975, GAO's analysis would show an annual savings to domestic users and consumers of $350 to $400 million.

Clearly, the expected world price of raw sugar with global liberalization is critical to any analyses of the effects of the U.S. sugar program. In 1993, the Australian Bureau of Agricultural and Resource Economics (ABARE) estimated that sugar trade liberalization in the United States, European Union, and Japan alone would result in an average world price of 17.6 cents per pound of raw sugar—2.6 cents per pound higher than GAO's derived world price.

Based on the ABARE analysis and using a transportation cost of 1.75 cents per pound, which more accurately reflects global transportation costs to the United States, plus a refining spread of 4.27 cents per pound (Landell Mills Commodities Studies, Incorporated), a world price of refined sugar is estimated at 23.6 cents per pound. Based on this world price estimate and an average U.S. sweetener price over 1992–1994, a more normal price period, it can be shown using GAO's methodology, that there are no costs to domestic users and consumers.

The estimated effects of the U.S. sugar program are highly sensitive to expected world prices if global sugar trade is liberalized. GAO's analysis, in my judgment, does not adequately consider the complexities and dynamics of the U.S. and global sugar markets.

With respect to the effects of the U.S. sugar program on Government costs of its food purchase and assistance programs, an independent analysis by the Economic Research Service (ERS) estimates the cost at $84 million based on the difference between U.S. and world refined sugar prices in 1994. However, just as for the GAO analysis, different effects could be estimated by using other time periods when the price gap between U.S. and world prices was smaller. Moreover, with global liberalization, the price gap would narrow because of the dynamics of adjustment which were not considered in the ERS analysis.

Sincerely,

EUGENE MOOS,
Under Secretary for Farm and Foreign Agricultural Services.●

TRIBUTE TO ISRAEL COHEN

● Ms. MIKULSKI. Mr. President, I rise today to pay tribute to a great man and a great friend. Late last Wednesday, Israel Cohen, the chairman of Giant Food, passed away at 83.

Izzy Cohen was more than simply a successful businessman. He was a leader. He understood the complicated relationship between labor and management as well as, if not better than, anyone I can remember. He knew that the success of his business was directly related to the health and well-being of his employees. He was a man who always had time to visit with his employees, no matter how busy he may have been. He worked as hard for them as they did for him.

Mr. President, the Washington Post ran a story about Izzy on Friday, November 24. The story tells of employees waiting around after putting in a full shift to meet and shake hands with him. It tells how he created a family atmosphere with his employees, refusing to be called Mr. Cohen, but insisting on Izzy. It stresses his most fundamental philosophy: to recognize the value and importance of every single worker at his stores, from the President of the company to the high-schooler who bags groceries on Saturday afternoons.

It tells of his dedication to providing the best service possible—even if that meant he had to jump in behind a cash