

were shut down, put out of business for up to a month, some even longer because of the FAA restrictions. The bill we have sponsored is very modest, \$851 million. We are talking about the need.

We just passed \$40 billion in relief. We passed another \$20 billion on Friday night, an allocation of \$20 billion for antiterrorism. We are talking about a stimulus that could be anywhere from \$40 to \$80 billion.

The beauty of 1499 is that it only spends money if the small businesses that have been crippled as a result of this terrorist action will borrow the money and put it to work hiring people, buying goods, getting the economy moving again. It is absolutely critical. I ask my colleagues to let us debate the bill. Let us bring out the problems on the floor.

If the administration were ultimately to decide we have not made the case, then they still have the right to veto it. We cannot get into the details of this legislation. My last count was we had 64 Members—at least we have over 60 Members supporting the bill. It is something we need to do this month because small businesses may be out of business, if they are not already, by the time we get back next year. I urge my colleagues to let us debate the bill.

I also join with my colleague from Arizona in saying that it is absolutely unconscionable that we not act on the nomination of Eugene Scalia, ultimately qualified to be the lawyer for the Secretary of Labor. If people have objections to him, let them bring them to the floor. I don't think they will withstand the scrutiny of the light of day. We have just a few days remaining. It is very important that we act on the Secretary of Labor nomination, the lawyer the President selected, who is adequately qualified and deeply committed to this cause.

It is absolutely essential that we act now to provide small business the stimulus it needs by making it easier to get over the hurdles that have been caused by the terrorist acts of September 11 to borrow money to get back in business to expand their business. I hope we can vote on both of these measures.

I strongly support my colleague from Massachusetts on the need to move to 1499 and my colleague from Arizona on the need to move to the appointment of Eugene Scalia. I hope we can get on with both of them.

Mr. KERRY. I say to my colleague from Arizona, the administration's approach proceeds through the economic injury disaster loans. It has a subsidy rate—That is a net cost to the taxpayer of running the program—of anywhere from 14 to 17 percent, depending on whose estimate you use. The base is 14 percent.

The Kerry-Bond approach, which provides the majority of assistance through the 7(a) program loans, has a subsidy rate of 3 percent. So the administration's approach is a 14- to 17-percent cost to the taxpayer. Our approach is 3 percent to the taxpayer.

In practical terms, if you fully funded this bill, you could leverage more than \$25 billion in loans and in venture capital to address the market gap in lending.

Let me say to the Senator from Arizona, under our bill, Arizona could make 1,700 small business loans right now. Under the administration's program, only one business in Arizona has had any help since September 11. That is the difference between the bills. The cost to the taxpayer is less and the coverage is greater. And the leverage is higher. It is a more effective and cost-effective piece of legislation.

While I am glad the administration finally acted on this program, their approach does not allow refinancing. The administration approach does not allow deferral of payments. I remember in 1991, when we had the RTC and the savings bank problem, we had a lot of programs that were falling.

I am sorry to see the Senator leave. I would love to see if we could get agreement to proceed forward.

Well, Madam President, I hope the record is clear that small businesses in this country could be significantly helped if we were to proceed forward with this legislation. We now understand that the administration and some in the Republican caucus—I regret to say it—are unwilling to proceed forward to help small businesses with a program that would be more effective than what is happening now.

Let me give an insight into some of the damage suffered. You can look at the ground transportation industry, at travel, and at others, all of which have viable industries, but they need help to be able to tide them over in order to proceed forward. It seems to me that providing them with working capital is an essential ingredient.

Let me quote from the Wall Street Journal of November 6. These are the words of John Rutledge, chairman of Rutledge Capital in New Canaan, CT, and a former economic adviser to President Reagan:

Interest rate reductions alone are not enough to jump-start this economy. We need to make sure that cheaper credit reaches the companies that need it. . . . The Fed is cutting interest rates—but the money isn't reaching capital-starved small businesses because Treasury regulators are cracking down on bank loans. Credit rationing, not interest rates, is the real problem with the economy. . . .

That is exactly the same problem we faced in 1989, 1990, and 1991 when we had failures in the savings and loan and the banking industry, and we had an entity called Recall Management come in to try to process some of the small loan portfolios. What happened is a whole lot of viable businesses got lumped into the bad loans so that the viable businesses were, in effect, put into a category where they could not get the credit they needed simply to tide them over. We lost thousands of jobs. Viable business was liquidated because of bad judgment. That is precisely the situation in which we are

now putting people. People who have a viable business, who simply need to ride out this momentary downturn, which all of us know was exacerbated by the events of September 11, need small amounts of working capital in order to be able to tide over their workers, to be able to pay the various legal obligations they have to stay in business.

If you don't want to create a cycle of self-fulfilling prophecy, where you drag your economy down as a consequence of not helping all of these small businesses to be able to sustain those jobs, this is the way to do it. If you provide emergency small business lending in a way that is in keeping with the emergency efforts in the past, the standards of the SBA will still be met. These are not throw-away loans. These are loans that can leverage some \$25 billion of economic activity in the country. That is why this legislation has 62 cosponsors in the Senate.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AGRICULTURE, CONSERVATION, AND RURAL ENHANCEMENT ACT OF 2001

The PRESIDING OFFICER. The Senate will resume consideration of Calendar No. 237, S. 1731, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1731) to strengthen agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Madam President, we are going to be in a posture very quickly where we will be able to start doing things other than just talking about the farm bill. Amendments will be offered and, hopefully, we will complete this most important legislation very quickly.

What I wanted to come to the floor today to talk about is what has appeared in newspapers all over America today, including a Washington Post editorial. Syndicated columns all over America are running articles today talking about something going on in Washington that is simply invalid. But I think, as far as I am concerned, kind of the culmination, or the synthesis of all these articles and columns and editorials in America today appeared in the New York Times this morning. That editorial has a headline: "Tom Daschle Isn't the Problem."

I will make no editorial comment about this editorial. I will read it:

The closing days of this year's Congressional session have brought forth a wild Republican campaign to demonize Senator Tom Daschle. It almost seems as if the G.O.P. is holding a contest to see who can most often use the word "obstructionist" to describe him. The attacks—including ads in Mr. Daschle's home state of South Dakota featuring side-by-side photographs of him and Saddam Hussein—are a sure sign of the Senate majority leader's effectiveness in blocking President Bush's hard-right agenda. Today Mr. Bush meets with Mr. Daschle at the White House, where they can move beyond vilification to legislation.

The word "obstructionist," voiced over the weekend by Vice President Dick Cheney, has an unreal ring. Perhaps Mr. Cheney was in a remote, secure location when, after Sept. 11 and with Mr. Daschle's help, Congress passed a use-of-force resolution, a \$40 billion emergency spending bill, an airline bailout, a counterterrorism bill and an airport security bill. The Senate has also passed 13 appropriations bills and its own version of education reform and a patients' bill of rights. The two things that Mr. Cheney cited that the Senate had "obstructed" were legislation to drill for energy in the Arctic National Wildlife Refuge and a "stimulus" bill to give out huge tax breaks to corporations and rich people.

Mr. Cheney and Mr. Bush have called for bipartisan cooperation in Congress. Yet when asked, the vice president declined to disavow the attack ads running in South Dakota that accused Mr. Daschle of helping the Iraqi dictator by blocking the destruction of the Alaska reserve.

The suspicion is growing in some quarters in Washington that Mr. Bush may not really want economic stimulus legislation. How else to explain that the White House is sticking with a bill, passed by the House, that many Republicans say privately they would just as soon abandon? The effect of spending less than \$100 billion to jolt a \$10 trillion economy is likely to be small, and the unnecessary tax breaks aimed at corporations and the wealthy would make the nation's upcoming deficits even worse. But there are some good ideas in some versions of the stimulus bill that should be passed, irrespective of their large-scale economic impact. These pieces would provide unemployment and health benefits to laid off workers who desperately need help after Sept. 11.

If Mr. Bush continues to be inflexible on the economic package, Mr. Daschle should switch tactics and attach the health and jobless benefits to some other bill before Congress adjourns near Christmas. It would be a travesty to ignore the real needs of the most vulnerable Americans at a time like this one. You might even say it was obstructionist.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. LUGAR. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Indiana.

Mr. REID. Will my friend yield for a parliamentary inquiry?

Mr. LUGAR. Yes, I will be happy to yield to the distinguished Senator.

Mr. REID. I say to the distinguished ranking member of the Senate Agri-

culture Committee, we would like to set a time for moving to the legislation. The leader, because some items were not ready, asked that it be debate only. I will wait until the Republican side checks, but I will propound a unanimous consent request that the debate only stop at 11 a.m. or 11:15 a.m. I wanted to alert my colleague, and I will check with his side to see if that is OK.

Mr. LUGAR. Let me respond to the distinguished leader. That will be fine as far as I am concerned. My understanding was we were going to commence the debate after the third roll-call vote. I point out the drafting of a new bill is not completed even as we speak. Legislative counsel is still working on it somewhere.

Whenever it does emerge, that is what we ought to do so we can finally offer amendments and get on with it. I am merely going to speak to the bill, given the instructions that we were going to have general debate on the agriculture bill until 11. Once the Senator propounds the request, I certainly will be agreeable.

Mr. REID. I will propound that as soon as we check with the Republican Cloakroom.

Mr. LUGAR. Madam President, I want to make general comments about the farm bill. I appreciate the distinguished chairman of our committee, Senator HARKIN, and others are even at this moment involved in drafting a new bill. At some point, my understanding is they will come forward with a substitute for the entire bill which is now before us. I am not supercritical of this procedure, although it does raise some questions on our side. We have not seen the new text and will not see the new text for some time, apparently. It is still in the hands of legislative counsel, I am advised, working its way through.

I make this point because this has characterized the procedure, unfortunately, in the committee and on the floor. Members may or may not wish to know what is in the farm bill. I think it is important. Very clearly, there are many Members who want to debate and pass the farm bill and fairly rapidly. They are joined by those outside this Chamber.

I cite, for example, the December 8, 2001, issue of Congressional Quarterly, in which the headline is "Fear of Budget Constraints and 2002 Galvanizes Farm Bill Supporters."

The article goes on to say:

The specter of a tight Federal budget next year with less money for farm subsidies has agricultural lobbyists and their allies in Congress pushing for final action on a farm bill before lawmakers leave this month.

Lobbyists fear that if Congress waits until 2002 when the current authorization bill expires, then the \$73.5 billion in new spending for agricultural programs over the next 10 years that was set aside by this year's budget resolution might vanish. "We have never before had this hammer over our heads, like the loss of this money," said Mary Kay Thatcher, lobbyist for the American Farm Bureau Federation. However, with little

time left lawmakers say finishing a bill could be difficult.

Indeed, it could, and the bill is not even available as of this moment. It was announced yesterday with a great deal of certainty that after three roll-call votes this morning, we would be on the farm bill, we would be offering amendments presumably to the text that came out of the Senate Agriculture Committee. As of this moment, we are not offering amendments because we are awaiting a new bill.

While we await the new bill, other things also are occurring outside. I note that CBO announced that the Federal deficit for October and November of this fiscal year, for 2 months—the fiscal year we are now in—unfortunately, amounted to \$63 billion. That is \$28 billion more in deficit than last year. It is the first time the Government has run a deficit this size since 1997, which was the last time the Federal Government ran a deficit for the entire fiscal year.

This simply underlines the fact that CBO is not alone in pointing out we are in a deficit year. We did not expect to be in such a predicament at the beginning of the year. Indeed, when the President of the United States gave his State of the Union Address to a joint session of the Congress, he talked about \$3 trillion of surpluses over a 10-year period, and the allocation to solve Social Security and Medicare reform problems, and for a very generous education bill that he and many Members of this body were proposing.

In fact, CBO earlier in the year prophesied a potential surplus of over \$300 billion, scaled down to something less than \$200 billion by summertime, \$50 billion as we proceeded in the post-September 11 period, and now it is apparent we are headed for a deficit.

That does not change the context of this debate one whit. Proponents of the bill, fastening on to a budget resolution adopted early this year, said we have pinned down \$172 billion over 10 years, \$73.5 billion over baseline, over the normal expenditures that have been occurring year by year in the agriculture bills. It is there.

I and others have pointed out it really is not there. Members may delude themselves that somehow, because this is December 11, we are unable to foresee the future and understand that life has changed; that we are in a deficit because of recession, because of war expenditures, because of all sorts of emergencies that still lie ahead of us as we try to meet these emergencies with our President.

Yet even in the face of this, as the Congressional Quarterly article points out, agricultural lobbyists, perhaps aided and abetted by even Senators on occasion, believe we need to have the debate and complete the debate to pin this money down, money which, in my judgment, is no longer there. There is an Alice-in-Wonderland quality about the debate.

I say simply that at some point, even though \$63 billion of deficit has occurred in 2 months, another 2 months will pass and CBO will have another prophecy that will be even more bleak, in my judgment. At that point, however, in the event the Senate has acted, the Senate and House have conferred, and the President has signed a bill, whether we have the money or not, it will add to the deficit. That must be the calculation of those who are looking at this presently.

The administration has not really weighed in on the budget side thus far, and proponents of the bill will point that out, that essentially there have been plans offered, that the administration apparently supports, that seem equally as expensive as the chairman's bill.

At some point, however, all of us have to make judgments as to what is fiscally sound, where priorities ought to lie in this situation. Eventually, as we get into the bill, I want to ask Senators, as they are thinking about their preparation and how they size this up—I appreciate that many Senators will approach this bill on principle alone. Some would say—not many—some would say very frequently agriculture bills are very parochial bills. We each look after our own States, and that is what we ought to do.

If this is the case, I think it is important, as Gannett News Service pointed out in an article by Carl Weiser on December 6, 2001, that under the current legislation—which the new farm bill, of course, would revise—

Six States—Iowa, Illinois, Texas, Kansas, Nebraska and Minnesota—collected almost half the payments in 1999.

It was not dissimilar in 2000, for that matter, according to GAO.

Farm bills, as they are now written, are subsidies, essentially, for the row crops—corn, wheat, cotton, rice, now with very generous loan rates for soybeans—and are concentrated on States that have that type of agriculture. By and large, the payments do not become very generous for those who are involved in livestock or in vegetables, in timber, and other situations.

I point out Senators may want to take a look at their chart which can be found on the Environmental Working Group Web site. For example, the State of California, with 74,126 farms, is second only to Missouri and Iowa on this chart, but in California, only 9 percent of all the 74,000 farm families receive Government subsidies. As a matter of fact, only 7 percent of farmers in Massachusetts, 9 percent in Nevada, 7 percent in New Jersey, and in the State of Washington only 20 percent of the 29,000 farmers in that State receive anything in these programs.

For example, if one were to take a look at the State of Iowa, 75 percent of farmers receive subsidies; in the State of Kansas, 65 percent; in my home State of Indiana, 52 percent. We are sort of fair to middling; half of us farmers receive subsidies, the other half do not.

As I pointed out earlier in the debate, roughly 40 percent of farmers benefit from these programs, while 60 percent do not. If you happen to represent a State in which, as in California's case, 91 percent do not participate, it is hard for me to understand how you would be enthusiastic about these formulas because essentially this is an income transfer from some persons in the United States—taxpayers—to a very few taxpayers who are the beneficiaries. In this case it is quite a large transfer. We are talking about \$172 billion over 10 years of time. Not only are most of the payments concentrated, almost half of them in six States, but in those States the concentration is rather profound.

Mr. DASCHLE. Will the Senator from Indiana yield for a unanimous consent request?

Mr. LUGAR. I will be happy to yield to the distinguished leader.

The PRESIDING OFFICER. The majority leader.

Mr. DASCHLE. Madam President, I ask unanimous consent that the period under which the farm bill is being considered for debate purposes only end at the conclusion of the remarks of the Senator from Indiana.

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

Mr. LUGAR. I thank the distinguished leader and I appreciate his courtesy in allowing me to complete these remarks.

Madam President, I pointed out the concentration of these payments in six States. But within those States, the concentration is fairly substantial. For instance, in the State of the distinguished leader, 10 percent of the farmers who receive payments receive 55 percent of the money—just 10 percent. In my State of Indiana, the concentration is even greater. The top 10 percent receive 62 percent of the money. Not only is there concentration in a few States, but within States that are major beneficiaries, a concentration exists with a very few farms.

This is not the first time that proposition has been brought to the attention of the Senate and, indeed, as we began debate in the Senate Agriculture Committee this year, the distinguished chairman, Senator HARKIN, frequently talked about this problem of concentration. In fact, it bobbed up in all sorts of ways: Concentration of meat packers, concentration of supermarket chains, concentrations of authority all the way through the food chain, and, of course, very startlingly with regard to producers themselves.

But as the debate proceeded, somehow or other along the way the whole idea of concentration, when it came to payments to a very few farmers in a very few States, was lost by the way-side. This is why it came as a pleasant surprise to me to read an article by Peter Harriman in the Sioux Falls Argus Leader. This is on December 7:

U.S. Sens. Tim Johnson, D-S.D., and Byron Dorgan, D-N.D., will introduce a farm bill amendment next week—

That is the week we are now in—

that would drop commodity subsidies from a maximum \$460,000 per individual per year now to about \$275,000.

The amendment also would require commodity-payment recipients to be actively involved in farming.

A quote from Senator JOHNSON:

You can't use these corporate entities to expand the amount of benefits you get. . . .

One of the points that Senator JOHNSON goes on to make is:

One of the deficiencies of the Senate farm bill is that it really didn't do much to target payments to typical farmers and ranchers. We thought the Senate bill could be strengthened by better redirection of resources to typical farmers. . . .

Dorgan added, "It has been increasingly frustrating over the years to see large corporate ag factories get very large checks, and there is not enough money left to provide a decent safety net for family farmers."

Johnson said: "If people want to farm the whole township they can. There is nothing in this amendment to keep people from farming."

But we are not asking taxpayers to subsidize a small handful of operations that are getting over \$500,000."

I look forward to that amendment and the debate on that because it certainly has occupied a lot of time already of many of us in the committee who felt that, in fact, these payments really required some scrutiny. I ask some consideration in due course, Madam President, when I offer an amendment to the commodity title which, in fact, does provide a very substantial limit. My legislation provides 6 percent of the total farm bill, so it is not discriminatory but equal in all States—equal, really, to all types of farming. But it does finally limit these payments to \$40,000. That seems to me to offer equity to every farmer in every State, every county, every crop. And it meets the needs of those who truly are small and struggling and have a very difficult time, given the concentration in agriculture that has been pointed out by so many.

So we will have an opportunity in due course to think through concentration and limitations and equity, a chance to move this from half of the money going to six States to an even distribution wherever there is farming of any sort in every State.

Madam President, I ask active consideration of Senators as they take a look at their own States, at their own farmers, at what farming occurs in their States, to support that general proposition as opposed to the one that lies before us in the bill that came out of the Agriculture Committee which, in fairness, essentially bumps along with the same type of distribution system that we have had for many years and which I and others have criticized in the course of this debate.

Finally, let me point out that we still have the problem of money. I believe at least we have a problem of money. Others on the Senate floor may disagree and may believe that we already are running into Federal deficits that are fairly large and that these

payments to farmers are merely part of that proposition.

Some suggested yesterday that maybe even a stimulus package of sorts for rural America would stimulate the situation. If that is the proposition, it is very difficult to make it, given the figures I have just recited; namely, that all of the stimulus or half of it would be narrowed to six States. Even within those States, well over half of 10 percent of farmers is a relatively few thousand people. That is not very much of a general stimulus. In fact, it is a very pointed and very focused situation.

I can well understand why those who are beneficiaries of the past bill, or of the bill that Senator HARKIN has introduced, would be obsessed that we are taking a look either at the fact that we have a Federal deficit or that these are rather concentrated payments. There has been a general myth that has surrounded farm bills—that they are meant to save every family farmer; that somehow they make a difference in the lives of every family farmer.

I am here to tell you that, in fact, each bill and the bill that Senator HARKIN has proposed even concentrates this further with higher subsidies, higher target prices, and higher loans. The money goes to those who are the most efficient. One can ask: What is wrong with that? The most efficient are not always the largest but frequently they are because of the scale of size and unit costs involved. And the ability to produce, quite apart from the market, has led to their concentration. And it has continued each year. It will march ahead now. That is why I will oppose the bill that lies before us. We need to amend it constructively so that, in fact, we can proceed to good agricultural legislation.

I thank the Chair for this opportunity. I thank the distinguished majority leader for allowing me to complete my remarks under the unanimous consent.

I yield the floor.

The PRESIDING OFFICER (Mr. CARPER). The majority leader is recognized.

Mr. DASCHLE. Mr. President, I compliment the distinguished Senator from Indiana for the manner in which he has made his points this morning. While we may have some disagreement, I do not know of a Senator who has greater respect and whose views are more widely appreciated than the Senator from Indiana. I appreciate the opportunity to hear many of his comments this morning.

AMENDMENT NO. 2471

Mr. DASCHLE. Mr. President, on behalf of the Senator from Iowa, I have an amendment at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The senior assistant bill clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE], for Mr. HARKIN, proposes an amendment numbered 2471.

Mr. DASCHLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The amendment is printed in today's RECORD under "Amendments submitted and Proposed.")

Mr. DASCHLE. Mr. President, I will use some leader time to make comments as if in morning business.

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

ECONOMIC STIMULUS

Mr. DASCHLE. Mr. President, I wanted to come to the Chamber for a few minutes to call to the attention of my colleagues an article that appeared in the Wall Street Journal this morning. The article is headlined "House GOP Ponders Scale-Backed Version Of Stimulus Package."

I ask unanimous consent that the article be printed in the RECORD.

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

HOUSE GOP PONDERS SCALED-BACK VERSION OF STIMULUS PACKAGE

(By Shailagh Murray)

WASHINGTON.—House GOP leaders may take a new, scaled-back economic stimulus package to the House floor if talks fail to produce a House-Senate compromise.

Republican leaders said they would offer the bill as a last-ditch effort to revive the stimulus package, which is on life support due to protracted partisan squabbling. Officials hope to act on the matter before Congress adjourns for the holidays.

House Majority Leader Richard Armey (R., Texas), one of two GOP House leaders appointed to negotiate a final package, said the version would include many of the most politically popular provisions on the table, some scaled back from levels that have been unacceptable to Senate Democrats. They include a depreciation bonus for new capital investments; higher expensing limits for small businesses; an extension of the net operating loss carry-back period to five years, from two; accelerated reductions in individual income-tax rates; \$300 rebate checks for low-income workers; and extensions of tax breaks due to expire Dec. 31.

The package also would feature at least \$20 billion to extend unemployment benefits by 13 weeks and to help jobless workers buy health coverage. House Ways and Means Chairman Bill Thomas (R., Calif.) offered the beefed-up benefits package last week in an effort to win Democratic votes on trade negotiating authority.

Mr. Armey said he would like to include corporate alternative-minimum tax repeal and capital-gains tax reductions, but acknowledged it could be an uphill battle because of strong Democratic resistance.

The move would allow House Republicans to say that they made a good-faith effort to produce a stimulus package, should the talks fail. It also is intended back Democratic Senate leaders into a political corner, by forcing the stimulus bill's final fate into the hands of Senate Majority Leader Tom Daschle.

"If Daschle wants to stop this process, he needs to reconcile that with the American people," Mr. Armey said. Mr. Daschle has countered that he is eager to complete the stimulus bill negotiations, especially to deliver the worker benefits.

Stimulus-bill talks broke down during the weekend, when Democrats and Republicans

accused each other of walking out on negotiations scheduled for Friday and Saturday. Mr. Armey said he hoped talks would begin again today, although no formal meetings were scheduled as of Monday evening. But Mr. Armey said House leaders, including Speaker Dennis Hastert, were "exploring other options" in the event that stalemate can't be broken. Senate Republicans say they also are seeking alternative ways of getting the stimulus package on track.

Mr. DASCHLE. Mr. President, the article provides new information about the current views of at least House leadership regarding the stimulus package that I find to be very encouraging. I will not read all of the article, but I will simply cite one paragraph. It says:

House Majority Leader Richard Armey (R., Texas), one of two GOP House leaders appointed to negotiate a final package, said the version would include many of the most politically popular provisions on the table, some scaled back from levels that have been unacceptable to Senate Democrats. They include a depreciation bonus for new capital investments; higher expensing limits for small businesses; and extension of the net operating loss carry-back period to five years, from two; accelerated reductions in individual income-tax rates; \$300 rebate checks for low-income workers; and extensions of tax breaks due to expire Dec. 31.

The package also would feature at least \$20 billion to extend unemployment benefits by 13 weeks and to help jobless workers buy health coverage.

My response to this article is two words: I accept. I accept.

I think this would go a long way in dealing with many of the concerns that Senate Democrats have expressed—concerns we have now had for some time.

There is one major caveat. The only major change we would have to have is that we would trade the accelerated rate cut proposal currently listed as part of the Republican package for the Domenici payroll tax holiday. In other words, we would propose a Republican tax proposal—one that is cosponsored by a lot of our Democratic colleagues—we would substitute the Republican payroll tax holiday for the rate cut acceleration, and, by and large, you have all the components of a deal. We don't need to go into more rooms in the back of the Capitol. We don't have to negotiate with a great deal of give and take here and procedural concerns about how we are going to address these issues. That would be it.

Let us take what the Republicans have said as their new proposal and let us substitute a Republican payroll tax holiday proposal for the rate cut acceleration, and you have a deal.

We want to clarify what it is we are talking about with regard to the unemployment compensation and health benefits. I think it is very important that the worker assistance package include extended unemployment benefits for all workers, especially the part-time workers and recent hires who would have to be part of the unemployment compensation package, a tax credit for employers and insurers to cover 75 percent of COBRA health care

costs for laid off workers, an option for States to extend Medicaid coverage for those ineligible for COBRA, and a bipartisan National Governors Association proposal for State fiscal relief.

I assume when we talk about health care, that would be part of the health care proposal we would have on the table. The tax rebates that are listed would certainly be a part of it, tax incentives for business to create and invest in new jobs; we are willing to accept a 30-percent depreciation bonus.

These are clarifications, of course, of the proposals that the House Republicans say they would be prepared to put into an economic stimulus package.

There you have it.

Clarify what we are talking about with regard to unemployment compensation and medical benefits; let us make sure that part-time workers and recent hires are included; clarify health coverage so we are sure we are talking about the same thing here; and deal with the rebate checks; tax incentives for business for up to 30 percent of depreciation bonuses. All of that could be part of a plan that we could agree to today. All we have to do is substitute a Republican payroll tax holiday for the Republican accelerated rate cut idea and we have a deal. I hope my colleagues share the same enthusiasm.

I have one more caveat. Of course, this is an issue that I have already vetted with Senator BAUCUS and Senator ROCKEFELLER, our negotiators. I vetted it with our leadership this morning.

I am very confident that two-thirds of our caucus, at least—if not the whole caucus—will support something such as this. But I would want to present it to my caucus—and we will have a caucus meeting this afternoon at 12:30, as we do on Tuesdays. I would recommend it, as I know my negotiators would as well.

So, Senator BAUCUS, Senator ROCKEFELLER, our leadership, examined this and share our view that we have the makings here of an agreement. I hope we will not waste any time. I hope we can move forward with a proposal of this kind.

We could complete this stimulus package this week. It is my hope that we can do so, putting aside all of the procedural hurdles and all of the many differences and many of the accusations that have been made over the last several weeks.

Mr. DORGAN. I wonder if the majority leader will yield to me.

Mr. DASCHLE. I am happy to yield to the Senator from North Dakota, and then of course I will yield to the Senator from Indiana.

Mr. DORGAN. First of all, I compliment the majority leader for this proposal. I think there is a real urgency for us to do something to provide some lift or some stimulus to this country's economy. We are both at war and in a recession. I think we owe it to the American people to take a no-re-

grets policy here, to take steps in the right direction to try to deal with this weakened economy.

If I might just say, virtually every economist in this country believes that what you should do to provide a stimulant to this economy is to propose policies that are both temporary and immediate. And that which the majority leader has objected to, with respect to the acceleration of the rate cuts for the top two rates in the income tax code, does not give temporary and immediate help. They in fact cause longer term fiscal policy problems.

But I ask the majority leader, isn't it the case that all of the proposals you have reacted to, with respect to the announcement by the House and also the proposal offered by Senator DOMENICI, meet the test of being both temporary and immediate? Isn't it the case that that would represent the character of all of those elements of the plan you have just described that you would accept?

Mr. DASCHLE. The Senator is absolutely right. That is, of course, one of the really appealing features of this plan. We said at the beginning we would want this to be immediate, we would want it to be stimulative, and we would want it to be cost conscious. This meets all of those criteria. This is immediate, it is stimulative, and the Domenici proposal is less in cost than the accelerated rate cuts.

So we are in a very strong position to meet the criteria, to find the common ground that both sides have said they are looking for. That is why I wanted to come to the floor. I read about this proposal this morning with great enthusiasm because I do believe it represents movement here. I hope with that one change, and with the clarifications I have suggested are important to our caucus, we can reach an agreement.

I appreciate the Senator's views on this as well.

Mr. DORGAN. If the Senator would yield for one additional comment.

I hope, very much, this is a breakthrough. The majority leader has said we will accept, he will accept, our caucus will largely accept the proposals on the Republican side coming from the House, take one of the significant proposals from the Republican side in the Senate, package those together with a couple of small modifications, and try to embrace them as we deal with this country's economy. I hope this is a huge breakthrough.

If I might just say to the majority leader, I know there has been criticism in recent days about roadblocks here or there. It is sometimes very difficult to see who is manning the barricades in the Congress. But I must say, from personal knowledge, it has not been the majority leader who has ever wanted to block the stimulus package.

It is the case, is it not, I ask the majority leader, that you are the one who brought a stimulus package to the floor of the Senate for debate before it

was so rudely interrupted by a point of order? Is that not the case?

Mr. DASCHLE. The Senator is correct. And I, again, like the Senator from North Dakota, do not want to go back to the old wars and battles if we are going to try to create a new environment here. But the Senator is right. We have made a lot of efforts on the floor, off the floor, in the effort to try to get a meeting. Procedurally, we had a number of obstacles that had to be overcome. We have done that. I have done everything I know how to do to bring this effort forward. And now, perhaps, with some movement on the other side, we are in a position to take full advantage of what could be some really new common ground.

Before I yield to the Senator from California, I will yield to the Senator from Indiana.

Mr. LUGAR. I thank the majority leader. I appreciate his comments on the stimulus package. I want to go back, however, to the action taken just before that. As I understood, the leader offered an amendment that was identified by number. I just want to trace the parliamentary situation.

Was this amendment offered to the bill S. 1731? Does it stand as an amendment to that bill? The reason I ask—and let me clarify further—is that some thought was expressed, I believe, here on the floor, that this would be original text supplanting S. 1731. And, respectfully, my view would be—although the Parliamentarian might confirm this—that if the majority leader were to supplant all of this and make his amendment original text, you would need to ask unanimous consent to do that as opposed to the offering of simply an amendment in the straightforward way he did so.

The PRESIDING OFFICER. The amendment has been offered as a substitute. No further agreements are in place with respect to the amendment.

Mr. LUGAR. It was offered as a substitute but does not supplant the original text of the original bill?

The PRESIDING OFFICER. That is correct.

Mr. LUGAR. I thank the Chair and the leader for that clarification.

Mr. DASCHLE. I thank the Senator from Indiana for his question.

Mrs. BOXER. Will the majority leader yield for a question?

Mr. DASCHLE. Yes.

Mrs. BOXER. Mr. President, I say to Senator DASCHLE, I thank you for coming to the floor today and making a proposal that I do see as a breakthrough to, let's just say, some of the antagonism that has been on this floor and all over the news media.

I want to say to my friend, and then just very quickly ask him a question, that I believe personally a test of leadership is, when you are in a fire, how you behave. I think a leader who behaves in a positive way, such as you have this morning, after what I consider to be an onslaught of harsh words, says a lot about you as a human

being and as a leader leading this country.

You are, in fact, the highest elected Democratic leader in the country today. This has made you a target. All I can say is, the way you stand up to this is coming to the floor and saying: Let's work together.

I see a little light at the end of the tunnel from the Republicans on the other side. They have dropped their alternative minimum tax retroactive rebate to the largest corporations. I know that pleases my friend because here is a time of recession, and the House bill gave \$1.4 billion to a company, IBM, for example—that is just one example—that has earned \$5, \$6 billion. They have huge cash reserves. They are not going to spend that money to stimulate the economy. But people in the middle class are going to spend money.

Then my friend sees that Senator DOMENICI has made a proposal that is, in fact, progressive that will help get this economy going. And he does not seem to care that it is coming from a Republican. He is grabbing on to that.

So I first thank the majority leader. I just want to end with a question about your main difference with the new Republican proposal, and that is the acceleration of the rates. I would like to ask my leader why he believes this isn't good for the economy at this time to accelerate the rates of about 20 percent of the people, leaving 80 percent without any acceleration. If he could make that argument.

Mr. DASCHLE. I will answer the Senator from California after acknowledging her kind words. And I appreciate very much—as she always provides—the gracious support she has provided me.

Let me just say that our concern for the accelerated rate cut reduction at this point is based on three concerns.

First, it is not in keeping with the principles we laid out. We said it ought to be stimulative. We said it ought to be temporary. It is neither of these. So for those reasons, we are opposed to the accelerated rate reduction.

Second, we said it ought to be cost conscious. Of course, this is a very expensive proposal, at least \$52 billion, and as much as about \$125 billion depending on what kind of acceleration we are talking about. So there is a very significant cost associated with it. When we recognize that this money is coming from borrowed funds, the Social Security trust fund, that will be troubling.

Third, of course, is who benefits. What we want to do is put it into the hands of those who will benefit and who is most likely to spend the money so that there is something of consumptive value and whatever it is we are doing in an economic stimulus will be most appreciated.

This does not have much consumptive value. This does not have much value in terms of both economic as well as fairness factors and considerations.

From that perspective as well, we have a lot of concerns.

I have to leave the floor at this time, but I do appreciate the comments and the question of the Senator from California. I hope this will open up a new opportunity for us to work together to find some resolution, sometime hopefully in the next day.

I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Let me speak a little bit about what has just occurred. We have had the Democratic leader, the majority leader of the Senate, offer a breakthrough on an economic stimulus plan by saying to our friends in the Republican Party: Save one item, we will be with you. We can craft a plan that will work, and substituting for that one item a payroll tax holiday for 1 month that was suggested by the ranking member on the Budget Committee, Senator DOMENICI.

All we need now to get it done is for the President to weigh in. He is very popular in his efforts in the tough period we are going through. I have supported him essentially down the line on his war on terrorism. But when it comes to here at home, we need the same kind of focus, the same kind of commitment, the same kind of attention, the same kind of steely resolve that he has shown in carrying out this war on terror. We need that same thing here at home.

After a weekend of being vilified by the Republican side all over the press, including the Vice President of the United States, who you would think would have better things to do than to attack the Democratic leader, he has come to this floor, turned the other cheek, as he always does, and said: I am ready to work. I see a light at the end of this tunnel.

I am very excited about this prospect. As a former stockbroker many, many years ago, I spent a lot of time looking at the economy. This economy is very confusing in the sense it is sending confusing signals. Will this be a long-term recession? Will we come out of it? How does the war on terror play in one way or the other?

These are difficult times, but we do know we need a response, a response that will give an immediate impetus to consumer spending in this country, a kind of response that will not have a long-term negative impact on our budget.

Senator DASCHLE's patience, his leadership, his willingness to take a punch or two and still come back and be positive, these are all qualities we need in leaders. I am very happy. I know we have a lot of work to do on the farm bill. I will not go on much longer, except to say this is certainly the start of a new day for the economic stimulus package. I hope the President will weigh in. I hope Senator DASCHLE and the President will talk today, very soon, and that the President will bring his energy and focus to this issue. I believe it could be resolved in 24 hours.

I yield the floor.

The PRESIDING OFFICER. Who seeks time?

Mrs. BOXER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. REID. Mr. President, I was hopeful there would be some talk on the farm bill. I am sure that will take place, with amendments being offered. I am confident that will take place.

I am gratified the leader came to the floor and put an end to this constant talk about his not wanting a stimulus package. He has wanted a stimulus package. And if the Chair would recall, the only reason there is a stimulus package still before the Senate is, we did not raise a point of order on the one that would have been granted on the House bill. That is still here in the Senate. If the leader had wanted to get rid of the stimulus, he could have raised a point of order, or any one of us could have, and that would be gone.

We had offered a number of unanimous consent requests when we were on the railroad retirement bill that if we could get off that during the postclosure proceedings, we would go back to the stimulus. They refused to do that. The minority would not allow us.

What the leader has said today is, he accepts what the Republicans have offered. Of course, it is in the press, not from an authenticated source. He has said, we accept what they offer with the one exception: rather than have the accelerated tax cuts, what we would do is accept what Senator DOMENICI has talked about for several weeks, agreed to by Senator LOTT and a number of Democrats; namely, that there would be a 1-month's moratorium on withholding taxes, which is what most people pay. Most people in America do not pay more in income taxes than they do withholding taxes. Withholding taxes is the burden on the American people. What Senator DOMENICI has said should happen is there would be a 1-month moratorium on paying withholding taxes, not only by the employee but the employer. This money would go immediately back into the economy.

It is a good idea. We accept that.

It seems to me we have a deal. We could have that deal by 3 this afternoon. It is very simple. It would be stimulative. It would meet all the requirements that everyone has talked about, including the President.

I hope then we can get past this name calling. As has been indicated a number of times today, it really is name calling—obstructionist. It is all directed toward the Democratic leader, Senator DASCHLE.

I don't think it is just by chance that this happened, that we have all the

congressional leaders, we have the Vice President, and we have everyone directing the attention to Senator DASCHLE. I think it is probably as a result of the fact that the White House has done some polling, which indicates that all over America Senator DASCHLE is someone people trust. I go home to Nevada and people don't know Senator DASCHLE because he is from South Dakota, but they like Senator DASCHLE. On television and in his appearances on C-SPAN, to America he is somebody who comes across as trying to work things out. He is not shrill. He is reasonable. He comes across on television that way because that is how he is. He is the most patient person with whom I have ever worked. He is someone who never raises his voice. He has time for everybody. I have seen him—when I want to go home late at night, sometimes there are Members of the Senate who still want to see him. He is patient and he says: Come on over; I am happy to talk to you.

So what the American people see is what we see every day. I think the reason there has been this directed—I repeat—and concerted effort to get DASCHLE is because they realize he is an effective spokesperson for the Democratic Party. I think it would be a real stretch to say that he comes from some wild-eyed liberal State—the State of South Dakota. Some people are trying to correlate Senator DASCHLE with Saddam Hussein. That is what those ads, as we speak, are doing that are running in South Dakota.

I am tremendously disappointed in the Vice President. I served in the House of Representatives with him. I like DICK CHENEY. But on national television when he was asked if he supported those television ads, he did not respond that he did not support them. He gave every impression those ads were OK—that DASCHLE and Saddam Hussein should be pictured together. That is not good.

Mrs. BOXER. Will the Senator yield for a question?

Mr. REID. I am happy to yield for a question.

Mrs. BOXER. I say to the assistant leader that his comments are right on target. I find it so strange that at this time they are attacking the Democratic leader, who is not only the leader of the Democrats in the Senate but of everyone. He is, in fact, the majority leader. He leads the Senate. So at a time when we have tried to come together, we have been supportive of this administration in the war against terrorism. And it seems that if you disagree with one another on anything, you are a target for attack. The irony of that is, what we are truly fighting for in this war against terror is our right to have our democracy, our freedom, our differences, whether it is political differences, religious differences, diversity, or to fight for the rights of women. After all, we know that in Afghanistan, or in the Taliban, I would never be allowed to show my

face—not that it would be so terrible for everybody, but it would not be very nice for me. I have tried on a burqa and it is a frightening thing.

When a Democrat in the Senate or in the House, steps out and says we think the President is doing a terrific job, but we have an opinion that it isn't smart to give retroactive tax cuts to the wealthiest corporations in America because, A, it won't stimulate the economy, B, it is unfair, and, C, it is going to hurt Social Security, somehow we are related to Saddam Hussein. Or if we don't want to drill in the Alaska wildlife refuge because we think it is pristine and a gift from God, we are criticized as playing into the hands of the terrorists. This is not right.

I think our leader has shown the grace today that leaders should show more of, which is to come to this Chamber without rancor and say—not even address all of that and just say: I see a little light here; let's get to work.

But does my friend not see the irony here of our being engaged in a war against people who don't want diversity of thought; yet when we step out here, we are criticized if we don't go down the line 100 percent?

Mr. REID. Well, the Democratic Party and Democratic Senators are about as diverse as a group of people could be. We have people who represent different constituencies and different States, of course, but we are a group of Senators with wide-ranging views. Senator DASCHLE works with each one of us. As I look around in this Chamber, there is a Senator from North Dakota, and Senators from New York, California, Nevada, and Georgia. We all have different views and experiences in life. We try to be together as much as we can.

Senator DASCHLE recognizes that we can't be together all the time, but he does a good job of holding us together, being our leader. I think it speaks volumes for what he has done when he comes to the floor today, and he has an article from the Wall Street Journal that lists in detail what the minority wants in a stimulus package. He says: I accept. The only thing I don't want is the retroactive tax cuts. We will take another Republican proposal and insert that instead—one supported by the former chairman of the Budget Committee and the former majority leader, Senator DOMENICI and Senator LOTT. I think it is a pretty good deal. I think it speaks that we want to get a stimulus package. It is here.

As I said earlier today, we can have it by 3 o'clock this afternoon. However long it takes the staff to write it up, we can do it and walk away from it.

Mr. SCHUMER. Will the Senator from Nevada yield for a question?

Mr. REID. I am happy to yield, with the prefatory statement: The Senators from the State of New York, more than any other Senators in the past 6 months, can talk about how the majority leader has led this Nation in a bipartisan effort to help the State most

afflicted by the terrorist acts. So I am happy to yield to my friend.

Mr. SCHUMER. I thank my friend from Nevada. In terms of what I would like to ask him, he is certainly right. New York, without the majority leader, would be virtually nowhere. He has stood firm for us and he has tried in every way to help New York, whether it be on the DOD authorization bill, in terms of the financing we need, along with the Finance Committee, Chairman BAUCUS, and the majority whip. He has helped us look for tax cuts that keep businesses in New York. In fact, it has been this Senate, under his leadership, that has sort of had its finger in the dike. Have we gotten everything we wanted? No. Have we done very well because of TOM DASCHLE? You bet.

I would like to ask a question, and the Senator mentioned it as I rose. If this man were so obstructionist, why would he be proposing a comprehensive package that has a large number of the proposals that the folks from the other side came up with? The Domenici proposal is a tax cut. It is a tax cut that goes to business, it is a tax cut that creates jobs, and it seems to fit a lot of the guidelines for which many colleagues on the other side are asking. The majority leader of this side takes a giant step across the aisle and says, OK, we are going to take a lot of the things you have proposed, even though we might prefer actually to get the economy going in other ways, but this is a decent way to do it, so we are going to reach out to you. I think it is a brilliant step. I think it is a step that could break the logjam because, as my colleagues well know, we have had loggerheads here. The other side of the aisle has said the way to stimulate the economy is tax cuts. What on this side we have said primarily is that it has to be aimed at average folks, not the wealthiest who got their goodies back in the tax bill.

Well, the Domenici proposal, which Senator DASCHLE has embraced, does both. It is a tax cut on perhaps the most onerous tax—necessary but onerous because it funds Social Security—the payroll tax. Talk to small business as well as average workers and yet it is aimed at average folks. At least half of it is.

So doesn't it seem befuddling that the one person who seems to have put together a compromise, who has not said do it my way and that is the bipartisan way, which we seem to hear from a few colleagues on the other side—I don't hear Senator DASCHLE saying his way is bipartisan and the other way is not. But the one person who has put together a real proposal that has a chance of breaking the logjam, that does incorporate many ideas that came from the other side of the aisle seems to be our majority leader. Quite the contrary to what some of the editorials are saying, he is not being an obstructionist. He is being the most constructive Member of the entire Chamber. I have not heard a proposal that has

more promise than the one he elucidated on the floor an hour ago.

I ask my good friend from Nevada, is this somebody who takes the proposal of the good Senator from New Mexico and makes it the linchpin, the centerpiece of what he could support, someone who could fairly be called obstructionist, or someone who seems genuinely trying to get money into the hands of the people even as we go into a recession, so we can get out of that recession and so people can start spending a little more and getting the economy going? Is my thinking on this out of touch? It seems to me so logical that I almost do not want to bring it up.

Mr. REID. The Senator from New York has answered his own question. Of course, it is clear Senator DASCHLE is not being an obstructionist, but it shows the kind of person he is, the peacemaker he is. He stood here half an hour ago and said: Let's not pass blame. Let's not talk about what went on in the past. Let's just talk about what is going on today, and I accept your proposal with the one caveat: Rather than accelerating tax cuts, let's go for the Domenici and Lott proposal and take that. There are some Democrats who accept that also, which is good. It seems to be bipartisan.

I repeat, it speaks well of our leader when, in responding to a question from one of us earlier today, he said: Enough said of what went on in the past. What I want to do is move forward. I think that is what this does.

As the Senator from New York has said, it breaks a logjam, and I hope our friends on the other side of the aisle will also not look backward. I think they should follow the advice, the suggestion of our friend from South Dakota, the majority leader, and say: Let's look forward; I accept your deal.

Mr. SCHUMER. I thank the Senator. The PRESIDING OFFICER. Who seeks time?

Mr. LUGAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. REID. Mr. President, after what I just said, this is in no way to direct blame toward anyone, but we are going to go into party conferences at 12:30 p.m. Because there was not anything going on, we talked a lot today on this side. I hope, though, we will move to the amendment process as soon as we can. At 11 o'clock, we were ready for amendments. We acknowledge we should have been ready to go a little earlier than that, but we were not. We did not hold things up that much because there were votes scheduled all morning and we were able to get that. We had only one recorded vote.

In short, I hope people will not say they have not had enough time to work on this bill. I hope colleagues will offer their amendments, if there are amendments to be offered. We want to finish this bill today. We want to get this bill to conference. It is an extremely important bill.

There are some who do not like the bill the way it is written. That is the way any legislation is. I am not as experienced in the Senate as my friend from Indiana, but I have been in Congress quite awhile. I have never had legislation that I introduced turn out the way I introduced it. I am sure that is what will happen with this legislation.

I hope we can move forward, get this legislation done, have a good debate, and go home for Christmas. We are beating around the bush here, I say to everyone within the sound of my voice. Christmas Eve is 2 weeks from yesterday. We are fast approaching Christmas. Two weeks from today is Christmas. We have to finish our work. People want to go home to get ready for Christmas. I do not know the experience of others, but it is a little hard to go Christmas shopping when you are here until after midnight on Friday night, when we have other things to do, and with travel that is necessary. I live almost 3,000 miles from here. I want to go home for Christmas.

I hope we can move forward with these amendments as quickly as possible and move on this legislation. I hope people do not complain that they have not had time to offer amendments. We have time now. After the conference, we will go to 6 o'clock tonight, 12 o'clock tonight. We want to finish this bill.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I share the eagerness of the distinguished leader in wanting to complete the bill. For the moment, I am awaiting the presence of the distinguished Senator from Idaho, Mr. CRAPO, who has one amendment on dairy. I anticipate his arrival imminently.

After he offers that amendment and in the event it is still in order, I will offer an amendment that will amend the commodity nutrition sections of the bill. To advance the process, I will discuss that amendment pending the arrival of the distinguished Senator from Idaho. If he does not arrive, I will offer the amendment and let it be the pending amendment.

As many of us have pointed out, current farm programs, including the program we adopted in 1996 and supplemental farm assistance programs we have adopted at least the last 3 years during the summertime, have encouraged overproduction of a small number of selected program crops; namely, wheat, corn, cotton, rice, and soybeans.

The effect of our farm bills, intended or unintended, has been to encourage those who are in the five row crops I have enumerated to plant more. This

should not have come as a total surprise because we have set incentives in our bill which make it profitable to do that.

As I pointed out from my own experience in Indiana, if you send a bushel of corn to the elevator, you are guaranteed to get \$1.89 because the last farm bill has a loan deficiency payment program that guarantees that. That has no relationship necessarily to the cost of production of an additional unit. So many farmers in Indiana, myself included, produce knowing that our cost for the marginal bushel is going to be less than what was meant to be the floor. The \$1.89 was not to be touched.

Of course, as more and more of us produce more and more corn, the surpluses grow, the price predictably falls, and given the size of the surplus, it stays low. Then people come to the Senate Chamber and point out, correctly, that prices are very low and, as a result, we ought to do something about that. And farm bills are passed to do something about that.

The dilemma with the pending bill that came out of the Agriculture Committee is that, in my judgment, the incentives to produce even more have been increased substantially. Therefore, it is a large step in the wrong direction.

If we adopt the bill out of the Agriculture Committee, we will, in fact, have low prices. They are almost guaranteed.

Senators will say: But whether the low prices happen or not, that is the market. What we are talking about in this bill are payments for a bushel that have no relationship to the market because we are going to guarantee a payment that is well above the market, almost in perpetuity, whether it is a 5-year bill or a 10-year bill. That will provide new income to farmers, quite apart from what supply and demand either in this country or the world might suggest. I think that is the wrong course.

As a result, I simply want to point out that caught in this cycle of low commodity prices that reinforce themselves, I tried to think through a different way of approaching this; namely, one that in effect accepts that we have markets that work and people ought to produce for the market price. In the event the market price is not adequate, they ought to produce something else. They ought to have a mix in terms of their farm situations, as most farmers do, or become much more efficient so the costs become lower than the market price and they make a profit doing that.

I do not make that shift abruptly. There are a couple of years of phase-out. But the heart of the matter, in light of the amendment I am going to introduce, says instead of just the five row crops that are the focus of farm legislation and that lead to six States receiving close to 50 percent of all the payments, every person who is involved in farming, whether that person produces livestock or row crops or fruits

and vegetables—whatever is produced on that farm, every dollar of that farm income counts. It is a level lie. We don't pick and chose, as historically we did from the New Deal days onward, for crops that became the so-called program crops, the focus of farm programs.

In the event we were to adopt my amendment, all States are equal. All farmers are equal. It doesn't make a difference what they produce and they have the freedom to produce whatever will make a profit. They look to the market for whatever that may be.

After they find that market, under my proposal, they add up—and their tax return will show—all the money that has come from all agricultural sources on their farm. They receive, up to a certain limit, a 6-percent credit or voucher from the Federal Government of the total value of what they produced. If their total production is \$100,000 on the farm—say \$40,000 from corn, \$40,000 from soybeans, \$20,000 from hogs—\$100,000 of revenue, then they get a voucher for \$6,000 with which to purchase a crop insurance—or really a whole farm insurance, more accurately, because now we are doing not only crops but livestock or anything else—whole farm insurance that guarantees that they will receive 80 percent of the average 5-year value that they produce.

In essence, it is a safety net. It doesn't guarantee 100 percent of their average year by year, but says in no case can they dip below 80 percent regardless of weather disaster or export/import disasters or all the things that can befall agriculture in America. In other words, we leave behind target prices, loan rates, prices that have no relationship to the market. People produce for markets. They get credit for everything they produce, unlike the current system. And they have sufficient money to buy insurance that makes them whole—at least 80 percent, a 20-percent reduction being the worst that can happen in any farm year with that kind of coverage.

I think this makes sense as a long-term farm policy for our country. It ends the cycle of overproduction, of stimulation from our farm bills. One could say this has not been all bad. In fact, if you own land then, in fact, it has been very good. Some agricultural economists do not prophesy a bubble in farmland, but many point out that the values of real estate, agricultural real estate, have leapt far beyond the income potential—largely stimulated, again, by Government payments and the certainty of these payments.

Unfortunately, 42 percent of farmers who are involved in this program rent land. They are out of luck because, essentially, our programs build value into the value of the land—into the heightening of the rent.

Mr. President, I am advised, happily, that the distinguished Senator from Idaho, Mr. CRAPO, is available. As I indicated as I began this discussion of my

potential amendment, I am very pleased that he has an actual amendment and discuss for the benefit of all of us at this time. So, therefore, I am prepared to yield to the distinguished Senator from Idaho for the purpose of his offering an amendment and his discussion of that important amendment.

Mr. CRAPO. Mr. President, I have an amendment at the desk. I will call it up for its consideration.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRAPO. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

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

Mr. CRAPO. Mr. President, I understand there now is a copy of the amendment at the desk.

The PRESIDING OFFICER. That is correct.

AMENDMENT NO. 2472

Mr. CRAPO. I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. CRAPO], for himself, Mr. BINGAMAN, Mr. DOMENICI, Mr. BROWNBACK, Mr. CRAIG, and Mr. VOINOVICH, proposes an amendment numbered 2472.

Mr. CRAPO. I ask unanimous consent the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To replace the provision relating to the national dairy program with the provision from the bill passed by the House of Representatives)

Strike section 132 and insert the following:

SEC. 132. STUDY OF NATIONAL DAIRY POLICY.

(a) STUDY REQUIRED.—Not later than April 30, 2002, the Secretary of Agriculture shall submit to Congress a comprehensive economic evaluation of the potential direct and indirect effects of the various elements of the national dairy policy, including an examination of the effect of the national dairy policy on—

(1) farm price stability, farm profitability and viability, and local rural economies in the United States;

(2) child, senior, and low-income nutrition programs, including impacts on schools and institutions participating in the programs, on program recipients, and other factors; and

(3) the wholesale and retail cost of fluid milk, dairy farms, and milk utilization.

(b) NATIONAL DAIRY POLICY DEFINED.—In this section, the term “national dairy policy” means the dairy policy of the United States as evidenced by the following policies and programs:

- (1) Federal Milk Marketing Orders.
- (2) Interstate dairy compacts (including proposed compacts described in H.R. 1827 and S. 1157, as introduced in the 107th Congress).
- (3) Over-order premiums and State pricing programs.
- (4) Direct payments to milk producers.
- (5) Federal milk price support program.

(6) Export programs regarding milk and dairy products, such as the Dairy Export Incentive Program.

Mr. CRAPO. Mr. President, this amendment will strike section 132 from the farm bill and replace it with a study of the impact of our Federal dairy policy on producers and consumers. I am proud to be joined by Senators BINGAMAN, DOMENICI, BROWNBACK, CRAIG, and VOINOVICH. There will probably be others before we are finished with the debate.

There has been a lot of national attention provided to the issue of national dairy policy. As the provisions in the farm bill in the Senate dealing with dairy were first proposed, there was a very strong outcry across the country, which I supported. It is my understanding the proposals have been modified somewhat. What we first started out with was a proposal that would have increased the costs to our consumers, increased the costs—reduced the price to our farmers or our producers and created a national subsidy program for milk in the middle.

This would have resulted in our school lunch program, for example, paying millions more dollars nationwide, our Food Stamp Program paying millions of more dollars nationwide, and a reduction of the consumption of milk because of the increased price of milk that this new national dairy program would have required.

It has been modified somewhat but still achieves the same types of negative results in the managers' amendment that has been proposed as a substitute for the bill that is now on the floor. It is an ill-conceived attempt to create a national dairy program that is unfair, is unwanted, and untested.

This proposal is opposed by milk producer organizations that represent over 90 percent of the milk produced in this country. It is opposed by groups with an interest in our milk policy. And, it is opposed by taxpayer organizations.

The proposal we have before us today is the third iteration we have seen since it was first sprung upon us before the committee mark-up. While this version is a vast improvement over the milk tax created in S. 1628 and in the filed bill, it is still bad dairy policy and still harmful to the majority of dairy producers.

This proposal takes a relatively healthy domestic industry and forces \$2 billion in government spending that will reduce overall farm income. That's right. This will reduce income.

The proposal creates artificial incentive to increase production. The law of supply and demand dictates the surplus milk will reduce the price paid to dairy farmers. For example: payments to milk producers could amount to more than \$500 million per year, or the equivalent of a U.S. average price incentive of nearly 3 percent. Such a production incentive could lead to an increase in milk production of nearly 1 billion pounds of milk and a market price decline of 20 cents per hundred-weight.

If you have a dairy farm larger than the cap, which is most of the West and major producers in every State, you lose money.

The price of milk goes down, and that subsidy, which this proposal in the farm bill now intends to make up the difference to farmers, only goes so far. So those who do not benefit from the new subsidy are going to lose income.

The special treatment in this bill for the Northeast is also going to have an additional effect on milk across the country. This proposal contains specific and special provisions for the Northeastern States.

The 12 Northeastern States identified in this proposal, which account for 18 percent of milk production, will receive 25 percent of the proposed benefits. So, the percentage increase in production in the 12 states is likely to be greater than the rest of the Nation. The market prices in the rest of the Nation would reflect a disproportionate reduction due to the higher payments paid to northeast producers.

In effect, a taxpayer subsidy to the Northeast is going to result in an increase in the production of milk to the detriment of dairy farmers around the rest of the country.

What's more, this \$2 billion government outlay is just for the payments. It does not take into account the cost to the government when it has to purchase surplus milk products. Nonfat dry milk is currently being bought under the price support program, which helps to support class IV milk prices—butter and nonfat dry milk. USDA purchased over 20 million pounds of nonfat dry milk last week, bringing USDA uncommitted inventories to 655 million pounds, nearly a year's worth of U.S. production and far more than USDA can distribute over the next several years. The increased supply and decreased prices will lead to more government purchases and more cost to the taxpayer.

I also ask my colleagues what they expect to happen when the \$2 billion is expended. We will have pushed market prices down and producers will actually need these payments in the future. We will have made our producers dependent on Federal payments, leading to more payments in the future.

We will have created a dependency, making our producers dependent on Federal payments, leading to more payments in the future and increased debates in these Halls of Congress about whether we can continue a subsidy program which we didn't need to establish in the first place.

What is the goal of this proposal? Supposedly it is to prevent the demise of small dairy farms.

Is there anyone who thinks producers will not make investments to produce the maximum amount they can get subsidized to produce? What will this do to the small dairy producers who can't afford to make those investments?

The subsidy programs in this bill—which I understand is to encourage production of up to 400 cows per farm—will end up in a Federal subsidy program stimulating the overproduction of milk in those areas and stimulating the increased size of dairy farms.

I urge my colleagues to vote with me to strike this provision. This is bad policy for the farms, it will be bad for the dairy industry, and it is bad policy for the country. Congress should favor policies that encourage growth and innovation in the industry, and not endorse plans that replace market paychecks with government subsidies. The study called for in my amendment will help us determine what those good policies should be.

As I indicated, by striking section 182 of the farm bill, we are proposing to replace it with a study. There has been a tremendous amount of debate over the past few years—in fact, over a number of the past years—about what the proper milk policy in this country should be and what the impact on producers, processors, and those who consume the milk will be from different farm policies.

Although I am confident that the proposal to create a new Federal subsidy program and then impose floor prices in some parts of the country is not the right kind of farm policy, I also believe a study by Congress is necessary to help us get the actual data before us to make these critical decisions.

Let me explain for just a moment who in this country opposes this program. Again, as I indicated previously, dairy producers across this country representing over 90 percent of the dairy production oppose this new dairy proposal. Let me go through a little more specifically who opposes this proposal.

It is opposed by the National Milk Producers Federation, American Farm Bureau Federation, National Council of Farmer Cooperatives, Alliance of Western Milk Producers, Southeast Dairy Farmers Association, Western United Dairymen, Milk Producers Council of California, and the Dairy Producers of New Mexico, Idaho, Oregon, Texas, Utah, Washington, and Montana. It is opposed by the retailer processors and consumer food groups, including the American Frozen Food Institute, Americans for Tax Reform, Chocolate Manufacturers Association, Council for Citizens Against Governmental Waste, Food Marketing Institute, Grocery Manufacturers of America, Independent Bakers Association, International Dairy Foods Association, National Confectioners Association, National Council of Chain Restaurants, National Food Processors Association, National Grocers Association, National Restaurant Association, and the National Taxpayers Union.

I went through that list to show the broad array of different kinds of groups that oppose this new proposal for a national dairy policy.

If you listened carefully, you will notice that there are groups in there whose dedicated purpose is to protect the American taxpayers, such as the National Taxpayers Union or Citizens Against Governmental Waste. There are groups in there that utilize milk and the milk processing industry, such as the chocolate manufacturers or grocery stores or retailers and restaurant associations. There are groups in there that produce the milk and many milk organizations that were identified. Whether one is on the production side or whether one is on the consumer side or the marketing side, it is recognized very broadly across this Nation that this new proposal to create a Federal subsidy program for dairy is not a wise direction for our dairy policy.

For these reasons, I encourage my colleagues to vote yes on this amendment to strike this provision from the farm bill.

The PRESIDING OFFICER (Mr. NELSON of Nebraska). The Senator from Indiana.

Mr. LUGAR. Mr. President, I rise in support of the amendment of the distinguished Senator. I believe he has concisely pointed out the dilemma of subsidies in the dairy areas where a great deal of the problem has been created in the past.

The committee has wrestled over the course of time with dairy policy and has found vast regional and sectional differences, most recently exacerbated by the New England Dairy Compact and the debate that has surrounded that particular situation.

As a matter of fact, the Chair will recall when we last had an agriculture debate where there were a number of Members vitally interested in the dairy issue, although that was not ultimately a part of the supplement payments virtually made by that legislation last August.

But a great number of Members pointed out inequities they believed were created by Federal policy and created by the New England Dairy Compact. Even though the last farm bill indicated it should come to an end after a couple of years, it did not come to an end because of negotiations that surrounded appropriations bills at the end of the session.

Advocates for the New England Dairy Compact managed each year to do so by bumping it ahead another year beyond the termination of the farm bill that called for it.

The last farm bill also called for very substantial changes in dairy subsidies. Those likewise have been bumped ahead by other negotiations that do not deal directly with farm legislation most frequently but were tradeoffs by Senators whose votes were required at the end of the session on appropriations bills.

The compounding of these problems over the years leads us to this point and the need for some rationalization, some study of how there might be some degree of equity for dairy producers

throughout the country, regardless of where they live and their income, both with regard to production and pricing as opposed to artificial constraints or boosts that the Federal Government gives.

Certainly, it is a way of bringing things back to where we thought we were in passing the 1996 act given the same troubles the Senator from Idaho has pointed out today. They were exacerbated then.

In addition to this, I presume, in an attempt not to hit the New England Dairy Compact issue head on, the Agriculture Committee, by passing a very generous dairy bill, indicated to many Senators that the additional subsidies and payments to dairymen would be fairly universal around the country.

At least one of the first attempts to do this in the farm bill—and the distinguished Presiding Officer listened to the debate, as well as the distinguished Democratic manager present, the Senator from Georgia—was to up the ante very substantially; one thought being that those who utilized dairy products might put money into a trust fund for the benefit of producers but at the expense of consumers.

It was estimated that this particular scheme might result in a payment of 26 cents per gallon more by all the consumers of milk regardless of income level, regardless of the WIC program, or the school lunch program.

Understandably, as word of this particular redistribution of the wealth got out, cries of outrage occurred. As a matter of fact, the dairy sections were not very compatible. Having warred with each other for all of these years, the thought that somehow the New England compact would be universalized with equity, even if paid for by others—namely, the consumers, ultimately, and 26 cents a gallon—did not set well. So as a result, it was apparent that the farm bill was being rewritten by committee staff.

Most Senators were never the wiser as to what changes the staff made in that particular area, but they were substantial, in part because the initial scoring by the Congressional Budget Office, and others, of the overall product of our Agriculture Committee sent it well beyond the limits that were still very generous in the budget situation. So it would have been subject to a point of order, and a lot of amending and rewriting went on.

That, of course, was not the end of it. I have no idea how many times the dairy section has been subsequently rewritten. I am advised that even this morning before we started this debate, once again, the dairy section was being rewritten. The reason for the delay of our debate this morning was, in fact, legislative counsel was working with the distinguished Democratic staff members on still another dairy amendment to the farm bill to supplant whatever was there, which bore no relationship to what we finally debated in committee.

I think the Senator's amendment is very constructive because neither he nor I have the slightest idea what is now in the farm bill that is before us, and particularly with regard to the dairy situation. We have scrambled, I admit to you, Mr. President, in terms of the amendment that I was about to offer and will offer subsequently to this dairy amendment, to find where, in relationship to the new bill that Senator DASCHLE has offered this morning, our amendment fits.

That is going to be a problem for everybody thinking about amendments today. I think we have rearranged the papers, but there are substantial numbers of new pages. I would estimate, just quickly, there are over 100 pages of new language, some of it pertaining to dairy—a lot of it, as a matter of fact, because that has been the major area of contention and scoring.

Fortunately, the Senator from Idaho, noting this situation, simply says, we just strike the dairy section, whatever its writing or reiteration. Whether it is the fourth or fifth or sixth try at this, we strike it, and we have a study of the situation, which is going to be much more healthy for every American consumer.

Any consumer of milk, listening to this debate, will be relieved that the cost of milk is not going to go up 26 cents a gallon or 5 cents or 10 cents a gallon or what have you. As a matter of fact, there will be a pretty economical milk situation without extraordinary subsidies piled on and redistributed in this way.

The Senator from Idaho has done a favor for every American consumer of milk, a humanitarian service for those who are poor, those who are being assisted in the Women, Infants and Children Program and the school lunch program. He certainly has assisted all of us as Senators to come out of the trenches of this sectional warfare over dairy, which has pitted Senators not only on the Agriculture Committee but on the floor in pitched battles for some time.

I can remember vividly 2 years ago this December when it was very difficult to close down the session of the Congress because the distinguished Senator from Wisconsin, Mr. KOHL, felt that somehow, despite his very best efforts, behind the scenes, somebody, trying to wind up the appropriations process, was, once again, renewing the New England Dairy Compact, which was supposed to be over at that point. The Senator's suspicions were correct. Amazingly, as we left town, the dairy compact was still alive. And Senator KOHL vowed that he would stop this sort of thing. He has tried valiantly to do so on behalf of Wisconsin dairymen and people from the Midwest but without visible success.

I would say to the distinguished Senator from Wisconsin, Mr. KOHL, if he had read the first dairy section coming out of the Agriculture Committee, he would have been even further outraged

by the process. He may have read that and may have contributed, for all I know, to other iterations subsequently. But my hope is we will adopt the amendment offered by the distinguished Senator from Idaho. It is a clean-cut way of getting us back to some reality in the dairy area. Clearly, it will be useful for the Congress at this point—without the encumbrance of all of the layers of dairy programs that we have produced, plus some that we have not ever debated but have been produced somewhere else—to sort of clear the deck. The Senator's amendment does that magnificently and cleanly.

So I am hopeful that as we approach the time for final consideration of this amendment and a rollcall vote on the amendment, Senators will be found to have voted in the affirmative for it. I certainly will be. I commend the Senator for crafting this amendment.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. EDWARDS. Mr. President, I ask unanimous consent that I be allowed to speak as in morning business for up to 10 minutes.

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

WE MUST LIVE BY OUR PRINCIPLES

Mr. EDWARDS. Mr. President, today we are commemorating the anniversary of a despicable act against our country and against our people. We all pay tribute to those who died on September 11. At the same time, we salute those defending freedom today at home and halfway across the globe.

War brings out the best in America. The soldiers who stormed Omaha Beach are still our heroes. The firefighters who marched into the World Trade Center will be our grandchildren's heroes.

But the heat of battle and the crush of necessity can also bring out America's worst, especially here at home. And that is the risk I want to talk about today.

During World War II, one of our greatest Presidents authorized the internment of more than 100,000 innocent people, mostly United States citizens, simply on account of their ancestry.

Today, we are ashamed of that episode. And we are resolved that our actions should make our grandchildren proud, not ashamed.

President Bush himself has expressed that resolve. In his speech to the Congress on September 20, he said something that was very important. He said:

We are in a fight for our principles, and our first responsibility is to live by them.

That is exactly right. One of our principles is vigorous debate. I was saddened when the Attorney General of the United States last week said that unidentified critics "aid terrorists" and "give ammunition to America's enemies." Mr. Ashcroft did not offer any