

evidence that terrorists benefit when Americans speak their mind.

In our American tradition, it is the responsibility of leaders to promote the free exchange of ideas, not stifle them. That responsibility carries over from peacetime to wartime. We don't encourage different ideas because we owe it to critics. We encourage different ideas because we owe it to ourselves. Robust debate has made America stronger for more than 200 years.

It is only because of open debate that we have a legal right to speak our minds at all. The way the Constitution was initially drafted back in 1787, there was no guarantee for free speech. There was no protection for religious freedom, for privacy, for individual liberty, for so many rights all Americans now take for granted. The original Constitution contained no Bill of Rights.

Without a Bill of Rights, many veterans of the American Revolution furiously opposed the original Constitution. My State of North Carolina flatly rejected it. The first Congress approved the Bill of Rights only after those patriots spoke their minds, spoke up and demanded it. Today, we are all grateful for their speaking their minds, for their patriotism that has meant so much to many Americans who followed.

A few years later, in the late 1790s, our Nation was on the brink of war. The French Government was torturing American soldiers and seizing American ships. At that point, an enraged Congress passed a sedition act criminalizing "scandalous" writing "against the Government." Chief among the opponents of that legislation was Vice President Thomas Jefferson. As he put it, the country's critics should be allowed to "stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it."

Closer to today, President Richard Nixon moved to expand the Subversive Activities Control Board's oversight of political protests during the Vietnam war. Sam Ervin, whose seat in the Senate I now hold, supported that war. But he challenged President Nixon's proposal. What he said on the floor echoed Jefferson:

Our country has nothing to fear from the exercise of its freedoms as long as it leaves truth free to combat error.

I believe that is still true today. Like the vast majority of Americans, I strongly support America's war on terrorism overseas. Unlike some, I also support much of the administration's law enforcement effort here at home. We live in a new world after September 11. We simply must take steps that we would not have accepted 3 months ago.

I also believe that vigorously discussing each of those steps strengthens our war effort. Thanks to the courage and skill of our soldiers, we will win this war against al-Qaida. But there is a totally different question whether we will win the war for the minds and hearts of those around the world.

I believe we will do that if we hold true to our values—values such as justice, fairness, and the rule of law. Those are the values that make America the beacon of freedom for the rest of the world. And nothing reminds us of our values like open discussion.

The debate over military tribunals is a perfect example. The order of November 30 that authorized tribunals came with very little explanation. Many Americans, including many past Federal prosecutors, asked why our ordinary criminal justice system was not adequate. The administration responded with a much more detailed explanation for their action. That explanation built broad support for the use of tribunals in very narrow circumstances. In fact, I support the use of military tribunals under the right circumstances.

But even since that exchange, serious questions remained about the gap between the specific terms of the order and basic norms of fairness that Americans share and believe in deeply.

In answer to some of the questions last Thursday, Attorney General Ashcroft was able to clarify that many things apparently allowed on the face of the order will not happen. For example, secret trials, indefinite detentions, executive reversal of acquittals by the military tribunals.

Mr. Ashcroft could not rule out other disturbing possibilities. Could a lawful resident in this country be convicted and sentenced to death by a tribunal on a 2-to-1 vote? Could it happen under a burden of proof requiring only a 51-percent likelihood of guilt; that is, a lawful resident of this country being convicted and receiving the death penalty on 51 percent of the evidence? And could it happen without an independent review to see whether there was evidence that should have been admitted that was not admitted, evidence that would have shown that this particular defendant did not commit the crime?

Members of Congress and members of the general public have much more than a right to raise those questions. We have a responsibility to raise those questions.

The give and take over military tribunals hardly helps terrorists. I believe that it undercuts America's enemies, for open exchange ensures that our actions reflect our commitments. It signals that a great nation fears nothing from peaceful debate. We should welcome that debate. It is a proud, necessary tradition, both in peace and in war.

I yield the floor.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. LUGAR. 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.

#### RECESS

Mr. REID. Mr. President, there is presently in effect an order that we would go into recess for the party conferences at 12:30. I ask unanimous consent that we expedite that by 3 minutes and start the recess for our conferences now.

There being no objection, the Senate, at 12:27 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. MILLER).

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. 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. BINGAMAN. Mr. 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—Continued

Mr. BINGAMAN. Mr. President, I start by thanking Senator HARKIN for his hard work on this farm bill. I know he has a difficult task pulling people together to craft a bill. As chairman of the committee, he and his staff need to be complimented for the fine work they have done on the bill. It is important legislation for farmers in New Mexico, and I hope the Senate can move ahead to complete action on the farm bill.

The bill has several provisions important to my State. I thank the chairman for working with me on those. I also thank Senator HARKIN for the strong efforts he has made to improve the conservation programs in the bill which are particularly important to my State.

However, all that being true, I wish to express a serious concern about the dairy provisions in the bill. As I understand it, the substitute bill creates a totally new dairy program. I believe the new dairy scheme in the bill is wrong for the Nation's dairy farmers and wrong for consumers as well. That is why I support Senator CRAPO's amendment to strike this provision and to instead have a study to determine which, if any, of the proposals that are currently floating in the Senate ought to be considered in the future.

I do appreciate the effort that Senator HARKIN and Senator DASCHLE and others, as well as our staffs, have made to come up with a balanced dairy policy. The latest version I have seen is a dramatic improvement over previous versions, and I appreciate that.

My State of New Mexico is the 10th largest dairy producing State and one of the fastest growing dairy producing

States. Dairy production in my State has grown 200 percent in the past 10 years. We have large, efficient dairies which are clearly the big losers under this latest proposal. These are family-owned dairies, just as in other States. They are larger in my State because we have the land and the resources to support those larger dairies.

Because the latest version of the proposal has only been available a few hours, we do not know the full impact on milk prices and dairy farm income. However, I think it is fair to say that the legislation clearly favors certain regions and certain sizes of farms. Moreover, we do not know what the real impact will be on future production rates, prices the farmers receive for their milk, and nobody has had time to do proper analyses to consider all the complex ramifications of this dramatic change in policy.

We just received a very preliminary analysis of the new proposal. The analysis compares the subsidies to farmers in terms of Federal payments per hundred pounds of milk produced, and our analysis shows that States in the Northeast would receive on average a Federal payment of more than \$2 per hundred pounds of milk. Farmers in my State would receive 40 cents, five times less than the Federal payments to farmers in the Northeast.

Based on this analysis, my State of New Mexico would be 50th out of 50 States in Federal payments per hundredweight. Arizona, Florida, Wyoming, California, Idaho, and Washington State would all receive less than \$1 per hundredweight. Farmers in Georgia, North Carolina, Rhode Island, Louisiana, Oregon, and Arkansas would receive half as much as farmers in Northeastern States.

Mr. President, I ask unanimous consent that a table prepared for my office by Mr. Ben Yale be printed in the RECORD at the conclusion of my remarks. This table shows the Federal payments per hundred pounds of milk produced in each State. The table is based on the preliminary analysis performed by the Independent Food and Agriculture Policy Research Institute.

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

(See exhibit 1.)

Mr. BINGAMAN. Mr. President, I do not know of any other farm program that favors one region to this extent and has such a dramatic disparity in the use of taxpayers' dollars. In this case, one region will receive 25 percent of the Federal payments, though it produces less than 18 percent of the Nation's milk. Moreover, in one region, farmers are guaranteed a price of nearly \$17 per hundredweight, while prices elsewhere are based on market rates and undoubtedly will be substantially lower.

In my view, this is not a balanced program. In addition, I am concerned that indirect payment schemes, such as that proposed here, would distort the market by encouraging overproduc-

tion. I know that is a point the Senator from Idaho made in his remarks. Over-production drives down the prices that farmers receive for their milk. When there is overproduction, the Government will step in and purchase surplus dairy products in the form of cheese, butter, and nonfat dry milk.

We simply have not had the time to digest properly the dramatic new proposal and to make sure we know the implications of this new proposed scheme.

I do believe a market-oriented policy that includes a minimum dairy price support program and the Federal milk marketing orders is the basic approach we need for national dairy policy.

These are the programs that are currently in place. This amendment would simply ensure that these programs continue. I appreciate the efforts of the proponents of the new program to develop a national policy that benefits dairy farmers everywhere. I do not believe that what we have before us does that. I believe we should work toward a balanced national dairy policy that is fair to all farmers, not one that pits one State against another or one region against others. We need a policy that is fair to consumers and processors and promotes a market-oriented dairy policy, not a scheme that could dramatically affect milk prices and add new layers of Government regulation and control.

I want to continue working with Senator HARKIN, Senator LUGAR, and other interested Senators to ensure we end up with a dairy policy that is good for all regions of the country, and I am pleased to support the amendment Senator CRAPO is offering.

I ask unanimous consent that a letter from the National Milk Producers Federation in support of Senator CRAPO's amendment be printed in the RECORD.

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

NATIONAL MILK PRODUCERS  
FEDERATION,  
Arlington, VA, December 11, 2001.

DEAR SENATOR:

WE'RE STICKING TO OUR PRINCIPLES

The National Milk Producers Federation has represented the interests of America's dairy farmers for 85 years, and is the only national policy voice for U.S. milk producers.

During the past two years, through a meticulous, inclusive grassroots outreach process involving dairy farmers across the country, we have developed a set of policy principles to help our members work with Congress in the preparation of the next Farm Bill. From these national "Principles of Agreement," we developed a set of dairy-specific programs which have consistently guided our recommendations concerning the Farm Bill.

S. 1731 contains many of the programs that our members have identified as being important to them. These programs are national in scope and favorably impact dairy farmers in all regions of the country. They include:

Extending the Price Support Program;

Requiring importers to pay their fair share into National Dairy Promotion and Research

Programs, as well as removing the sunset provision for the National Fluid Milk Promotion Program;

Extending the Dairy Export Incentive Program (DEIP).

Fixing the statutory mandatory inventory and price reporting language to prevent further costly reporting errors by the USDA, and;

Supporting increased Market Access Promotion (MAP) program funds.

These same provisions are also contained in the House version of the Farm Bill, and therefore we urge you to support their inclusion in the final version S. 1731.

It is our understanding that S. 1731 will also contain additional monies for dairy farmers beyond the House version. NMPF supports the authorization of added money *as long as those funds are equitably allocated*, and do not disrupt the orderly marketing of milk throughout the country. Since "equitable" is a relative term, NMPF has established the following principles to help assess whether a new dairy program meets that definition:

It must be national in scope.

It must not discriminate between states and regions.

It must not discriminate between farmers by limiting payments based on herd size.

It must not cause competitive disadvantages for advantages between dairy farmers.

It should not increase production to the point where overproduction eventually erodes the farm gate prices.

As you begin your debate on S. 1731, we urge you to apply these same principles that our dairy farmers are using in considering new programs. Otherwise, we fear that the additional money may do more harm than good.

We're sticking to our principles and we urge you to do the same!

Yours truly,

JERRY KOZAK,  
President and CEO.

Mr. BINGAMAN. Mr. President, that letter makes some very strong points. The title of the letter is "We're Sticking to Our Principles." It says the National Milk Producers Federation established the following principles to help assess whether a new dairy program meets that definition:

No. 1, it must be national.

No. 2, it must not discriminate between States and regions.

No. 3, it must not discriminate between farmers by limiting payments based on herd size.

No. 4, it must not cause competitive disadvantages or advantages between dairy farmers.

And No. 5, it should not increase production to the point where overproduction eventually erodes the farm gate prices.

On that basis they believe the amendment offered by Senator CRAPO is the proper course. I urge that course of action on my colleagues.

EXHIBIT 1

ESTIMATED FEDERAL PAYMENT PER CWT

State	Total production— 2000(1000 lbs) <sup>1</sup>	Total govern- ment pay- ments (mil- lions) <sup>2</sup>	Rate/cwt cwt pay- ment	Rank in payment
Pennsylvania .....	11,101,000	283.5	2.5538	1
New Hampshire .....	319,000	8.1	2.5392	2

## ESTIMATED FEDERAL PAYMENT PER CWT—Continued

State	Total produc- tion— 2000(1000 lbs) <sup>1</sup>	Total govern- ment pay- ments (mil- lions) <sup>2</sup>	Rate/cwt cwt pay- ment	Rank in payment
Vermont .....	2,756,000	65.7	2.3839	3
Maine .....	680,000	16.2	2.3824	4
New York .....	12,118,000	281.1	2.3197	5
Maryland .....	1,339,000	30.2	2.2554	6
Connecticut .....	502,000	10.8	2.1514	7
New Jersey .....	270,000	5.6	2.0741	8
West Virginia .....	272,000	5.6	2.0588	9
Indiana .....	2,314,000	46.2	1.9965	10
Montana .....	308,000	5.9	1.9156	11
Massachusetts .....	412,000	7.7	1.8689	12
Delaware .....	172,300	3	1.7411	13
Kansas .....	1,450,000	24.1	1.6621	14
Ohio .....	4,522,000	73.5	1.6254	15
Nevada .....	471,000	7.6	1.6136	16
Iowa .....	3,864,000	62.2	1.6097	17
Illinois .....	2,057,000	33.1	1.6091	18
Virginia .....	1,921,000	30.7	1.5981	19
Michigan .....	5,518,000	87.2	1.5803	20
Kentucky .....	1,693,000	26.7	1.5771	21
Wisconsin .....	23,186,000	365.6	1.5768	22
Nebraska .....	1,201,000	18.8	1.5654	23
Alaska .....	12,870	0.2	1.5540	24
Tennessee .....	1,410,000	21.1	1.4965	25
Minnesota .....	9,540,000	141.3	1.4811	26
Missouri .....	2,244,000	33.1	1.4750	27
South Dakota .....	1,572,000	23.1	1.4695	28
Mississippi .....	551,000	7.9	1.4338	29
Oklahoma .....	1,269,000	17.5	1.3790	30
South Carolina .....	368,000	5	1.3587	31
Utah .....	1,659,000	22.4	1.3502	32
Georgia .....	1,443,000	19.3	1.3375	33
North Carolina .....	1,207,000	16.1	1.3339	34
Rhode Island .....	30,200	0.4	1.3245	35
Louisiana .....	711,000	9.3	1.3080	36
Oregon .....	1,689,000	21.8	1.2907	37
Arkansas .....	530,000	6.6	1.2453	38
North Dakota .....	702,000	8.7	1.2393	39
Hawaii .....	116,700	1.4	1.1997	40
Texas .....	5,712,000	66.2	1.1590	41
Alabama .....	365,000	4.1	1.1233	42
Colorado .....	1,841,000	19.2	1.0429	43
Washington .....	5,595,000	52.9	0.9455	44
Idaho .....	6,887,000	61.5	0.8930	45
California .....	31,604,000	239.5	0.7578	46
Wyoming .....	81,300	0.6	0.7380	47
Florida .....	2,413,000	17.3	0.7169	48
Arizona .....	3,030,000	13	0.4290	49
New Mexico .....	4,999,000	19.4	0.3881	50

<sup>1</sup> Source: USDA.<sup>2</sup> Source: FAPRI Analysis on Scenario D total of 2002–2005.

**The PRESIDING OFFICER.** The Senator from Iowa.

Mr. HARKIN. Mr. President, we are going to move to a vote very shortly, and I will be moving to table the Crapo amendment. I am constrained to say I am a little, I guess—maybe I do not understand where my friend from New Mexico is coming from on this amendment.

Dairy is important. It is the second largest commodity produced in this country at a value of \$23 billion, second only to beef. It is unique among all commodities because it is highly perishable. You cannot store it for long. A dairy farmer has to market it every day, regardless of the price. We have had a price support program for dairy over 50 years. Since 1949, we have had a price support program.

We have had market loss payments in each of the last 3 or 4 years for dairy. Every year we come in and we pass a market loss payment. On three occasions we have done that.

I would say to my friend from New Mexico and others, we made these market loss payments that went out nationwide. The last market loss payment that went out went to about 225 cows. That was it. We have put \$2 billion more into this bill for dairy farmers all over the country. We took \$500 million for the Northeast, everything west of Maryland, Delaware, northeast,

to help them transition from the compact they have. They need that. Then we took the other \$1.5 billion and we spread it around the country.

In working this out, in trying to make a balance between the smaller dairy farmers of Wisconsin and Michigan and Minnesota and places such as that, and the larger dairy farms in New Mexico and California and Idaho, places such as that, where they have these huge dairy herds of 10,000 cows, we tried to reach some level of balance. So if the market loss payments of the last 3 years were to 225 cows, we said, Where could we limit it? We went to 450 cows. We doubled, in this bill, the payments to dairy farmers on the cap from what it was last year—doubled it. That means the larger dairy farmers will get more.

Since we are working with a fixed pot of money, \$1.5 billion, the more they get, the less someone else gets. So we had to reach some kind of balance. Obviously, if we had no caps at all, these large dairy farms in the West would get all the money and the dairy farmers in Michigan and Minnesota and Iowa and Wisconsin would get precious little. So we had to reach some balance.

Regarding the 450-cow limit we put in, I tell you a lot of Senators from the Midwest swallowed hard on it. They think it should be 225, where it was last year. We tried to make this balanced, so we raised the cap to 8 million pounds annual production, which I think is fair. It is equitable. I think it addresses needs all over the country.

Last, I do not understand what the Senator was saying in terms of New Mexico being last in the Nation. Frankly, New Mexico, I think, was going to get, in the next 3 years, \$10.1 million in payments. As I look down the list of States, that is about right in the middle for the United States in terms of total payments. It is right in the middle of all the States.

California, I would point out, gets \$143 million; New York gets \$178 million; Pennsylvania gets \$181 million; Wisconsin, \$293 million. These are the big milk producing States and they get the most money. I understand that. But New Mexico is about right in the middle of all the States so I don't understand what he meant about it being last. It certainly is not in terms of the amount of money going to the individual States.

If there is no other debate, I was going to say to my friend from Idaho that I am prepared to move to table.

Mr. CRAPO. If the Senator will yield, I am aware of at least one other Senator who is trying to come to the floor who wants to say something. May we wait for a few minutes to see if he arrives?

Mr. HARKIN. 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. BAUCUS. 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. BAUCUS. Mr. President, I rise to command the Senate for bringing the farm bill to the floor today. For my State of Montana, there is no one single issue that is more important than to get the farm bill passed this year, particularly a farm bill that makes sense and helps address the issues that our producers are facing.

Producers have faced drought for a couple of years. I must say, if we do not get relief in a farm bill passed this year, it is truly a fact, I question whether some farmers are going to be able to hang on. It is that important.

I think the farm bill we passed out of the committee is a good bill. It is not a great bill, but it is a good step, a good step in the right direction. I am pleased we will now have the opportunity to continue our negotiations in the Senate Chamber to make the bill as comprehensive and as strong as possible.

We need to support our Nation's agriculture, that is clear—our farmers and our ranchers. Other countries support their farmers and their ranchers, agriculture in their country, I might add, more strongly than we do in ours, and I might add that is not right.

We have an obligation to help people feed for themselves—those who depend upon the weather and who depend upon the market to do a lot better job. We cannot wait until the current program expires next year. We rely upon producers for our food. We have the lowest food prices in the world. We have the most efficient producers in the world. They are now relying upon us for survival.

Our agricultural producers are in as tough shape as I have ever seen. Years of very low prices and extreme drought have made it nearly impossible for farmers and ranchers to break even. Some areas in my State of Montana are experiencing their sixth year of drought.

This summer, I traveled across the high line—the northern part of our State—where a lot of grain is produced. I was astounded, saddened, and stunned. I was just sick at seeing the land in such poor shape. Some of the grain has barely come up. Most of it is just dust for miles and miles. There is no crop because there is no moisture. It is devastating. In about a square 2,000 miles of cropland there is nothing. We have strip farming in Montana because we haven't had a lot of moisture year after year but drought. A large portion of my State is as bad as I have seen it. It is worse, in my judgment, than the drought back in 1988 which was extremely severe. For about 2,000 square miles of central Montana, I hardly saw a combine.

Low prices and drought is disastrous not only to producers but surrounding communities. When producers are hurting, obviously the communities are

hurting. Farmers can't buy seed, fertilizer, and machinery, not to mention that they don't have much for clothes or for shoes. The whole economy suffers as well as farmers. The list goes on.

Agriculture is the No. 1 industry in my State. It has been for years. It is today. We are an agricultural State. When agriculture suffers, the entire State suffers. When agriculture suffers in America, the entire country suffers.

Often, agriculture leads to recession before other parts of the economy. Often agriculture tends to lead us out of recession. As we know, when the country is in recession and agriculture is also in recession, there is no way in the world one can say agriculture is leading our country out of recession. That is because they are in such bad shape.

Lenders and bankers in my State are cutting back. They are not granting that working capital to the farmer and to the rancher the way they were before. They are cutting back. Why? Because of the position of farmers.

The troubled agricultural economy not only affects our Nation but it also threatens relationships we have with other countries.

A strong domestic agricultural policy is the only way we are going to get a level playing field with our trading partners. We are at a disadvantage.

Eighty-some percent of the world's agricultural export subsidies are paid by the European Union. How are we going to get leverage to get those agricultural subsidies down so we have a level playing field? We cannot, unless we have leverage. The only leverage I know of is a very strong domestic agricultural policy where farmers are really strong. In fact, I think that is barely enough and is probably not enough if we are going to get the job done to get other countries to lower their agricultural export subsidies.

Clearly, if we don't pass this bill, and if our farmers are in a weakened position, that makes it even harder in world trade talks to get other countries to lower their export subsidies which very directly hurts American farmers.

The time has come to pass this bill, pass the changes in Freedom to Farm, which really turned out to be "freedom to fail." Farmers at that time when those laws were enacted were gambling. They had an idea Freedom to Farm would work pretty well the first few years, but not after a few years later. We are here a few years later. It is not working. Farmers are in difficult shape.

We need a bill that is a commonsense bill, one that is right for Montana, and that is right for America. We need to work together to get this done now because that is the least we can do for our farmers. Our farmers want some help. We should give them the help they need because they have been doing so much for us and so much for the world with the food they are supplying.

Let us get to work and pass a strong, stable, comprehensive farm bill this year.

#### HOLDING THE CALIFORNIA DAIRY INDUSTRY HARMLESS

Mrs. FEINSTEIN. Mr. President, I thank the chairman of the Senate Agriculture Committee for working with me to find a way that the California dairy industry can be held harmless by the dairy provisions in the farm bill.

California is the largest dairy State in the Nation. Last year, California dairy farmers produced 32.2 billion pounds of milk—over 19 percent of the Nation's supply. With over 2,100 dairy farms in the State, California leads the Nation in total number of milk cows at approximately 1.5 million.

I spoke on the floor last week about how devastating the original farm bill would have been to the California dairy industry. And I have said California cannot be left out of any dairy equation. The original bill would have cost California dairy farmers \$1.5 billion over 9 years and driven up prices for consumers by \$1.5 billion over 9 years. I thank the Chairman for recognizing how much better California fares under this substitute versus the original proposal. I am delighted that he has agreed to see to it that California can be held harmless.

Under the compromise in this bill, and according to an analysis by the University of Missouri's Food and Agricultural Policy Research Institute, California dairymen will receive a net benefit \$143.1 million in payments until the end of fiscal year 2005. This means California dairy farmers will receive \$78.1 million in fiscal year 2002, \$70.7 million in fiscal year 2003, and \$19.4 million in fiscal year 2004. If these numbers are not accurate projections for California, it is my understanding that the dairy provisions will be worked out in conference so that California is ultimately not adversely impacted by the dairy provisions in this bill.

Mr. HARKIN. I thank the Senator very much for working with me and other Senators on this. It is not the intention of this bill to put California dairy farmers at a disadvantage. We will work to ensure the California dairy industry will be held harmless.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank the Chair.

I rise in opposition to the milk pricing mechanism, the last one we have seen. It is very hard to analyze because we have had four since we started. I wish I could be more precise and specific about the latest. But I want to just talk generally.

I am pleased to be a co-sponsor of Mr. CRAPO's amendment which would eliminate all elements of a National Dairy Plan.

The amendment I support today would continue the \$9.90/cwt. price support, which the New Mexico dairy interests strongly support. This is the

third or fourth proposal we have seen with regard to dairy policy and it still caters to the Northeast at the expense of the other states. This most recent proposal resembles an expanded Northeast Dairy Compact. It is expanded to include Delaware, Maryland, New Jersey, New York, Pennsylvania, and West Virginia which were not originally in the northeast Compact.

Under this recent proposal, marketing assistance loans apply to every producer except those in "Participating States," which are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia. The 12 States in the Northeast reap greater benefits than the other 38 dairy States. If we compare the numbers using today's payment rates, the Northeast States would get about 70 cents per hundredweight. Compare this to other States, such as New Mexico, which would receive only 40 to 60 cents per hundredweight.

Under this national plan as the rolling average decreases each year, the payments to producers decrease by about one-third. Yet under the same plan, payments to the northeast group stay the same. This is because there is a \$16.94 target price built into the plan. It is time that the Senate understands that when it comes to setting dairy policy, it is not just Vermont versus the Upper Midwest. The West, including New Mexico, should have just as much to say about dairy policy.

New Mexico is currently the fifth largest dairy State. Yet, under this new plan, estimates show New Mexico coming in dead last on payments. Policies that penalize the new and efficient while providing welfare to the inefficient are unacceptable. These are the types of policies that are being contemplated in the original Ag Committee bill. Additionally, policies intended to retard and reverse the growth of dairying in larger producing States such as New Mexico are also unacceptable.

We need to be setting sound policies that foster competition and the production of a good healthy product, not policies that are regionally divisive—pitting small-farm States against large-farm States—for example, West versus the East. Additionally, we should not be setting policies that punish consumers with higher prices for fluid milk. Decreased milk consumption is not helpful to any producer.

My colleague, Senator CRAPO, has done such a wonderful job in managing the opposition to this price fixing approach. He received a letter from the Secretary of Agriculture. It was gracious of him to ask me to put it in the RECORD. I will read one part of it, wherein the Secretary of Agriculture says:

Consumers will pay billions in additional costs. By raising prices, S. 1731 will also further exacerbate dairy overproduction. The Federal Government currently owns about

600 million pounds of non-fat dry milk—nearly a year's supply. The bill's effect of increased supply and reduced demand will create an even more enormous surplus that would adversely impact dairy farmers for many years to come.

I ask unanimous consent that the letter which includes that paragraph from the Secretary of Agriculture to Senator CRAPO be printed in the RECORD.

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

THE SECRETARY OF AGRICULTURE,  
Washington, DC, December 11, 2001.  
Hon. MICHAEL CRAPO,  
Russell Senate Office Building, Washington,  
DC.

DEAR SENATOR CRAPO: We would like to commend the very constructive amendment you and Senator Bingaman are offering to the dairy title of S. 1731, the "Agriculture, Conservation and Rural Enhancement Act of 2001".

As you know, the Administration is strongly opposed to the dairy program proposed in S. 1731 as reported out of Committee. It will raise the cost of milk by 10-15 percent. In effect, this provision imposes a tax on each gallon of milk, which disproportionately impacts low and moderate-income American families. Consumers will pay billions in additional costs. By raising prices, S. 1731 will also further exacerbate dairy overproduction. The Federal government currently owns more than 600 million pounds of non-fat dry milk—nearly a year's supply. The bill's effect of increased supply and reduced demand will create an even more enormous surplus that would adversely impact dairy farmers for many years to come.

Your amendment to strike this section and provide for a study is consistent with the Administration's Statement of Administration Policy on S. 1731. We support forward-looking farm legislation that facilitates the long-term prosperity of our Nation's farmers and ranchers, promotes effective conservation efforts, and strengthens the nutrition safety net.

Sincerely,

ANN M. VENEMAN.

Mr. DOMENICI. Mr. President, I thank Senator CRAPO, a junior Member of the Senate. He is on the Agriculture Committee, and he is growing his way up from near the bottom in seniority. Today and yesterday, he has shown that he has a very good understanding of dairy and dairy prices in the United States.

I am very proud that he came to the floor and repeated his view of the remarks which Senator BINGAMAN of my State made.

I know if we were to ask the Senate to answer a quiz about dairy and milk production in America, they would never come close to an answer that said the State of New Mexico is the fifth largest producer of milk in America. Nobody would really think that because we don't look like a State that should produce a lot of milk. We are very dry. We are not a giant agricultural State. But what we have is a large group of dairy farmers who have moved to New Mexico with their families, and they have become very modern, entrepreneurial, and technologically ahead of the game in production of milk in the United States.

It is just an absolute joy to go see one of these dairy farms with 2,000 cows. It is unheard of in the parts of America where we are going to protect dairy and milk production with subsidies. We have many that have 1,000 head and many with 750 head. On average, we exceed 1,000 head per dairy farm. They produce large quantities of milk. In fact, year before last, the largest producing cow in America in terms of weight of milk was from the great State of New Mexico, which again causes people to wonder what are we doing right in New Mexico.

We have great competitive farmers. They are doing the right thing by way of matching entrepreneurial spirit, capitalism, and the production of dairy milk and milk-related products for America.

I think our national goal would be not to make it difficult or more difficult for that to happen as it is beginning to happen in the State of Idaho. We ought to encourage that. After all, what do we want? We want the cheapest price of solid, safe milk and related products coming from American dairy farmers for our children and for our families. We want a constant supply coming from competitive producers and marketers of milk.

Clearly, whether or not one understands the intimate details of the latest, the fourth amendment regarding dairy and milk production in America, it is clear that there is no intention to make it easier for those who are producing at competitive prices such as New Mexico and other States. If anything, there is a calculated effort to make their lives more difficult and to make the potential for them to grow and prosper less rather than more.

I can see where we ought to help one State versus another State if we have some really difficult problems on which they must have assistance. But just how much longer do we have to try to paint this picture, and then implement it, of trying to help one piece of America because they are having difficulty being competitive in the production of milk?

This has been going on for a long time. It is time that it end, not that it continue. It is time that that kind of allocation of American resources be on some kind of a slide that is going downward, not one that is going up, up, and away.

This year, the money that will be circulating around will exceed \$2 billion, that will move from here to there and elsewhere in order to make one region, that obviously wants to continue producing milk but would have a difficult time competing, more assured of making money through the production of milk.

So I came to this Chamber to urge, when we vote in the Senate today, that we decide we are not going to pursue this policy any longer, that we are going to move in the opposite direction. If there is going to be a motion to table, which I think there is, I say to

Senator CRAPO, I hope Senators will not vote to table and will leave this issue before us so we can have a vote on it.

I believe eventually an agriculture bill that has this provision in it—that is the latest, the fourth iteration of the amendment in the last few hours—if that is going to be in the bill, I think it is going to be difficult to pass this bill, get it through both Houses, and signed by the President. In fact, I do not see how that is possible.

So I am glad to be on what will ultimately be the right side. In the meantime, I yield the floor and wish the best for Americans in the future in terms of being able to supply plenty of milk to them at the most reasonable prices, coming from a competitive milk industry in the United States.

I yield the floor.

The PRESIDING OFFICER (Ms. STABENOW). The Senator from Iowa is recognized.

Mr. HARKIN. Madam President, to get to the point where we can vote, I ask unanimous consent the Senator from Louisiana be recognized for 2 minutes, the Senator from Idaho, the proponent of the amendment, be recognized for 2 minutes, and then I be recognized for a motion to table.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Louisiana.

Ms. LANDRIEU. Madam President, with all due respect, I rise to oppose the amendment offered by the Senator from Idaho and urge my colleagues to table this particular amendment.

I congratulate the chairman of the committee, the Senator from Iowa, Mr. HARKIN, for his hard work. It is not easy to put together any major piece of legislation, let alone, as I have learned in my few years in the Senate, legislation regarding agriculture because, in different ways, all of our States participate in the infrastructure of agriculture, some of us more as producers but all of us as consumers. Weighing those interests between the consumers, the producers, and the processors, and all the international trade implications is quite complicated. So I thank the chairman and the ranking member for their extraordinary work in trying to put a bill together to which we can generally agree.

Representing the South and Louisiana, and speaking for the dairy farmers, let me say that when the original bill came out, it did not work for southern dairy farmers. The national pooling concept was really not very fair to many regions, including the dairy farmers in Louisiana. And we have been suffering. We have lost over 25 percent of our farms. If we do not do something, we are going to lose even more.

It is not right to not address this issue. So we proposed a compact—the same as the Northeast has—for the South that would have worked beautifully. But, unfortunately, there were

other regions of the country where that did not work. So we came up with yet another compromise.

In the underlying bill that we are considering, the Harkin-Lugar proposal, this compromise shows itself, and it is a countercyclical plan for dairy that will resemble the way we do countercyclical plans and proposals for other commodities that will work well for the majority of our dairy-producing States.

The PRESIDING OFFICER. The Senator's time has expired.

Ms. LANDRIEU. Madam President, I ask unanimous consent for 30 more seconds to wrap up.

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

Ms. LANDRIEU. Some of us have large dairy farms. Some of us have small and medium-sized dairy farms. I suggest that the proposal in the Harkin bill is one that benefits most of us most of the time, and I urge my colleagues to table the Crapo-Bingaman amendment. I support the committee compromise.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAPO. Madam President, today what we are being asked to do is adopt a massive new subsidy program in the dairy industry in the United States that will distort the price of milk, promote overproduction, and eventually cause dynamics in the economics of the dairy industry that will work to the detriment of dairy farmers nationwide.

I encourage everyone who comes to vote in a few minutes, when the vote will be called, to support the effort to strike section 132 from the farm bill and to oppose the motion to table.

I conclude by simply reading from correspondence we have received from the National Milk Producers Federation, which has already been made a part of the RECORD by the Senator from New Mexico. It clearly states what this entire debate is about.

They said they have established the following principles to help assess whether a new dairy program meets the needs of the dairy community in America and of the economy that we want to promote in the United States.

They state the program "must be national in scope. It must not discriminate between States and regions. It must not discriminate between farmers by limiting payments based on herd size. It must not cause competitive disadvantages or advantages between dairy farmers. It should not increase production [in America] to the point where overproduction eventually erodes the farm gate prices."

The provisions currently in the farm bill do not meet any of those objectives. The current provisions in the farm bill, in fact, create a managed economy for the dairy industry, establishing a floor price which is far above the market price in one region of the country, which will increase overproduction and promote a new subsidy

program that benefits that region of the country much more than other regions of the country, to the detriment of farms in the other parts of the country. It is unfair to dairy producers nationwide. It is unfair to the consumers. We should strike these provisions from the farm bill.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Madam President, I move to table the amendment offered by the Senator from Idaho, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from South Carolina (Mr. HOLLINGS) is necessarily absent.

Mr. NICKLES. I announce that the Senator from Ohio (Mr. VOINOVICH) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 51, nays 47, as follows:

[Rollcall Vote No. 362 Leg.]

YEAS—51

Akaka	Dodd	Lincoln
Baucus	Dorgan	Mikulski
Biden	Durbin	Miller
Boxer	Edwards	Murray
Breaux	Feingold	Nelson (FL)
Byrd	Feinstein	Nelson (NE)
Cantwell	Harkin	Reed
Carnahan	Inouye	Reid
Carper	Jeffords	Rockefeller
Chafee	Johnson	Sarbanes
Cleland	Kennedy	Schumer
Clinton	Kerry	Snowe
Collins	Kohl	Specter
Conrad	Landrieu	Stabenow
Corzine	Leahy	Torricelli
Daschle	Levin	Wellstone
Dayton	Lieberman	Wyden

NAYS—47

Allard	Enzi	McCain
Allen	Fitzgerald	McConnell
Bayh	Frist	Murkowski
Bennett	Graham	Nickles
Bingaman	Gramm	Roberts
Bond	Grassley	Santorum
Brownback	Gregg	Sessions
Bunning	Hagel	Shelby
Burns	Hatch	Smith (NH)
Campbell	Helms	Smith (OR)
Cochran	Hutchinson	Stevens
Craig	Hutchinson	Thomas
Crapo	Inhofe	Thompson
DeWine	Kyl	Thurmond
Domenici	Lott	Warner
Ensign	Lugar	

NOT VOTING—2

Hollings	Voinovich
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The motion was agreed to.

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

The PRESIDING OFFICER (Mr. MILLER). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. JOHNSON). Without objection, it is so ordered.

Mr. DASCHLE. I move to reconsider the vote.

Mr. HARKIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DASCHLE. Mr. President, as I understand it, another amendment will be offered within the next half hour. I ask unanimous consent that the period between now and 4:30 be for debate only and divided equally between Republicans and Democrats, and that at that time the Senator from Indiana be recognized to offer an amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Who yields time?

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

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

Mr. DORGAN. Mr. President, my understanding is we are in a period of general debate with no amendments to be offered. I wish to make a couple comments at this point that relate to some things that have been said during the debate on this farm bill.

First of all, I am pleased we are at this point. Many of us have struggled hard to make sure we get a farm bill on the floor of the Senate. We are here and we will have a good debate. My hope is we will be able to have some amendments offered and deal with those amendments. We have just had one amendment with a very close vote. I would like, very much, to see us finish this bill by at least tomorrow evening or the next evening and have a conference with the House of Representatives. I hope our goal might be to put a bill on the President's desk for signature before this Congress leaves for the year.

I know that is the goal of the Republican chairman of the House Agriculture Committee. He produced a bill in the House. He said very much that he wants to get to conference with us. So this would be a bipartisan effort with Chairman COMBEST in the House and those of us who wish to finish a farm bill this year in the Senate.

My hope is we can move forward very quickly. We should consider amendments, and have significant debate on amendments, but it will serve this country's best interests, and certainly the interests of farm families in America, if we produce a good farm bill.

Why are we here? We are here because we have a farm bill that does not work.

Freedom to Farm, which is now existing law, just doesn't work. Almost all of us concede this point. It is not unanimous, but it is about as close to unanimous as you can get on public

policy. There are still a couple of discordant voices who will insist that Freedom to Farm does work. For the last 4 years, we have had to do emergency bills at the end of the year to try to deal with the shortfall in farm revenue because commodity prices have collapsed and collapsed dramatically. If we didn't do something to respond to that, we would not have family farmers left.

I suppose that requires answering the question: Does it matter whether we have family farmers? Some would say it doesn't matter who farms the land. But, that is kind of an antiseptic view of the culture we live in. They would say the organization of our food production is really pretty irrelevant. We could have the largest corporate agrifactories farming America from California to Maine. They would just drive a tractor one way all day and then back the next day. They would just plow furrows and plant seeds, and giant agrifactories will certainly produce food. That is true. But as they produce that food, something else will be dying; that is a part of American culture that is very important to our country.

The seed bed of family values has always moved from our family farms to our small towns to our big cities and nourished and refreshed America. That has always been the case. It is not only important for social and economic reasons, it is important for security reasons to maintain a network of family farms. Europe has done that. Europe has been hungry in the past, and it decided: We will not be hungry again. We will not rely on some huge mammoth operation. We will have a network of family farms dotting the landscape of rural Europe. And they do. They have price supports. That is the kind of economy they want. Those are the kinds of food producers they want—a broad dispersed network of producers, families living on the land.

Small towns in Europe are radically different than small towns in this country these days. In most of Europe, small towns are thriving and growing and alive and have a heartbeat. In this country, across so much of our heartland, small towns are shrinking. They are shrinking inevitably.

My home county in my hometown is exactly the mirror of what is happening in so much of our country, going from 5,000 people to 3,000 people in 25 years. Maybe it doesn't matter to some. Does it matter in public policy? I believe it does. We ought to have a farm plan that reflects decent price supports, reasonable price supports, that gives family farms an opportunity to make a living during tough times. That is what this is about.

The legislation brought to us by the Senate Agriculture Committee is good legislation. It is certainly not perfect. I intend to offer an amendment as soon as I have the opportunity that will further target some of the benefits so that we don't give an amount of benefits

that are inappropriate to the largest producers in this country which has happened in the past. I hope we can prevent that from happening now. I do intend to offer an amendment. I suspect others will as well.

My goal is that we aggressively debate the amendments, call for a vote, and then try to see if we can't finish the bill and get to a conference with the House of Representatives.

It is interesting that the Department of Agriculture was created in the 1860s by Abraham Lincoln. When the Department of Agriculture was created, they had nine employees in the early 1860s. It is now a behemoth organization. My belief about the Department of Agriculture is, no matter who is in charge of the administration, Republican or Democrat, we don't need a department if the end goal is not to support this statement: It is our goal to foster and maintain a network of family-based food producers in this country.

If that is not the goal of our agricultural policy, we don't need a U.S. Department of Agriculture; just let happen whatever happens. But if you believe, as the Europeans do and I do and others, that the economy that you will get is the economy that you want and that you construct instead of just letting something happen, you can have an economy that fosters and maintains a network of family producers.

Our family farmers produce more than just food. They produce communities. They produce a value system that is important. Each farm out there that lives under a yard life, trying to raise a family, represents a blood vessel that flows into a network of vessels that creates communities and a rural lifestyle. That is very important.

It is not the case that family farming is somehow irrelevant these days. It is not the case that food production is irrelevant. A substantial portion of the people in this world go to bed hungry because they don't have enough to eat. I am told that 500 million people in this world go to bed every night with a powerful ache in their belly because it hurts to be hungry. Yet in my home State and many others, our farmers are hauling freight to the elevator only to be told that the food they produce in such abundance has no value. There is a powerful disconnection there.

If you take a look at producers, family farm producers, and what happens to the grain they produce, you discover it is not that there is not value to it. It is the question of who is able to get the proceeds from that value.

If you have a kernel of wheat and the farmer hauls it to the elevator, the grain trade says, this wheat doesn't have any value, what you have produced is pretty irrelevant to the world; then someone buys that wheat and puts it into a grocery manufacturing plant, a cereal plant; they puff it up and that kernel of wheat is now puffed wheat. It is put into some cellophane, put in a box, and sent through to a grocery store somewhere. And that little box is

going to sell for \$4.50 for a box of puffed wheat.

Who made the money? The person that bought the tractor, bought the seed, bought the fuel, bought the fertilizer, spent the nights and days planting and then hoping and then harvesting? Did that family farmer make the money? No, it was the manufacturing plant that puffed it and put it in a box and sold it as breakfast cereal. They made the money. For the farmer, that food dollar has been shrinking and shrinking. We have fewer and fewer family farmers and more expensive grocery cereals and more people hungry overseas.

Somehow this is a puzzle the pieces of which don't fit. We need to make sense of it in the Senate with a farm bill that recognizes the value and the worth of families that produce America's food and produce food for a hungry world.

I have been places in the world where people were hungry. I have leaned over the crib in a neonatal clinic of a terribly poor country and had a young child who was starving reach up to me because I was the only one that young child had. I was only going to be there a couple of minutes. The doctor said to me: That child is going to die. I have been to refugee camps and hospitals in the worst parts of the world. I have seen hunger. I have seen death.

It needn't happen in this world that the winds of hunger blow every day and 45,000 children die. It needn't happen if we decide that we are going to use what we produce in such great abundance to help produce a more stable world. We send weapons around the world. We are the arms merchant to the world. We send more weapons than any other country under any other circumstance year after year.

Somehow that which the world needs most, food, we are not able to connect very well to meet the needs of the world and the needs of those who produce it here at home.

My hope is that we can decide with this farm bill that family farmers matter, families who struggle to make a living matter, and we are going to do something to help them when grain prices collapse.

There may well be others who want to speak. I will not go on except to say this: My family came to the prairies of Hettinger County, ND, many years ago. Many years ago, a Norwegian immigrant, recently widowed with six children, decided to move to the prairies of western North Dakota, pitch a tent and build a house and start a farm. One can only begin to think of the courage it took for a widow who just lost her husband to a heart attack, who had come over from Norway to decide to get on a train with her children and go homestead, with the promise of the Federal Government saying if you go and improve that land and you build a farm on that land and do the things that are necessary, we will give you the 160 acres. That was the homestead plan.

That woman, named Caroline, did that and she had a son who had a daughter who had me. That is how I was born in southwestern North Dakota. But I will bet that many, many serving in this Chamber have exactly the same stories of their heritage—people who decided they wanted to stake their dream and their hope on trying to raise food from a family farm and raise a family on a family farm, be independent, and do the things they wanted to do to make that soil produce bountiful food supplies.

Now, what we have seen in recent years is so many broken dreams and so many families deciding that which they have invested their life savings to do is now gone and they can't continue. We can do better than that as a country. That is what this debate is about. Some say it is about this amount of money—no, it is not about that. It is about whether this country wants family farmers in its future. Does it believe the production of its food supply ought to be done by families? Does that contribute to this country and promote security and strengthen this country? I think it does. People look at family farms and say they are like the old diners who came and went. It is nice to think of it, but it is really not part of tomorrow's economy. They are wrong.

Family farming is not out of favor. It is an important part of what this country is and what it can be in the future. That is why we have to pass this farm bill.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from North Dakota, Mr. CONRAD.

Mr. CONRAD. Mr. President, might I inquire about the parliamentary situation?

The PRESIDING OFFICER. There is time for debate until the hour of 4:30. All time remaining is under the control of the Senator from Indiana.

Mr. CONRAD. So there is no time on our side?

The PRESIDING OFFICER. That is correct.

Mr. CONRAD. Mr. President, I would like to take a few minutes at this time. I don't want to use up the Senator's time.

Mr. LUGAR. I respond by saying I am pleased to yield time to the Senator. The allocation by the majority leader was equal time between the time he made the motion and 4:30. That is why we are in this particular situation. The previous speaker consumed the first half of the time. I will be recognized at 4:30 to offer an amendment, which I plan to do. I am pleased to yield to the Senator.

Mr. CONRAD. I thank the Senator for his courtesy. Once again, the Senator from Indiana demonstrates his generosity of spirit and the reason why he is held in high esteem by everyone. I thank him for his courtesy.

We have talked about why we are discussing a farm bill now, why it is criti-

cally important. I believe it is critically important because of the economic conditions we confront. We are faced with a circumstance in which the farm families I represent in the State of North Dakota are facing some of the most difficult times they have ever confronted.

I think this chart says it very well. This green line shows the prices the farmers have paid for the inputs they use to produce goods, what happened to those prices from 1991 to 2000. You can see that the prices farmers are paying have gone up considerably in this period. On the other hand, the red line shows the prices the farmers receive, and you can see what happened there. Since the 1996 farm bill, that line is almost straight down because prices have collapsed. That is the reality of what has happened in farm country. It is the reason why the new farm bill is so important to consider.

This shows the same pattern, just the prices that farmers have received for wheat. Again, we can see that the peak was at the time the last farm bill was considered. Look at what has happened. Since that time, since 1996, the red line shows the price of wheat over this period through and up until this moment. Wheat prices have absolutely collapsed. This black line is the cost of production for wheat at \$4.26 a bushel. You can see we are at about \$2.50. We are far below the cost of production. It is not just wheat, it is commodity after commodity.

One of the key reasons that agriculture in America is in crisis is because our major competitors are doing much more to support their producers than we are doing to support ours. This chart shows what the European Union is doing to support their farmers. This is support per acre. The red bar is what Europe is doing—\$313 an acre of support. The blue bar on the chart represents what we are doing in the United States, which is \$38 an acre. So they are outsupporting their farmers by a huge margin. By the way, these are not KENT CONRAD's numbers or the Agriculture Committee's numbers; those are the numbers of the Organization for Economic Cooperation and Development, the international scorekeepers. They are the recognized international scorekeepers. This tells the story. That is why it is so important we pass a new farm bill and that we do more to support our producers. If we want to level this playing field and we want our farmers not to be facing a stacked deck, then we have to act and act now.

It doesn't end there because this chart shows what has happened with world agricultural export subsidies. These are the most recent numbers worldwide. You can see that this pie chart represents all of the world's agricultural export subsidies. The blue part of the pie is Europe. They account for nearly 84 percent of all the world's agricultural export subsidies. The United States shares this tiny red piece of the

pie, 2.7 percent—not 27 percent but 2.7 percent—less than 3 percent. So our friends in Europe are outsubsidizing us for exports by a factor of 28 to 1. It is no wonder there is hardship in American agriculture, when we see the Europeans buying markets that have traditionally been ours. They are going out and getting these markets the old-fashioned way. They are paying for them. Again, this is the World Trade Organization's information. It demonstrates conclusively what we are up against and the need for this farm bill to start to level the playing field.

There has been a lot of talk about the spending in this farm bill and that it represents an increase. This is the baseline for agricultural spending, this red line. You can see the baseline is coming down dramatically and would continue to decline under current law. This farm bill does represent an increase over the baseline. You can see that the green line here represents the Senate farm bill. But you can see that, while it is higher than current farm policy, it also will be in steady decline. Farm spending will take a smaller and smaller share of the Federal budget.

I might say, before we leave this chart, that while this is more money than current farm law provides, it is actually less money than current farm law plus the economic disaster payments we have made in each of the last 4 years.

This chart shows how important Government payments have become to farm income. If we look at each of these bars, the red part is Government payments as a part of overall farm income.

We can see back in 1992, farm income was just under \$50 billion. In 1993, it actually went down. In 1994, it was about the same. In 1995, there was a big slip when prices were down. Then prices went up right at the time we wrote the last farm bill. Then we can see farm income started to decline, and decline quite markedly. As a result, Government payments increased as we passed in each of these 4 years economic disaster assistance to keep the farm sector from imploding, to keep the farm sector from mass bankruptcy.

We can see now what a big chunk of farm income is represented by Government payments. Again, that is the red part of each of these bars. Each of these bars represents net farm income, and we can see how critically important Government payments have been, again, largely as a result of what the Europeans are doing.

I believe we have arrived at the hour of 4:30 p.m. The agreement was we would turn to an additional amendment, so I will yield the floor. Again, I thank the Senator from Indiana, the ranking member of the Agriculture Committee, for his courtesy.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I thank the distinguished Senator for his remarks. He always makes an important

contribution in the Agriculture Committee and, of course, now serves as chairman of our Budget Committee in the Senate and has made an additional contribution because of the importance of that responsibility.

Mr. President, before I offer my amendment, I ask for the yeas and nays on the pending substitute amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2473

(Purpose: To provide a complete substitute for the commodity and nutrition titles)

Mr. LUGAR. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR] proposes an amendment numbered 2473.

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

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

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. LUGAR. Mr. President, I rise to offer an amendment to the Agriculture Committee-passed farm bill and to the substitute that has been submitted. By adopting my amendment, the Federal safety net for low-income Americans will be strengthened through improvements in the Federal nutrition programs and will create a more effective market-oriented and broad-based safety net program for U.S. farmers and ranchers. Therefore, my proposal amends the commodity title and the nutrition title of the bill.

Since joining the Senate Agriculture Committee, I have fought for Federal nutrition programs and worked closely with my colleagues on both sides of the aisle to make improvements to those programs and to safeguard their existing resources to improve the safety net for low-income Americans and to support the goals of welfare reform.

The last time we looked at significant changes in the Federal nutrition programs was during welfare reform. Since that time, significant changes have occurred which require adaptations and improvements in the program's policies and operations.

Over the course of the re-authorization process, we have been able to achieve remarkable consensus among the client advocates, the States, and the administration as to changes that should be made to Federal nutrition programs. This consensus was reflected in the nutrition title of S. 1571, the farm bill proposal which I introduced.

I am pleased that Chairman HARKIN of the Agriculture Committee adopted a number of these proposals in the chairman's mark, and many are in-

cluded as part of the committee-passed legislation. However, I believe strongly we can and should do more in the nutrition area, and this amendment will accomplish just that.

The second part of my amendment reforms the safety net for U.S. farmers and ranchers. The Senate Agriculture Committee and the House of Representatives have each passed legislation expanding dramatically U.S. farm program subsidies. The bills are not only costly, but each represents a wholesale retreat from the important reforms begun under the last farm bill.

My amendment will expand the base of the agriculture safety net and will institute much needed market-oriented reforms so the U.S. farm policy will comport with economic reality.

Americans can take pride in the assistance programs created to provide a strong nutrition safety net. The Food Stamp Program is the foundation of this safety net, and its re-authorization warrants our thoughtful and serious attention.

In our post-welfare-reform environment, the Food Stamp Program is particularly important. As families leave behind cash assistance for employment, they typically encounter minimum wages and modest, if any, fringe benefits and often unstable jobs. In the year 2001, a family of four with earnings equivalent to a full-time minimum wage job and the earned income tax credit needs food stamps just to reach the poverty line.

Dr. Ron Haskins, a key architect of welfare reform legislation, has stated:

There are millions of people who cannot earn enough to support their families. Even more than in the past, the Food Stamp Program has become a vital support to poor and low-income mothers who work.

Thus, one of the important questions we must address is whether or not the current Food Stamp Program effectively supports welfare reform goals.

There appears to be a number of indicators that point to the need for additional program changes. Some of these signals, such as the increased proportion of recipients who hold jobs, are clearly desirable but may suggest further steps to make the program more compatible with this evolving caseload profile.

Other findings, such as the decline in the percentage of financially eligible persons who participate, raise questions. Collectively, these shifts illustrate the need both to continue adapting and improving the Food Stamp Program.

As part of my farm bill proposal, I introduced a nutrition title embodying changes which would simplify food stamp rules for all stakeholders, increase State flexibility in administering the program, make the quality control system less punitive, support personal responsibility and work, and reduce the dependency of low-income persons on emergency food assistance.

This idea received public support from Michigan's Governor Engler when

introduced, and the amendment which I offer today is intended to provide a more complete meal to low-income families in need of nutrition assistance and to States seeking administrative flexibility and simplicity.

I served as chairman of the Agriculture Committee in 1995 and 1996 when the committee wrote both the farm bill and the food stamp provisions of welfare reform. The committee faced a difficult budget reconciliation instruction for those years. The result was that spending on food stamps was significantly reduced.

For the years 1996 through 2001, the Congressional Budget Office (CBO) estimated that welfare reform would reduce food stamp spending by over \$21 billion. Over that same time-frame, CBO estimated that farm program spending would be reduced by \$2 billion due to the enactment of the 1996 farm bill.

Thus, over 90 percent of the budget cuts enacted in 1995 and 1996 pursuant to the Agriculture Committee's reconciliation instruction occurred in the Food Stamp Program. I make that point again because it is such a dramatic one. Reconciliation instructions came to our committee. We were compelled to act. The \$23 billion of savings that was required came, \$2 billion from farm commodity programs and \$21 billion from food stamps.

As it turned out, CBO underestimated the effects of welfare reform on the Food Stamp Program. For the years 1996 through 2001, food stamp spending declined by about \$50 billion, not the \$21 billion CBO originally estimated or the \$21 billion we anticipated as we responded to the reconciliation instruction. Around half of that reduction was due to the changes in law made by welfare reform and an economy that was stronger than CBO anticipated. The other half of the decline in food stamp participation occurred among eligible families and was due largely to the outdated restrictive nature of the current Food Stamp Program administration. Thus, food stamps provided the vast bulk of the savings needed in 1995 and 1996.

History has shown that the actual reductions were far bigger, in fact, dramatically larger than expected. Some of those reductions were reinstated in later bills. Specifically, about \$2 billion has been restored to the Food Stamp Program, but an additional \$30 billion has been added in commodity support over the same period. Given that such a large proportion of budget savings came from the Food Stamp Program, it seems equitable that with substantial new agricultural resources all of the legislation we are now considering, all the alternative bills produced, a significant share of the new money should go to restoration of a sound Food Stamp Program. I am not proposing that 90 percent, or even a majority of the new funding apparently available to the Agriculture Committee, go to the Food Stamp Program. The committee-reported bill, however, devotes

only 7.6 percent of its spending to nutrition. I am proposing to spend 19.2 percent of these new resources for nutrition. It seems to me it is only fair and right to vote a little less than one-fifth of the bill's new resources to support Americans in poverty and to further the goals of welfare reform.

The nutrition title in my amendment spends \$6.3 billion more in budget authority over the next 10 years than the nutrition title in the farm bill now before the Senate. Senator HARKIN's title spends \$5.6 billion in budget authority over baseline; my amendment spends \$11.9 billion, an increase of \$6.3 billion over the committee-passed bill.

I make it clear that the spending I am talking about goes to support the goals of welfare reform in addition to the Food Stamp Program.

Collectively, my proposed nutrition policy serves to replace complex food stamp rules with simpler ones, better integrate the food stamp, Medicaid, and cash assistance programs, offer many opportunities for State flexibility, and attempt to make the program more compatible with the needs of working families.

The nutrition package is constructed to make sure the Food Stamp Program promotes welfare reform objectives conveyed in the title of that legislation.

First, responsibility and work opportunities: My proposal includes almost twice as many provisions to simplify the Food Stamp Program. They cover eligibility rules and procedures, income adjustments, and reporting requirements. Most of the differences between the two titles—that is, the committee-passed bill and my proposal—occur in the first two categories. My proposal excludes vehicles and dedicated retirement savings from the asset limit thus reflecting what a household needs to assume personal responsibility today and in the future. Making these changes also simplifies application and eligibility determination procedures by reducing the documentation households must provide and some of the fine distinctions case workers have to apply now as to which assets are and are not excluded. The result is a set of realistic and uniform asset policies across all States.

Both titles—that is, the farm bill proposal of Senator HARKIN and my proposal—create new opportunities for State flexibility and innovation. My proposal offers substantially more. States have provided an additional discretion for using food stamp employment and training funds, as well as additional dollars. The Lugar title also opens the door for States to test their own ideas on program simplification through changes to demonstration waiver rules on cost neutrality and by funding a set of systematically evaluated projects. The outcomes of the stated initiative should provide the basis for continuing welfare reforms.

Finally, my nutrition title allows States to move beyond their successful

demonstration experience of integrating a food stamp eligibility decision with an application for SSI benefits to more routine implementation for the one-stop approach. The two nutrition titles are similar to one another and to the House proposal for modifying the food stamp quality control system. The proposed changes result in targeting penalties to those States with repeated and exceptionally high levels of benefit payment error.

Our proposals differ, however, with respect to rewarding States for exceptionally good performance. The Lugar proposal introduces a large number and variety of performance standards that allow many states the opportunity to be meaningfully rewarded for outstanding operations and service.

Other improvements to the Food Stamp Program are intended to reduce dependency on emergency food assistance. Both the Lugar and committee proposals selectively remove some of the restrictions on the participation of legal aliens and able-bodied adults in the Food Stamp Program, as well as provide a modest benefit increase through a more generous standard reduction to family income.

The Lugar bill proposes reasonable periods of U.S. residence, 5 years, or a history of 4 years at work. The proposal was carefully designed to balance our obligation to those who legally emigrate to this country and subsequently face economic hardship against the concern that assistance program policy should not be so generous as to provide benefits immediately upon arrival, nor to create that expectation.

Finally, both titles link the standard income deduction to the poverty line which results in indexing by family size and adjusting for inflation. Under either proposal, the absolute benefit gain per household is modest. For example, after full phase in over 10 years, my proposal entitles a family of four to an additional \$16 in benefits each month.

This increase is more generous than the committee proposal in terms of the amount of the change and the rate at which the increase occurs.

Many different organizations have sent letters of endorsement to both Senator HARKIN and to myself. Public support includes the Food Research and Action Center, Second Harvest, the Center on Budget and Policy Priorities, the Evangelical Lutheran Church, the Bishop's Council, Farmers Market Advocates, United Jewish Communities, the Quakers, the National Council of La Raza, the National Governors Association, the National Conference of State Legislatures, and the American Public Human Services Association. These organizations acknowledge the important steps Chairman HARKIN and the Agriculture Committee have taken to build on the provisions of the House title. But these same organizations note that nutrition funds provided by the committee's package provide the

minimum budget necessary to make a difference. Many also indicate their preference for both the proposed policies in, and the funding for, my nutrition title ideas.

Individual groups identify specific but different provisions that they view as critical to fully implementing welfare reform. With our country's wealth and agricultural bounty, there is no justification for anyone to experience hunger or even uncertainty about the next meal. The Food Stamp Program continues to be fundamental in meeting the nutrition needs of low-income persons and families. It is particularly important now, as food stamp benefits help support families who leave cash assistance for entry-level jobs with uncertain futures and at the same time provide a direct stimulus to the Nation's economy. It is also important that we listen to the States and to the Governors who have asked us to simplify this complex program.

That brings us to the second part of my amendment which is reforming the safety net for U.S. farmers and ranchers. As we debate the farm bill, it is important to understand the shortcomings of current farm policy. Virtually all agricultural subsidies go to producers of just five program crops: corn, wheat, soybeans, cotton, and rice. As a result, 60 percent, three-fifths, of all farms are excluded from Federal farm benefits. Agricultural subsidies have been distributed according to acreage. This has resulted in the bulk of payments being distributed, understandably, to large farming enterprises. In fact, 47 percent of all payments during 1996–2000 went to just 8 percent of farmers, a very focused concentration for payments.

The cost of U.S. agricultural policy to taxpayers has been large and unpredictable, even as it has failed to alleviate the difficulties it is intended to address. Even with an overall net cash farm income for this year of \$61 billion, many producers, particularly small family farms, struggle to survive. But that is paradise. Despite the rhetoric that has been heard on occasion during our farm bill debate this year, the facts are that we are enjoying—if that is the proper word—the highest net cash farm income ever for any year in American agriculture—\$61 billion. Even the often cited year of 1996 did not exceed that amount, and this year's farm income is substantially greater than the years subsequent to 1996.

Yet, as we have heard from testimony, and from Senators about constituent farmers, large numbers of farmers are obviously short in terms of income and many are growing short in terms of hope. I think the Chair and I understand that. We have heard from a good number of farmers in our States.

The problem of course is that the benefits of the program, by tradition and history—and now that history is about to be repeated—go predominantly to five crops, so that almost half of the payments go to just 8 percent of the farmers. It is very difficult

to argue logically that the farm program—at least the one that came out of the Agriculture Committee this year or, for that matter, the one that came out of the Committee in 1996—is going to touch even a majority of farmers. It will certainly not reach a majority of those who are fairly small.

There may be an illusion that the program does this by chance, but there is certainly no program effort or focus involved. The current policy of Federal supports, in fact, defies economic logic. It perpetuates—I repeat that word—it perpetuates a cycle of low prices and overproduction, which is then reinforced by further emergency subsidies that create further low prices and overproduction. The history of these efforts to concentrate on five row crops and to attempt to guarantee prices that are clearly substantially above market prices, either in the United States or the world, creates incentives to produce for the Government program, not for the market. As a result, more is produced. Predictably, as demand in our country for major crops has not increased, the supplies overwhelm demand.

In the best of all worlds, we would have free flow of our agricultural commodities in world trade, but we do not. Someday we may. It is a very tough thing, as we have all found, to negotiate. Meanwhile, with the flow constricted abroad, supplies mounting at home, prices predictably go down. The bill that came out of committee, in my judgment, will pound them down further.

The promise of the committee bill, not economic reality, is, that notwithstanding what may be occurring in the market, farmers can count on prices that are much higher than the market and financed essentially by other taxpayers. So, in a 10-year period of time, it is estimated that with the so-called baseline expenditures plus the new expenditures, about \$172 million will be transferred from all the taxpayers in the United States to a very few agricultural producers.

Why very few? Because 60 percent of farmers don't get anything at all. Most of the benefits go to six States. Within the six States, the same national averages are replicated; namely, 8 percent of the farms get half of the benefits.

There may be an illusion that somehow in agricultural America farms across all 50 States are being supported or rewarded by this bill. That simply is not the case. It has not been written that way this time nor has it been, really, since the New Deal days of the 1930s.

Large farm payments also have the faculty to inflate land values and cash rents derivative from that, particularly for program crop producing regions. Why there? Because, given the desire of the Federal Government to support prices that are well above the market, land values have an expectation of those sorts of returns. Country bankers have an expectation of those sorts of

returns. Landowners become accustomed to those returns and increase the rents.

Why is that significant? Because 42 percent of farmers rent land. So they are losers in this process. So, on the one hand, we are hoping to boost income, while, in fact for the 42 percent of farmers who are renting, the land that is useful for farming program commodities increases in price and so does the rent for that land. This has especially unfortunate results for young farmers who typically must rent most of the land they farm unless they have inherited land or are part of a situation where they do not need the capital to buy in.

The commodity bill that came out of the Agriculture Committee increases the CCC Farm Program spending by an estimated total of \$44 billion over 10 years. That bill raises nonrecourse marketing assistance loan rates significantly and across the board. The only exception is the soybean loan rate which would remain largely unchanged at its current high level.

These loan rights will be effective for 2002 through the 2006 crop.

Compared to current law adopted in 1996, the new Senate bill coming out of the committee raises marketing assistance loan rates by 16.2 percent for wheat, 10.1 percent for corn, 5.9 percent for cotton, and 5.1 percent for rice.

Without doubt, this will encourage even more production of these loan-eligible commodities given the attractive new loan rates that are available to those who produce them.

In addition, the committee-passed bill will provide direct and counter-cyclical payments for program crops based on updated acreage and yield history, in effect rewarding producers for recent decisions to increase production of these commodities, and, thus, encourage their production in the future regardless of market signals because of the guarantees that come quite apart from whatever is occurring in the market.

Altogether, these program crop provisions are expected to cost taxpayers about \$34 billion in addition to the baseline expenditures over the next 10 years. Importantly, increased crop production will drive farm prices for these crops lower than they are today, thus further reducing crop market revenue received by farmers.

Dr. David Orden, professor of agriculture economics of Virginia Tech University, estimates that after including the production increasing effect of such subsidies, about 25 percent, or \$8.5 billion—of the Senate Agriculture Committee's \$34 billion—will be lost by crop farmers due to lower market revenues. That is an astonishing phenomenon that, on the one hand, we congratulate the committee for increasing farmers' income by \$34 billion, but we fail to acknowledge that, even as we are overstimulating production, another \$8.5 billion is being lost by crop farmers due to lower market revenue as prices are pounded down.

For the dairy industry, the committee-passed bill originally extended the milk price support at \$9.90 per hundredweight through 2006. I say originally because, as with many, it has been hard to follow the changes and the chapters of this stock. I fear almost any figures that I quote from previous bills have been overtaken by events, perhaps even as we speak.

But, in any event, suffice it to say that with the programs and significant restructures and committee-approved bill, instead of newly constituted boards in each Federal marketing order region administering the program, it may now be administered by the Secretary through existing Federal milk marketing orders. Overall, the dairy provisions are expected to cost taxpayers \$3 billion over the next 10 years.

A new target price and marketing loan support program is created in addition for peanut producers. The taxpayers' cost, therefore, is expected to be about \$4.2 billion over 10 years, nearly \$700 million more than the House-passed peanut provisions.

The distinguished occupant of the chair will recall discussions in the Committee on Agriculture in which some of our members were insistent for more attention to peanuts, and they received that. Peanut processors and manufacturers are expected to benefit substantially from lower farm prices for peanuts that will occur as a result of this taxpayer financed buyout but peanut users are not asked to share the cost.

The commodity title of this bill is expected to cost about \$44 billion over baseline, and, if so, this would be only \$4.8 billion less than the \$48.8 billion the House spent on its commodity title over the same period.

Current farm programs, however, have some problems as well. Due to the current program's focus on program crops, as I mentioned, 60 percent of farmers are excluded from the program benefits. Furthermore, farm payments are distributed based largely on historical program crop acreage and yields in the case of the fixed payments, the so-called AMTA payments, and the volume of program crops produced in the case of the marketing assistance loan program and the sufficiency payment program.

I mentioned this because we have debated this issue during, as I recall, each of the three emergency or supplemental debates we had. Many Senators pointed out that technically a farmer might not now be farming but would receive an AMTA payment because the farmer was on the rolls in 1996 that established a history for program crops and, therefore, received the money.

The rationalization was made—I must confess I accepted this as a practical matter—that to reconstruct the rolls would be to eliminate any possibility for relief of the emergency that we are attempting to meet; namely, the only way that checks could be cut and money get to the farmers would be

to use the AMTA payment rolls from 1996, recognizing that each year that history became more dated.

In fact, we are sort of back to square one in the bill out of the Committee on Agriculture. There is a thought about updating—not necessarily eliminating—that we still have the 1996 situation for some farmers who may or may not update. I gather that would be optional. And 47 percent of the payments now go to 8 percent of the largest farmers. It is not clear, but it would appear at least to some that concentration might increase, given the fact that the landowners who are involved in the situation have an opportunity to enhance their situation by updating the acreage—acreage that has been planted in response to the rewards of the program which, in my judgment, has contributed to an overproduction and lower prices. But those who have been increasing their production have, by and large, been among our most efficient farmers.

They say we ought not to be penalized for using the benefits of research of our land grant colleges. The fact that we are good at it means we are able to produce for less than the loan deficiency payment, and, thus, finding it profitable to the last bushel to do so ought not be a consideration.

I believe the bill which came out of the Committee on Agriculture does not deal with the shortcomings in policy that I have been discussing. Therefore, we tried to find an alternative that would not be production distorting, would not distort land values, and would not discourage young farmers and those who rent, but would, in fact, bring much greater equity not only to the program crops but to farmers who produce livestock, fruits, and vegetables, or various other things on their farms. The commodity title of my farm bill offers such an alternative.

As the Chair may recall, I offered in the bill that I submitted an entire farm bill. It was the will of the committee, in which I was pleased to cooperate, that most of the titles were ones that we were able to adopt in a bipartisan colloquy, and all things considered, fairly rapidly, given the comprehensive nature of going into farm credit and conservation, and some very large issues. For example, energy, this time, is a very important issue.

(Mr. DAYTON assumed the chair.)

Mr. LUGAR. Therefore, I do not want to dwell on the committee product in its entirety because I support, as I recall, eight of the titles, if I remember how many we dealt with. But all of us around the table knew we would have some differences on policy and results with the commodity title, and we did. So this is a part of that extended argument.

At the time of the adoption of the nutrition title, I offered an amendment in the committee which was narrowly defeated that, in fact, traces the additions I wish to offer today.

In essence, for those who are attempting to keep some scoring as to

how this is paid for without breaking out of the budget balance, the savings I obtain in my commodity title are more than are required to do the additional things I have chosen to do in the nutrition title. In the proposal that I make, beginning in the year 2003—and I stress that; not this year or the next year, 2002, but in 2003—a farmer or rancher with at least \$20,000 in annual gross farm income, and who provides 5 consecutive years of Federal tax return information related to his or her farm business, regardless of commodities produced—that is a very large “regardless”—for Senators or staff who may be listening to this debate, the question would be, for example, Does that mean strawberries? Yes, it does. Sheep and wool? Both. In essence, it means just what it says, all returns from farm business.

That total amount of revenue would qualify for a voucher to come from the Federal Government, redeemable to, first of all, help purchase a revenue insurance policy. This would not be crop insurance. This would be whole farm revenue insurance at an 80-percent level of coverage. Or it could be used to fund matching deposits for a farmer who chooses to participate in an income stabilization savings account. In essence, the farmer matches the voucher, and all of this goes into an interest-earning savings account for that farm family. Or it could be used to help purchase, in addition to the whole farm insurance idea, any other approved risk management tool, once again, to help insure 80 percent of normal market revenue.

An eligible farmer's annual voucher would be equal to 6 percent of the first \$250,000 in average gross income from the farm from all sources. This would drop to 4 percent on the next \$250,000 gross farm income up to \$500,000, and 1 percent of the next \$500,000 gross farm income up to \$1 million, based on the tax return information as filed. Therefore, under this schedule, the maximum voucher would be \$30,000.

I appreciate, for those listening to that figure, that is some distance from the estimates of the committee-passed bill that a farmer might, in fact, under some circumstances, gain as much as \$500,000 from program subsidies.

Cynics, I point out to the Presiding Officer—and the Presiding Officer would not be one of these—but around the agriculture table in the past we have heard descriptions of what might be called “the Christmas tree theory” of the subsidies. In short, people who are very sophisticated point out that some farm families, who seem to have a lot of members, had so distributed their property into a number of farms, all of which seemed to qualify for the maximum amount. Ingenious Senators and Members of the House have tried to curtail this practice on occasion, but I do not see great success in doing that. Those who were able to contrive this had very good legal counsel and accounting counsel, as would befit the

stature of the sums of money that were involved.

In any event, one of the arguments around the table for a long time has been a recognition that perhaps the payments were too concentrated, first of all, by crop, by certain States, to certain people. So as a result, in one fell swoop, my reform cures this.

First of all, every farmer in every State is on a level playing field. There are no historical program crops. A bushel of corn and revenue from that counts the same as a bushel of strawberries and the revenue that comes from that. I make that point because on the face of it the self-interests of Senators from most States would be to favor my bill.

Senators may not have studied my bill. That is why I am tedious in trying to make the case that they should. Because they will find that in many cases only a single digit of farmers receive any benefits in their State. California, for example—a very large agricultural State—only 9 percent of farmers in California receive anything from all of this.

So farmers in California, listening to this debate today, will know that the Lugar proposal means that they participate. Some farmers in California may say: We really don't want any of this in our lives. We have some testimony to that effect, that farm programs inevitably lead to more and more entrants into a market, overproduction, disastrous prices, and dependence on the Federal Government. So they would say: Thank goodness we were spared all of this.

So there may be Senators who have a majority of farmers who are asking to be spared the farm bill. But my recognition, at least during debates we have already had, is that many Senators have a different point of view. As a matter of fact, they want to know what is in any of this that may be helpful to their farm families.

So I am saying, first of all, all of your farm families, for the first time in American history, qualify for a farm program. And they all qualify on the same basis. Furthermore, we try to recognize it is important they qualify only to a certain extent; that is, that the purpose of these transfer payments, from all taxpayers to some taxpayers, is to bring about some income stability for family farmers.

You may say a 20-percent reduction in 1 year is not a great deal, but most of the arguments made to us come from people who have suffered weather disasters or trade disasters or extraordinary events in which really a much larger percentage of their income has been wiped out, and they hope to get some wholeness through emergency appropriations.

There are very few businesses in America that would be able to purchase whole business insurance and guarantee that their revenues would be at least 80 percent of their 5-year average, and to do so, in essence, with a

premium paid for by the Federal Government.

That is the proposition. And it brings stability to every farmer regardless of size. It recognizes that the bulk of the money must go to those farmers who have revenues of \$1 million or less—even more pointedly, \$500,000 or less. But that covers a prohibitive percentage of farmers in America, even though current farm programs are really geared to the very small percentage that it does not cover.

This comprehensive revenue-based program would replace most traditional farm program supports, the latter of which my bill would phase out over the 3-year, 2002–2005 crop-year period. Essentially, the program that remains through this period is the loan deficiency payment program which has been the safety net of the 1996 bill. That is important so that while this transition is occurring, people are establishing the 5-year average. During the transition, they have some certainty that a national loan program for corn and other program commodities will continue at whatever the support may be at the local elevator in each of our States and counties.

The risk management program supposes that a producer operates a farm that has \$100,000 in average gross farm income at the start of his plan. Let's say \$94,000 of that came from crop and livestock market receipts and \$6,000 in government payments. The latter is likely to occur because of the hangover of the last AMTA payment of this bill, 2002, or loan deficiency payments that may come in the program crops that have those payments. But in any event, this farmer would be eligible for a \$6,000 voucher beginning in the year 2003. The farmer could use the voucher to purchase the 80-percent whole farm revenue insurance.

Let me say that the premium is based upon the fact that the current farm bill and the committee-passed bill continue the basic crop insurance program with changes that we made last year. It is already a very generous crop insurance program. I will not go into anecdotal material with the Chair, but as one who has argued in favor of the program and in full disclosure, I have indicated that I have utilized the farm insurance program. It is possible the family of the distinguished Senator from Iowa, Mr. GRASSLEY, has used the program; that is, we have paid premiums to a commercial insurer. I have no idea of Senator GRASSLEY's level of coverage, but in the current crop-year, I selected the 85-percent policy, which is a very substantial policy. There is no other business in America in which I could have purchased that kind of insurance before my crop was even in, which gave me then the ability to go into the futures markets and to sell thousands of bushels that had not yet been planned, a reckless gesture without, in fact, the safety net that this insurance gives and thus some possibility of selling to the markets as opposed to

the loan deficiency payment at the end of the trail.

Other farmers in America have done that; as a matter of fact, many people who are much more involved than I am. But it is there. It remains there.

Given the fact that already that premium has a very high Federal subsidy, some would estimate maybe 48 percent already paid for by the Federal Government, the voucher that comes, the \$6,000 to our hypothetical \$100,000 revenue farmer, solidly pays for the 80 percent. As this all works out in the fullness of time, it may buy more than that. But we shall see. I believe it is a conservative estimate. If it doesn't or he doesn't need the \$6,000 entirely to buy the whole farm insurance, then there is money left over for the savings account. It is not lost.

The whole purpose of all of this from the beginning was to bring some assurance, some stability, and some financial security to the family farmer.

The aspects of this are reasonably clear. Yet I know, as I explain a complex program to many for the first time, that some would say we would need to walk around. The problem, as we all recognize, is that we are now debating a farm bill. Whether we should be walking around it longer is not for me to say. I am attempting to manage, with the distinguished chairman, and to expedite the passage of a good bill in a constructive way.

But it is important that we recognize the need for the change in course that I have tried to identify because the failure to adopt what amounts to a substantially new course is to exacerbate the problems of the past, which I still believe are overproduction, low prices, greater instability, a built-in bubble in land values for which we shall pay at some point. It has been my good fortune as a farmer to have land that went way up in value in the 1970s. As I didn't either buy it or sell it in that period, I could watch happily, but then would watch with dismay a crash and burn scenario in the early 1980s, as that same land lost perhaps 60 percent of value, years entirely stripped off, a breathtaking, heart-stopping experience that was extended, however, not over 6 months but over 6 or 7 years, followed by a tedious movement back up the scale.

If, in fact, you have a family farm that has longevity and you have the good fortune to last through all of this, it is interesting to talk about anecdotally, but it does not really affect your material prospects except on paper.

Most farmers do not have that opportunity. As a matter of fact, we really have to gear programs for persons likewise who want to enter agriculture as well as to exit the scene as gracefully as possible.

In short, my amendment strengthens very substantially the Federal safety net for low-income Americans, as I illustrated in the earlier part of this presentation. It has been crafted with

the very generous help of those involved in the hunger movements all over our country and those who have had great experience and with whom it has been my privilege to work for the past 25 years on this committee.

They come in year after year to advocate for the poor; to talk about the problems that a low-income person has with the administrative hassles of pages of estimates that would be very difficult for a sophisticated businessperson to give; the growing problems of persons who are hungry because they really could not figure out how to contact the system despite advocates for the poor who tried to guide them in; the inequities of the vehicle laws or the problems of savings or things that may seem incidental to people who have middle-income situations but are very tragic for others; on top of this, the welfare reform law, which had very good effects for many Americans but at the same time, as we now know and we heard testimony from Second Harvest about food banks and food pantries throughout the country. We have a counterintuitive situation of a nation in prosperity and yet a nation whose food banks frequently are running dry. These are problems that the Agriculture, Forestry, and Nutrition Committee has to think about.

The political excitement of this debate comes in thinking about producers, although in fairness, most of us are also interested in nutrition ideas.

It is important the degree to which we are interested. I pointed out earlier in my talk that we had tough times in 1995 and 1996 as a committee. Under the so-called reconciliation procedure at that time, we were ordered to cut spending by \$23 billion. We solved it by cutting producer programs by \$2 billion and food stamps by 21. Now, we have the good fortune of history that prosperity occurred in the country, so as a result many people left the Food Stamp Program and the savings eventually were \$50 billion. Correspondingly, however, the \$2 billion in cuts in the producer programs did not last for long, and we spent not plus-30, but negative 50. So the disparities in our responsibilities have been substantial.

Finally, let me once again offer what almost comes as a common scold, and that is that none of us could have predicted precisely that our country would enter a mild economic recession, and we pray that it is mild and short. Certainly, at the time we were discussing the budget at the beginning of this year, we heard the President of the United States in the State of the Union Address describe \$3 trillion of surpluses over 10 years of time—the solution, perhaps, of Social Security disability, Medicare reform, of important educational advances, and much more; and we saw our own Congressional Budget Office, I recall, prophesying in the fiscal year we are now in that started October 1 a surplus of over \$300 billion. By summer, that had been tempered down to 176 before we left for the August recess. After September 11, it tempered

down to 50, double digits. Subsequently, a sober analysis has said, sadly enough, we will have a deficit this year.

This is reinforced by reports from the Treasury yesterday that in the first 2 months of the fiscal year, September and October, the deficit was \$63 billion. In part, that is because of when receipts come and when expenditures come and not a chunk of income is coming in. But last year it was \$35 billion in the same period. So that is \$28 billion more.

There has not been this much of a rise in the first 2 months of the fiscal year in a long time. Last year, unfortunately, we suffered a budget deficit, year long. Perhaps we will recover, but most who are projecting say probably not for a few months.

This may not make any difference to Senators one way or another. The mood has changed because we have been talking about war expenditures, about expenditures for New York City and elsewhere, on rebuilding. We are talking on and off about a stimulus package that may contain everything from tax cuts to substantial safety net enhancements. Perhaps we are all now of a mood that, in fact, we are in deficit finance. Therefore, the problem of dealing with it is different. And farmers, after all, should not be discriminated if we are going to have deficit finance for other people. On the farm we ought to be thinking about that.

That would make more sense if this were a 1-year bill, but it is not. It is 5 years in the Senate version. The bill that passed the House is 10 years. I have no idea where the conference will come out on these things. We are not writing the final bill. The House bill assumes really a perpetual agricultural crisis for the entire decade. It was written with the thought that a portion of that \$3 trillion surplus ought to be spoken for, and quickly, by agriculture. Many members on the House committee would still contend that if we do not speak quickly, it will be gone. We have had some testimony to that effect from Senators, and some tempering by the majority leader who said the other day, not right away.

We would have to act in a timely way, but on the other hand it would not disappear at midnight at the end of this year. Well, maybe not theoretically, but actually it is gone. We are in a deficit situation, and these will be expenditures on top of that.

Why do I bring all of this up? Because essentially the scoring by the budget authorities in the commodity section of the Harkin substitute is \$27.6 billion for a 5-year bill—from 2002 to 2006. The Harkin substitute has about \$1.8 billion on the nutrition side in that 5-year period.

Now, my bill has markedly different results, and I will try to explain some of them because this is not magic. My bill costs only \$5.6 billion in the commodity title in the first 5 years—not 27.6, but 5.6. My nutrition section is

\$3.7 billion, roughly double the \$1.8 billion in the Harkin substitute. The figure of 5.6 would seem dramatically low for any sort of safety net operation, but it comes through the scoring process because we are phasing out a number of agricultural subsidy programs. So with the cost of these 6-percent vouchers for every dollar of agricultural income, which mounts up to a lot of money, lots more people are being included, lots more States and farms. But as you subtract the cost of the current agricultural subsidy programs, the net of this comes down to 5.6 for the 5-year period of time.

I think that is an important contribution, in large part because I believe that theoretically my bill satisfies the safety net situation for more farmers and more States and more situations than does the Harkin substitute, however well motivated that might have been and generous in its payments. Clearly, demonstrably, tens of millions of people are affected by this, and all the various States are going to be better off in the ripple effect of agricultural spending, farm families and farm communities.

Furthermore, I believe that at a fairly small cost in the aggregate of all of this, the humaneness of nutrition changes is very important. I believe they will lead to greater social justice as we continue with welfare reform and the thought that there ought to be a meal for every American, even as we try to work with Americans to find work and responsibility.

I appreciate the attention of the Chair to what has been an extended presentation. But this is a serious attempt to markedly change agricultural policy in this country. I appreciate that such changes are not easy to make, not easy to explain, and are worthy of a great deal of study. Nevertheless, I have attempted to do my best as one who has witnessed farm bills for 25 years and heard the debates and seen the results, and as one of perhaps a few Senators who actually experienced the results of these farm bills on my own farm property. It is not a large farm—604 acres, located now inside the city limits of Indianapolis, given the extension of our city on various occasions. But it is a corn farm, soybean farm, and a tree farm. It has made money for the last 45 years every year. We were fortunate. But, at the same time, I mention that because I will admit that the amount we have made is very small as a return on invested capital or what the farm was worth.

That is the problem for all farms in America. I recognize that acutely, as one whose small wealth is tied up in this sort of thing. A 4-percent return on invested capital is roughly what I see as sort of a gold standard that you work by. That is true whether it is the Lugar farm or all farm income in America. This past year was a bit over a trillion dollars, and with net-net farm income of something over \$40 billion, the 4 percent bobs up even as you

look at USDA's figures. That makes farming a difficult proposition, and it always will be.

These debates will continue because we are not talking about persons who are likely to be wealthy across the broad spectrum—a few cases, maybe deservedly so, from ingenuity, work, and perseverance—but the broad spectrum is mostly in difficulty.

Under those circumstances, I talk about a realistic safety net that I think can be perpetuated at fairly low cost and is unlikely to have the political reaction or re-reaction from other taxpayers at various points when they visit these programs.

Mr. President, I yield the floor, as others may have comments about this amendment. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill 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, on behalf of the majority leader, I announce for the Senate there will be no more rollcall votes tonight.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HARKIN. 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. HARKIN. Mr. President, I want to speak for a little bit on the amendment now before us offered by the ranking member of our committee, Senator LUGAR.

The nutrition title is one of the most important titles in our farm bill. This is a part of the farm bill that talks about who we are and what we are about as a nation. To the extent we help people in lower income brackets, people who may be out of work, the elderly, the disabled, newly arrived immigrants, those who qualify because of income or status to have better nutrition, it helps all of us. It helps our health care system because these people are not always going off to an emergency room to get help; their health is better. It lessens the load on our health care system.

Second, it helps in education. Kids who are fed, if they have a good nutritious breakfast, learn better. We know that. It also helps our farmers. This is a market. As one of my friends from my old days in the House—God rest him—Jerry Litton used to always say—he was a great Irishman. He died tragically in a plane crash. He represented a rural part of Missouri across the State line from my district. He used to say, if you are going to give a dollar to someone in this country, give it to

someone who is poor. They will spend it on food and that helps my farmers and it helps all of the country. And that is still true today.

So to the extent we help these nutrition programs and bolster the nutrition programs, it helps our farmers. It is food. In any way you look at it, helping boost nutrition programs in this country is a win for everybody.

In light of some of the cuts we have had in spending, in light of the downturn in the economy that we are experiencing now, in many ways if you just looked at that, Senator LUGAR's proposal might make sense insofar as it expands spending on our nutrition programs. Keep in mind we have about \$6.2 billion over 10 years for nutrition in our bill. The amount of money we have put in is about double what the House added in their nutrition program. I thought we did a good job in committee. Senator LUGAR's amendment doubles what we had. I can see a lot of people might want to support that. That is pretty enticing.

Keep in mind this bill is a balanced bill. We had to balance all the various interests with all the money we have. Therefore, when you look at that and try to balance the interests, you have to recognize you can't just boost one without drastically affecting the other. When you boost nutrition, it does help the farmers. But the Lugar amendment takes away loan rates. It phases them all out. Talk about something hurting our farmers, the occupant of the Chair knows how important loan rates are to farmers and to their livelihood. You cannot say, just by giving poor people more food this will more than make up for it. It will not.

The Lugar amendment also takes out all of the direct payments. We have to help farmers bolster their income. All of the price support programs for dairy, peanuts, sugar, will be phased out. Again, trying to keep a balance, we have to keep these programs for farmers, to help them and their families. We also have to meet our nutritional needs for low-income people. That is what we did in a responsible fashion in our bill.

Again, we have made changes. We opened it up more for immigrants, children, disabled, refugees, people seeking asylum. We have changed these things. We have opened it up and made it better. We had an increase in food stamp benefits to make up for the cuts that went on that we have endured over the last 5 years. Again, keep in mind the Food Stamp Program is an entitlement. If you qualify, you get it. Therefore, if there is more of a downturn in the economy and we have more people seeking assistance, they will not be denied food stamps.

There is no limit in our bill. We don't say just so much and no more. If you are entitled, you get it. I don't want anyone to think somehow if the recession deepens, if more people are out of work or they are out of work longer, that somehow they will be severely restricted in the food stamps they get. That is not so.

Mr. DORGAN. Will the Senator yield?

Mr. HARKIN. I am delighted to yield.

Mr. DORGAN. Mr. President, is it not the case that the piece of legislation that the Senator from Iowa brought to the floor of the Senate in both conservation and nutrition substantially improves what was written in the bill approved by the House of Representatives?

Mr. HARKIN. Doubles it.

Mr. DORGAN. If I might inquire further, the farm bill comes from the Senate Agriculture Committee, and in both areas of nutrition and conservation at a very substantial increase over present funding and over the funding of this proposal in the bill offered by the House of Representatives.

Mr. HARKIN. That is true.

Mr. DORGAN. Is it not the case that in the other area—we have nutrition, conservation, and then commodities—area, commodities, which is the support basically for that which the family farm is producing, that is the area where we need the help? The Senator from Iowa has produced a piece of legislation that in nutrition and conservation has substantial increases, and we are trying to preserve significant help for farmers who are out there trying to make a living during collapsed prices.

I ask, is it the belief of the Senator from Iowa that what we need to do is now make sure that we have a decent price support for family farmers during tough times, especially a countercyclical price support that kicks in when commodity prices collapse? Is that the Senator's intent?

Mr. HARKIN. I thank my friend from North Dakota for asking these questions. The Senator is absolutely right. We significantly increase both nutrition and conservation. As I mentioned earlier, we doubled it, and then we provided for a commodity program that has not only loan rates and direct payments but they are countercyclical. That is kind of a 50-cent word, but basically the prices really go down. We come in and help the farmers stay afloat. And we have a balance.

I believe we have met our responsibility in meeting the nutritional needs of the people of this country.

Senator LUGAR goes even farther, and I will talk a little bit more at length about that, but we have met our responsibility in nutrition. We have met it on conservation. As the Senator points out, we have to meet it on commodities. We have to meet our obligation to keep our family farmers afloat and in business all over this country. That is what we have done.

Quite frankly, the amendment of my friend from Indiana will phase out loan rates to zero. Not a little bit—to zero. It does away with all the direct payments that we had to our farmers, all price supports for dairy, peanuts, sugar—all are phased out. Everything is taken away. That is not in the best interests of people who are on food stamps or our kids who need nutrition.

That is not in their best interests. We have to have a balance.

Mr. DORGAN. Mr. President, I know the Senator is in the middle of a presentation, but the description of the underlying amendment sounds very much like the current law, Freedom to Farm, which had at its roots the notion that farmers should essentially accept whatever the marketplace offers and we do not need a farm program, so they set up 7 years of declining payments, after which there is no farm program. The presumption was that this would "transition"—that was the operative word in Freedom to Farm—farmers out of a farm program.

The experience of the past 6 years is it has been a miserable failure. It does not work. It sounds like the proposition here is to do less of the same. The old "more of the same"—this is less of the same, and the same didn't work.

I ask the Senator from Iowa if he believes as I do that I do not give a hoot in terms of the commodity portion. I don't give a hoot about a bushel of grain. I care about a family who is trying to raise that grain or produce that grain on a farm. I care about the network of producers who represent family farmers living under this, trying to raise a family and raise a crop and whose hopes and dreams rest on the question of whether, when they get that crop off the field, everything is favorable that year when they take it to the elevator. It rests on the question, Is there a decent price somewhere above or near the cost of production? The answer in the past 5 or 6 years has been no. The more you sell, the more you raise; the more you produce, the more you are going to lose.

So isn't it the case that really, while conservation and nutrition are very important—and in my judgment no one fights harder for that than the Senator from Iowa; he takes a back seat to no one. But isn't it also the case that the so-called commodity title with respect to what it represents in support for families, support for those economic all-stars in America, family farmers, ranks right up there with all the other considerations? In my judgment, it is right at the top of the considerations of why we should do a farm bill. Would the Senator concur with that?

Mr. HARKIN. I like the way my friend from North Dakota has portrayed it because I think that is absolutely right, looking at both of them. I was just thinking about that when the Senator was asking the question.

When we think about the nutrition side of it, we think of the families; we think of the kids; we think of the people involved and what it does to help them in their lives. When we think of the commodity programs, we should not be thinking of a bushel of wheat or a bushel of corn or a bale of cotton or hundredweight of rice or whatever. We ought to be thinking about the families who are involved in production. What are they like? What are they doing?

What are they doing for our country? How are they living? What are they doing for rural America? And what are we going to do if we lose them all? What happens when they get wiped out?

I think the Senator from North Dakota has really, again, pointed out that we have to have this balance in this bill. The commodity title is one that does not go to support it. The Senator is absolutely right. It doesn't go to support a bushel of corn or a bushel of wheat. It goes to support a family farmer—their spouse, their kids, their livelihood, their communities all over rural America. The Senator is absolutely right on that.

(Mrs. CLINTON assumed the chair.)

Mr. DORGAN. Madam President, if the Senator will yield for one additional question, the commodity title is important here. We have an amendment that is now pending and I believe another major amendment that will follow it at some point, offered by two of our other colleagues. Both of these amendments tend to chip away at the commodity title and support for family farmers. The amendment pending does that. The amendment pending just eviscerates price supports for family farmers. But there is another one coming that is a major initiative that also just squeezes down this price support in a way that really doesn't provide much help at all to family farmers.

It is very important, in my judgment, for us to turn back these two amendments because if we don't, we will be here scratching and clawing and debating a farm bill that doesn't really have much merit with respect to the livelihood of families who are trying to make a living on American farms.

So our job, it seems to me, is to try to defeat the amendments that, in the commodities title, shrink that support for families who are trying to live on this country's farms.

If I might, I held a hearing in the State of Iowa with my colleague, Senator HARKIN. We had testimony about the big crop farms and all the big agrifactories in this country that are growing up, the behemoth enterprises. Everyplace a family farmer looks, they see somebody buying their grain, somebody buying their livestock, somebody hauling their grain. If they look at the railroads, mostly they are looking at monopolies. They say to the farmer: By the way, here is the price. If you don't like it, tough luck.

If I might take one moment to say to the Senator from Iowa, Do you know a farmer in North Dakota, my State, pays more to ship grain from North Dakota to the west coast than a farmer from Iowa does moving grain from Iowa through North Dakota to the west coast? Why? Because the railroad says they have to.

A farmer from Bismarck, ND, puts a carload of grain on the track at Bismarck and ships it to Chicago—let me give you the breakdown on the transaction here. If he ships a carload of

grain 400 miles, Bismarck to Minneapolis, they charge him \$2,300. But if a farmer in Minneapolis puts a carload of wheat on the track in Minneapolis and ships it to Chicago, about the same distance—\$2,300? No, \$1,000. So the North Dakota farmer pays \$2,300 to send a carload of wheat 400 miles, and the farmer on the next segment, Minneapolis to Chicago, pays \$1,000—less than half.

Why? Because on the second segment there is competition; on the first there is not. The monopoly says: Here is what you are going to pay, and you will pay through the nose, and if you don't like it, tough luck.

For chemicals—spray, fertilizer—it is the same thing: Here is what you pay. Farm equipment, same thing. Virtually everywhere the farmer looks, grain trade—they ship that kernel of wheat and puff it up or crisp it or shred it and put it on the shelf, and they sell the grain the farmer got nothing for for \$4 for a small cardboard box. It is just the farmer who doesn't get a due return, but the people who crisp it and puff it are making money hand over fist.

The only people losing their shirts for 6 years are the family farmers because commodity prices have collapsed. The family farmers have taken a financial bath. They are hanging on by their financial fingertips, and everybody who touches the product that farmers produce has been making money with it. The railroads are making big money hauling it. The cereal manufacturers are making big money crisping it and popping it. It is just the farmer. And people say it doesn't matter.

It matters to this country. This country's character is formed by who we are, what we have as elements of producers.

The fact is, we need family farmers as part of our culture. They create the family values that move from family farms to small towns to big cities and nourish and refresh this country. They are a very important part of our economy.

The Senator from Iowa has been very generous with his time, but I want to say on—I know he is speaking against this amendment—this amendment takes the commodity title and says we are going to reduce support for families. That is not the right approach; it is exactly the wrong direction; and it means we have not learned anything in the last 6 years. What we should have learned in the last 6 years is that we need countercyclical price supports. As the Senator said, that is a 50-cent word, but what it means is you provide help to the people who need help—not Freedom to Farm—which says we provide help no matter what the price is. When people need help, we lend a helping hand because they are helping this country mightily. They are our all-stars.

I thank the Senator for his leadership and his help in opposing this amendment.

Mr. HARKIN. I thank the Senator for his eloquence and for his focus on what this is all about.

I know a lot of what the Senator from North Dakota said about shipping of the grain is hard to follow. I understand that. But I hope the Senator from North Dakota makes the point time and time and time again here in this debate on this farm bill. That is that the family farmer is at sort of the end of the whip out there. If we don't have a good competition title and if we don't have something that helps those family farmers to have more bargaining power, they are lost. They are lost.

I thank the Senator from North Dakota for pointing that out. I hope he continues to do that. I say to my friend from North Dakota also, actually the amendment by the Senator from Indiana would be less than Freedom to Farm. There would be less support there for agriculture than Freedom to Farm.

I did want to correct the statement I made. I said the Lugar amendment would phase out all of the loan rates. I guess that is not quite right. I guess I didn't read it closely enough. Actually, by 2006 they would phase it down to 1 percent.

I guess that is about nothing, now that I think about it. But there is 1 percent of the previous 5-year average, which really is kind of laughable when you think about it. But it was pointed out to me it wasn't zero, it was 1 percent of the previous 5-year price. Right now we are at about 85 percent, if I am not mistaken. So you go from 85 percent of the previous 5 years to 1 percent.

I want the record to be clear, the Lugar amendment does not completely phase out loan rates. It brings it down to 1 percent. So there, I just wanted to make sure that was correct.

I also wanted to point out that in talking about the support for families, for low-income families, to make sure they get enough nutrition, our bill provides \$780 million additional money for commodity purchases for food assistance. So there is three-quarters of a billion dollars more to purchase fruits and vegetables, things such as that, meats, meat products, that would go to help low-income families meet their nutritional needs.

The Lugar amendment has much less in it than I have in mine.

Mr. REID. Madam President, will the Senator yield for a unanimous consent request?

Mr. HARKIN. Yes.

Mr. REID. This has been cleared with the chairman and ranking member of the committee. Following this unanimous consent agreement, anyone who wants to talk on this amendment can talk as long as they wish tonight.

Madam President, I ask unanimous consent that when the Senate resumes consideration of S. 1731 tomorrow morning, Wednesday, December 12, there be 60 minutes of debate

prior to a vote in relation to the Lugar amendment No. 2473 with the time equally divided and controlled in the usual form, that no second-degree amendments be in order, nor to the language proposed to be stricken prior to the vote.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. REID. I appreciate very much the Senator yielding for this important matter.

Mr. HARKIN. Madam President, I understand we will come in tomorrow morning and I will make my comments at that time on the Lugar amendment.

Mr. REID. Madam President, if the Senator will yield, the unanimous consent agreement didn't call for it, but the Senate will come in at 9:30 tomorrow morning, and the Senator from Iowa and the Senator from Indiana, Mr. LUGAR, will control the time.

Mr. HARKIN. There will be 1 hour for debate from 9:30 a.m. until 10:30 a.m. equally divided, and the vote will occur on the Lugar amendment at 10:30 tomorrow morning?

Mr. REID. Yes.

Mr. HARKIN. I thank the leader. I will have more to say about this tomorrow morning.

But the Lugar amendment takes away all of the programs that we have for farmers and gives them a voucher by which they can go out and purchase a whole farm revenue insurance program which will give them a guarantee of up to 80 percent. They can contribute an amount at least equal to the amount of the voucher to a risk management stabilization account, and they can redeem the voucher for cash payment and use the payment to carry out one or more risk management strategies that are sufficient to guarantee a net income from all agricultural enterprises of at least 80 percent.

That is pretty convoluted. Quite frankly, at a time when our farmers are just about at their wit's end right now to take what we carefully fashioned in a bipartisan fashion—and this is a bipartisan bill that we have on the floor—and just throw it out for an experiment, I think we just can't do that right now. That would disrupt all of agriculture and it would disrupt the markets. It would be chaos. The adoption of the Lugar amendment would just mean chaos. The markets would not know what to do. Farmers would not know what to do. Bankers would not know what to do. A farmer going in to get a loan early next year for seed and fertilizer or maybe to buy a piece of equipment or get the necessary funds to farm—that is the way people farm. They go in and get the credit. The banker says: I don't know what to do because I do not know what kind of program there is. With the Lugar amendment, they would have absolutely no idea what they would be doing.

I think the Lugar amendment is probably something you put out there

to debate and people talk about it and they think about it. Maybe you massage it around for a while, but it is not something you just do all of a sudden and leap off the deep end.

We cannot take our loan rates down to 1 percent. We cannot do away with direct payments. We can't take away all of the price supports over the next 5 years for dairy and for peanuts, sugar and everything else. That would be catastrophic.

While I applaud Senator LUGAR for his strong support—and I know it is genuine and sincere—for nutrition and nutrition programs, the way he has gone about getting the money by devastating the commodity title is in no one's best interest. It is not in the best interests of low-income families; it is not in the best interests of our farm families; and certainly it is not in the best interests of our country.

I reserve my remarks for tomorrow morning. 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. SESSIONS. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

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

Mr. SESSIONS. Madam President, I ask unanimous consent to be allowed to proceed as in morning business for 15 minutes.

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

(The remarks of Mr. SESSIONS pertaining to the introduction of S. 1804 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

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

Mr. PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill 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.

Mr. REID. Madam President, I ask unanimous consent that the previous order with respect to the debate time on the Lugar amendment No. 2473 be modified to provide for a reduction of 10 minutes—5 minutes from each side—with the remaining provision remaining in effect.

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

Mr. REID. Madam President, we will vote at approximately 10:20 tomorrow morning, maybe 10:25.

#### MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to a period for morning business, with Senators allowed to speak therein for a period not to exceed 5 minutes.

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

#### MODIFICATION OF COMMERCE, SCIENCE, AND TRANSPORTATION COMMITTEE RULES

Mr. HOLLINGS. Madam President, the Senate Committee on Commerce, Science, and Transportation has adopted modified rules governing its procedures for the 107th Congress. Pursuant to Rule XXVI, paragraph 2, of the Standing Rules of the Senate, on behalf of myself and Senator MCCAIN, I ask unanimous consent that a copy of the Committee rules be printed in the RECORD.

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

##### RULES OF THE U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

###### I. MEETINGS OF THE COMMITTEE

1. The regular meeting dates of the Committee shall be the first and third Tuesdays of each month. Additional meetings may be called by the Chairman as he may deem necessary or pursuant to the provisions of paragraph 3 of rule XXVI of the Standing Rules of the Senate.

2. Meetings of the Committee, or any Subcommittee, including meetings to conduct hearings, shall be open to the public, except that a meeting or series of meetings by the Committee, or any Subcommittee, on the same subject for a period of no more than 14 calendar days may be closed to the public on a motion made and seconded to go into closed session to discuss only whether the matters enumerated in subparagraphs (A) through (F) would require the meeting to be closed, followed immediately by a record vote in open session by a majority of the members of the Committee, or any Subcommittee, when it is determined that the matter to be discussed or the testimony to be taken at such meeting or meetings—

(A) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(B) will relate solely to matters of Committee staff personnel or internal staff management or procedure;

(C) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(D) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement;

(E) will disclose information relating to the trade secrets of, or financial or commercial information pertaining specifically to, a given person if—

(1) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

(2) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person; or

(F) may divulge matters required to be kept confidential under other provisions of law or Government regulations.