

There is a myth that dairy compacts are barriers to interstate trade. Dairy compacts encourage greater competition in the marketplace by preserving more family farms and increasing trade.

An OMB study concluded that trade into the compact region actually increased after implementation. And I would also point out that farmers in non-compact States, like New York, or even Wisconsin, are perfectly free to sell their milk in the compact region at compact rates. New York dairy producers are benefiting today by doing just that. Indeed, if Wisconsin were to trade places with New York, Wisconsin farmers would gain the benefit of the compact.

There is also a myth that dairy compacts encourage farmers to over-produce milk and will lead to a flood of milk in the market. The fact is that the dairy compact regulatory process includes a supply management program that helps to prevent overproduction. In 2000, the Northeast Dairy Compact States produced 4.7 billion pounds of milk, a 0.6 percent decline from 1999.

In the nearly 4 years that the compact has been in effect, milk production in the compact region has risen by just 2.2 percent. Nationally during this same period, milk production rose 7.4 percent. In Wisconsin milk production rose over 4 percent.

There is a myth that dairy compact only help bigger farms at the expense of smaller ones.

Just like most commodity programs, the compact benefits all participants. Also, 75 percent of the farms in New England have fewer than 100 cows.

The worst myth is that the dairy compact has not been successful.

The success of the Northeast Dairy Compact is undeniable.

Let me just close with this.

Mr. President, when I was a young man—actually even before my teens—I thought how much I would love being in the Senate. Why? Because every State has two Senators. A State with a large population, a powerful State such as the Presiding Officer's State, or a small, rural State such as mine each get two. The one place where every State is equal, supposedly, is in the Senate; two Senators.

I thought what a joy it would be to represent my native State of Vermont in the Senate; and it has been. I love the Senate. I have so much respect for Members on both sides of the aisle.

I think of the Senate as a place where the country can come together, where regional interests can be represented, and, of course, where States can maintain their identity, certainly, and where we have an obligation to help each other. And we have.

Whether it be earthquakes in California or floods in the Midwest or defense programs in the Southeast, and on and on, the Senators from my part of the country have supported providing assistance to those parts of the country. I could give a million dif-

ferent examples. But there seems to be one area where that effort to help each other always falls apart: The Northeast Mid-Atlantic States, when it comes to agriculture disaster programs.

We are always there. We are like the fire brigade that answers the call in the middle of the night. We show up all the time, show up all the time to protect those other "houses." It would kind of be nice if, just once, when it is our "house" on fire, some of those we have helped throughout the years could come and maybe help us put out the fire. 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. CORZINE. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

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

Mr. CORZINE. Mr. President, let me begin by saying how honored I am to have a chance to rise while the distinguished Senator from Vermont is in the chair. I concur strongly with the majority of the arguments made by the Senator about the fairness of how our agricultural activities in our country are distributed. Sometimes our agricultural emergencies in the Northeast are lost sight of when we get around to supporting our family farmers and agricultural activities.

#### TREASURY BORROWING AND TAX CUTS

Mr. CORZINE. Mr. President, I rise to discuss a recent report by the Treasury Department that has received very little attention in Washington, but it is sending a very significant signal, message, about the recently approved tax bill to the financial analysts around the world and market participants around the globe.

On July 30, the Treasury Department announced that it expects to borrow from the public \$51 billion during the quarter ending in September. This was a whopping reversal from an estimate in a similar Treasury report issued just 3 months earlier.

Back in April, Treasury said that it expected to pay down a total of \$57 billion in debt in this very quarter—a negative cashflow swing of an incredible \$108 billion.

Let me repeat that. For this quarter, we have gone from an estimate showing that we would reduce our debt by \$57 billion, to an estimate that we will increase our debt by \$51 billion—again, a \$108 billion swing in just 3 months.

I used to serve on the Treasury Department's Debt Advisory Committee as a private citizen, so perhaps this report by the Treasury struck me as a little more troubling than it did many of my colleagues. It is a serious reversal and worthy of a few minutes to discuss its implications because it is a precursor of things to come.

The first and perhaps most important point to make is this: We are financing the tax rebates that are so much ballyhooed by borrowing, something about which the American people would be more troubled if they knew it were happening. We are going into debt in order to finance these tax cuts. That is not a function of any accounting tricks. It has nothing to do with trust fund accounting. My comments are not political. It is a simple undeniable statement of fact—a fact that is a precursor of things to come, the end result of this flawed and overreaching tax cut program.

The tax rebates will cost \$40 billion this fiscal year. But we don't have \$40 billion lying around, as many advocates expected. As a result, the Treasury Department says it will now have to borrow every dollar that will then be sent out in a check from the Treasury. In addition, we will have to pay out \$500 million in additional interest this year just to finance these tax rebates.

It may be the right thing to do for stimulating the economy, but it comes at a real cost. And that is before we unfold all the other elements of this tax cut over the years.

To be fair, it is true that in the previous quarter the Government ran a surplus. If you consider the fiscal year as a whole, there is still a chance we will see an on-budget surplus. But it is undeniable that in this quarter we will be in deficit, not just an on-budget deficit but a unified deficit, meaning we enter Medicare trust fund moneys and maybe even potentially Social Security trust funds.

Thus, every tax cut check that goes out is being financed by borrowing, with its accompanying interest costs. That is not what we told the American people when we passed this tax cut. We said we were just giving back their money; that is, excess revenues. We didn't say we would go out and borrow to finance that tax cut. We did not say we would increase our debt to finance the tax cut. We said we had the money.

Now the truth is out. We don't. That is one truth that was conveniently left out when the administration sent out its \$34 million notice taking credit for the tax cut.

Beyond the need to finance the tax rebates, Treasury was also forced to build up its cash balance because of a gimmick—one of many gimmicks—that was built into this recently enacted tax bill. This is one that really bothers me, actually more than the rebates, as you could make an argument that we need that as a slowing economy occurs.

That legislation shifted the due date for corporate taxes from September 17 of this year to October 1. This was nothing more than accounting magic to allow us to spend more money next year without showing a raid on the Medicare surplus. But this particular gimmick has come at a real cost. By delaying the receipt of those revenues,

the Treasury will pay, at a minimum, an additional \$40 million in interest. That is actually \$40 million that comes out of the Treasury's pocket and goes into individual corporations that benefit from the delay in payment of their taxes.

Think about that. To finance an accounting gimmick to provide political cover in fiscal year 2002, taxpayers are going to pay an extra \$40 million. I guess in our budget that sounds like not too much. Where I come from, it is a lot. And seeing some of the things we argue for, whether it is our apple growers or other folks who are in need of emergency aid, it is a lot of money—\$40 million that could have been used to improve education, protect our environment, strengthen our national defense. In my view, that is just plain wrong. Unfortunately, it is only the beginning of a number of the magic tricks we have going on with regard to this tax cut.

Unfortunately, this \$40 million gimmick was one but maybe the smallest. Some of the tax cuts don't become effective for several years. Others phase out before a 10-year timeframe, as we talked about. A number of extenders, which we know are going to be there, are left out. The AMT is ignored. And in what has to be the most egregious gimmick in the history of tax policy, the whole tax cut will expire after 9 years.

I am new to government. I am new to politics. But I find this gimmickry outrageous. It is intellectually dishonest, and it would never have been tolerated in most of the financial transactions in which I participated in my private life. In fact, if I ever tried to use such gimmickry when I was back on the street, I would have been called to task by the SEC or the U.S. attorney, and for good reason.

Having said all this, I recognize that despite my personal concerns about the premises of the tax bill and its many gimmicks, we don't have the votes to fix the problem now. It is inevitable that we will have to fix it eventually if we want to address the needs of America, to invest in America the way we talked about with regard to education, with regard to agriculture, with regard to the health care system and our military. Otherwise, we will just find ourselves further in debt and without the resources to fix Social Security and Medicare, to provide a meaningful prescription drug benefit, or these things that we need to do in our national defense.

For those who continue to insist that there is plenty of money for the tax cut, just read the latest statement from the Treasury Department. I suspect it is only the beginning.

I ask unanimous consent that a copy of the Treasury Department statement be printed in the RECORD.

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

#### TREASURY ANNOUNCES MARKET FINANCING ESTIMATES

The Treasury Department announced today that it expects to borrow \$51 billion in marketable debt during the July–September 2001 quarter and to target a cash balance of \$55 billion on September 30. This includes a borrowing of \$61 billion in marketable Treasury securities and the buyback of an estimated \$9½ billion in outstanding marketable Treasury securities. In the quarterly announcement on April 30, 2001, Treasury announced that it expected to pay down a total of \$57 billion in marketable debt and to target an end-of-quarter cash balance of \$60 billion. The change in borrowing reflects a number of factors, most significantly the shift in the September 15 corporate tax due date to October 1 and the need to finance in this quarter the tax rebates.

The Treasury also announced that it expects to pay down \$36 billion in marketable debt during the October–December 2001 quarter and to target a cash balance of \$30 billion on December 31.

During the April–June 2001 quarter, the Treasury paid down \$163 billion in marketable debt, including the buyback of \$9¼ billion in outstanding marketable securities, and ended with a cash balance of \$44 billion on June 30. On April 30, the Treasury announced that it expected to pay down \$187 billion in marketable debt and to target an end-of-quarter cash balance of \$60 billion. The increase in the borrowing was the result of a shortfall in receipts and lower issues of State and Local Government Series securities.

Mr. CORZINE. 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. CORZINE assumed the Chair.)

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

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

#### AMERICA'S FARMERS NEED ASSISTANCE

Mr. DORGAN. Mr. President, as the Senate prepares to leave town for the August recess, and most of my colleagues are perhaps already on an airplane, it might be useful to describe what has happened at the end of the legislative business we completed a couple of hours ago.

This past week, we considered legislation dealing with some emergency help for family farmers. In fact, it was actually kind of hard to get that legislation even considered because the Republicans in the Senate filibustered the motion to proceed.

For those who do not understand the mechanics of how the Senate works, in plain English that means they demanded a debate on whether we should even debate the bill. A motion to proceed and a filibuster on the motion to proceed meant we had to debate whether we should even start debating. If that sounds a little goofy and a little arcane to regular folks who sit around and talk about issues in a straightforward way, it is because it was arcane and, at least in this Senator's

judgment, "goofy." But sometimes, that is just the way the Senate works. However, I certainly would not want to change the rules of the Senate.

We had to debate the motion to proceed and deal with a filibuster, and then we got the legislation to the floor. The legislation was written to help family farmers during tough times.

Family farmers across this country have confronted a total collapse in prices for that which they produce. In most cases, in my State at least, they are trying to run a family operation. They are living on a farm, with neighbors a good ways away. They have a yard-light that illuminates that farm. They often have cattle, a few horses, some chickens, and in some cases a half dozen or so cats running around. They have a tractor, a combine, a drill or a seeder. They are all equipped to go about the business of farming.

Family farmers all across this country go out when the spring comes, when it is dry enough to get in the fields, and they plant some grain. They hope then, after they plant their seed, nothing catastrophic is going to happen that would prevent it from growing. They hope it does not hail. That might destroy their crop. They hope it rains enough. They hope it does not rain too much. That would also destroy the crop. They hope it does not get disease, it could, and that could destroy the crop. They hope insects do not come, and they could, and those insects could destroy the crop. All these things, the family farmer must cope with.

But, there is one more thing family farmers must deal with. They have all this fervent hope and trust, having invested all they own in these tiny seeds they planted in the ground. Then in the fall, they hope they can fuel up the combine and go out and harvest that crop. When they do that, they put it in a truck haul it to the elevator. The country elevator receives that grain when they raise the hoist and dump that grain into the pit. The grain trader then says to that farmer: Yes, we know you worked hard. We know you and your family planted in the spring. We know you and your kids and your spouse drove the tractor and drove the combine. We know you have your life savings in this grain, and that you managed against all odds to finally harvest it. But, this grain is not worth much. This food you have produced does not have value. The market says this food is not very important.

Those family farmers, who struggle day after day in so many different ways to try to make a living on the family farm, are told that which they produce in such abundance and that which the world so desperately needs somehow has no value. Talk about something that makes no sense, this is it.

We have at least 500 million people in this world who go to bed every single night with an ache in their belly because it hurts to be hungry. At the