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No. 12

## Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable DEBBIE STABENOW, a Senator from the State of Michigan.

### PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Today on Abraham Lincoln's birthday, we pray remembering some of the most significant things he said about prayer. "I have been driven many times upon my knees," he said, "by the overwhelming conviction that I had nowhere else to go. My own wisdom, and that of all about me, seemed insufficient for that day." When asked whether the Lord was on his side, he responded, "I am not at all concerned about that, for I know that the Lord is always on the side of the right. But it is my constant anxiety and prayer that I—and this Nation—should be on the Lord's side."

Let us pray.

Holy, righteous God, so often we sense that same longing to be in profound communion with You because we need vision, wisdom, and courage no one else can give. We long for our prayers to be affirmations that we want to be on Your side rather than appeals for You to join our causes. Forgive us when we act like we have a corner on the truth, and our prayers reach no further than the ceiling. In humility, we spread our concerns before You and ask for Your marching orders and the courage to follow the cadence of Your drumbeat. Through Jesus who taught us to pray, "*Your will be done on earth as it is in heaven.*" Amen.

### PLEDGE OF ALLEGIANCE

The Honorable DEBBIE STABENOW led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, February 12, 2002.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DEBBIE STABENOW, a Senator from the State of Michigan, to perform the duties of the Chair.

ROBERT C. BYRD,  
President pro tempore.

Ms. STABENOW thereupon assumed the chair as Acting President pro tempore.

### RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The distinguished Senator from Nevada.

### SCHEDULE

Mr. REID. Madam President, we are awaiting the arrival of Senator GRASSLEY.

The Senate, today, will resume consideration of the farm bill, with 40 minutes of debate on the Grassley second-degree amendment to the Craig amendment. Following this debate, there will be 15 minutes of debate in relation to the Crapo amendment and then 15 minutes of debate in relation to the Baucus amendment. Following these statements on these measures, the Senate will conduct a series of rollcall votes in relation to the Grassley second-degree amendment, the Crapo amendment, and the Baucus amendment. All amendments, with the exception of the managers' amendment, must be proposed before 3 p.m. today.

The Senate will recess from 12:30 to 2:15 today, which is traditional, for the weekly party conferences.

### RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

### AGRICULTURE, CONSERVATION, AND RURAL ENHANCEMENT ACT OF 2001

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of S. 1731, which the clerk will report. The legislative clerk read as follows:

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

Pending:

Daschle (for Harkin) amendment No. 2471, in the nature of a substitute.

Daschle motion to reconsider the vote (Vote No. 377—107th Congress, 1st session) by which the second motion to invoke cloture on Daschle (for Harkin) amendment No. 2471 (listed above) was not agreed to.

Crapo/Craig amendment No. 2533 (to amendment No. 2471), to strike the water conservation program.

Craig amendment No. 2835 (to amendment No. 2471), to provide for a study of a proposal to prohibit certain packers from owning, feeding, or controlling livestock.

Santorum modified amendment No. 2542 (to amendment No. 2471), to improve the standards for the care and treatment of certain animals.

Feinstein amendment No. 2829 (to amendment No. 2471), to make up for any shortfall in the amount sugar supplying countries are allowed to export to the United States each year.

Harkin (for Grassley) amendment No. 2837 (to amendment No. 2835), to make it unlawful for a packer to own, feed, or control livestock intended for slaughter.

Baucus amendment No. 2839 (to amendment No. 2471), to provide emergency agriculture assistance.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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Reid amendment No. 2842 (to the language proposed to be stricken by Crapo/Craig amendment No. 2533), to promote water conservation on agricultural land.

Enzi amendment No. 2843 (to amendment No. 2471), to require the Secretary of Agriculture to provide livestock feed assistance to producers affected by disasters.

#### AMENDMENT NO. 2837

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 40 minutes of debate, equally divided, on the Grassley amendment No. 2837.

Mr. REID. Senator GRASSLEY has arrived now, so debate can begin.

The ACTING PRESIDENT pro tempore. The Senator from Iowa.

Mr. HARKIN. Madam President, I wish to make a very short statement today. I would refer my colleagues to a lengthier statement I made when—

The ACTING PRESIDENT pro tempore. Who yields time?

If the Senator will suspend, we are on the amendment. The Senator from Iowa, Mr. GRASSLEY, has time. The Senator controls 20 minutes.

Mr. GRASSLEY. Madam President, I yield the Senator from Iowa, my colleague, 3 minutes.

Mr. HARKIN. I thank the Senator for yielding. I did not think we were on the amendment yet.

Madam President, I will make a statement. I made a lengthier statement on Friday when I offered the second-degree amendment for my colleague from Iowa, Senator GRASSLEY.

Farmers and ranchers have long sought a ban on a packer's ability to own livestock. The reasons are simple: When packers own livestock, it gives them a greater ability to manipulate the market because they control the supply, and packer ownership shuts out farmers from the market because the packer fills its plant with company-owned animals.

This past December, the Senate responded to these problems by adopting the Johnson-Grassley amendment by a 51-to-46 margin. That amendment prohibited packers from owning, feeding, or controlling livestock for more than 14 days before processing.

After that amendment was adopted, the packers created a firestorm with a lot of smoke and mirrors about the word "control." They somehow argued that the amendment would affect forward contracting and marketing agreements, even though the amendment did not affect these types of arrangements. Nevertheless, the packers gained some traction by the pure repetition of this argument.

So Senator GRASSLEY, Senator JOHNSON, myself, and others worked with interested groups, such as the American Farm Bureau, to further define "control" so the packers could not even pretend to make the argument that the amendment affects marketing contracts.

This is what the Grassley second-degree amendment does. It makes it clear that farmers may still contract for the sale of their livestock. The amendment

does this by stating that it does not affect relationships where the producer "materially participates in the management of the operation with respect to the production of livestock." We use these words because they are familiar terms to farmers and agricultural lawyers. This phrase draws a clear legal line.

Now about the study. Farmers do not want another study that concludes there is a strong correlation between captive supplies and lower prices. The USDA has told us this a number of times before. A report, released on January 18 of this year, included a 15-page appendix of all the previous studies dealing with packer ownership and captive supply. In summary, all these reports basically said: As the packer's use of captive supplies increases, the farmer's price for livestock decreases.

So we know the facts. We have had study after study. We know what is good for our farmers. The National Farmers Union, the American Farm Bureau, and over 100 other farm, commodity, and rural groups are supporting the Grassley amendment. They do not want another study to tell us what the other studies have already told us. They want to limit the packer's ability to manipulate the market; they want a ban on packer ownership; and that is what the Grassley amendment does. That is why I strongly support it and urge our colleagues to support the Grassley amendment.

I thank the Senator for yielding me this time.

The ACTING PRESIDENT pro tempore. The Senator from Indiana.

Mr. LUGAR. Madam President, in a moment the distinguished Senator from Idaho, Mr. CRAIG, will seek recognition on behalf of the opposition to the amendment. I ask Senator CRAIG to control the time on our side.

The ACTING PRESIDENT pro tempore. The Senator from Idaho.

Mr. CRAIG. Madam President, I understand the time on the Grassley second degree was 40 minutes, 20 to each side equally divided.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. CRAIG. I thank the Chair.

I will be brief in the beginning because we have now heard from the chairman of the authorizing committee. I share with the chairman the kind of frustration to which he has just spoken as it relates to livestock prices and transparency and reportability and ownership. There is no question that there is concern in the livestock industry.

I come from a large beef-producing State. I was once a rancher. I am very close to the livestock industry of my State. They have spoken to me about this. We have talked about the issue.

Let me take the Senate back before today to December, when I voted for the Johnson-Harkin-Grassley amendment. I voted for it because I was told these were the words that would deal with concentration or packer owner-

ship. I was concerned at that time, but I was also concerned about the myriad new tools being used in the marketplace of sales and processing and distribution and horizontal and vertical integration and regional differences and operational capacities. All of these things have really not been talked about by the chairman or by Senator GRASSLEY or by Senator JOHNSON. And all of a sudden a variety of very skilled attorneys began to arise and say: Wait a moment. We think there is a very real problem, a very real definitional problem as it relates to the kinds of concerns that are very real in the marketplace today.

The chairman talked about a firestorm of concern erupting. You bet there was. All of a sudden, what about brand name relationships? What about what we call operational capacity in livestock deficit areas, where contracting and relationship keeps what we call the throughput of a slaughter operation so that we can sustain it and its employees? Had that been dealt a fatal blow? Were we really dealing with something that maybe we hadn't effectively thought through?

The firestorm produced a real concern. I worked with Senator GRASSLEY in good faith. He has worked in good faith. Out of that, he has produced a second-degree amendment to mine.

My amendment says, let's spend a couple of hundred days, put the experts together. Don't tread on ice so thin that we could collapse the way the livestock marketing operations work today, the way the new relationships that are building dynamics in the marketplace are working. They went ahead. Over the weekend a second-degree amendment was produced in an effort to try to define what control is, because that really is part of the fundamental issue. I could read it. I think it has already been read. It will be discussed.

I believe this, in part, is a rush to judgment to correct a problem that is yet not effectively studied and/or defined. I am not talking about a study that goes on for year after year. I am talking about us coming back next year, having directed USDA in 200-plus days to look at the full ramifications of the livestock industry and the slaughter operations, the packers, the marketers, the wholesalers, the retailers, the brand names, the carcass quality, all of those kinds of things that are an integrated relationship in a new market today that producers are developing with packers that we are now deciding—or at least some are—is a wrong relationship, and somehow we ought to legislatively step in and, by law, fix it.

I am not opposed to fixing something that is broken, but I am not at all convinced that it is yet broken. It may be influenced. It might be tampered with. I don't know that yet. I think an effective study could do that.

I will agree that a study a few years ago indicated there was manipulation

in the market place, there was a minority record that said that captive herd and packer concentration in that regard was a problem. At the same time, I don't think we rush to judgment here and collapse a marketing system that is now growing and creating stability—maybe not the price wanted but clearly stability and brand name and quality to the consumers of our country that is in reality strengthening the market.

That is with what we have to deal. I don't believe the second degree gets us there. It has not been effectively studied. It is in the eye of the legal mind that created it last weekend—not months ago, not with hearings, just this last weekend.

Why don't we take a breather, timeout, 200 days? Examine this amendment against the reality of control and market relationships and contract relationships, and see if this is where this country wants to direct its livestock industry. I would hope not. I hope my colleagues will join with me in opposing this second degree and, as a result, passing the study dealing with this issue.

I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. Who yields time? The Senator from Idaho.

Mr. GRASSLEY. I yield 5 minutes to the Senator from South Dakota, Mr. JOHNSON.

The ACTING PRESIDENT pro tempore. The Senator from South Dakota.

Mr. JOHNSON. Madam President, I thank my friend, Senator GRASSLEY, my colleague from Iowa.

I come to the Chamber to make one final stand for my bipartisan amendment that restores fair competition and access in the livestock markets. Fifty-one Senators already voted for this provision which prevents meatpacker ownership of livestock.

I greatly respect the right of my colleagues to demand a second vote on this issue. That is what we will wind up having today. To clear up any question about the intent of our provision, Senators GRASSLEY and HARKIN have offered a second-degree amendment to the Craig language making it clear that forward contracts can be used as a marketing tool for both packers and producers under the underlying amendment that was passed with 51 votes earlier.

I don't think there has ever been a serious issue about whether forward contracting is permitted under the amendment which we passed last December. The leading agricultural experts in the world have examined that legislation and have all concluded that, in fact, there is no prohibition on forward contracting on the underlying amendment.

However, this issue has come up. There have been people who have raised issues. I think it is a red herring for those who simply do not want to roll back the right of packers to own livestock outright, but, nonetheless,

this additional language is now being offered, and we will have this debate this morning and vote on this issue.

With this additional clarification, we have the support of most major farm groups: the American Farm Bureau Federation, National Farmers Union, plus many more. However, our colleague from Idaho, who I greatly respect, proposes to strike my amendment in exchange for a study on these issues. It seems to me that we have had studies enough. The Senate Agriculture Committee has held three hearings on concentration of livestock markets, packer ownership, and other issues—in June of 1998, May of 1999, and April of 2000. The problems are clear, and I believe they have been demonstrated.

This amendment applies to hogs, cattle, and sheep. A lot of the most recent controversy has been relative to hogs. The percentage of hogs owned by packers rose from a modest 6.4 percent only in 1994 to a whopping 27 percent only 7 years later in 2001, according to the University of Missouri. This increase in packer-owned hogs means that packers prefer to buy their own hogs instead of paying farmers a fair price. When packers own their own farms and their own livestock, they don't make purchases from farmers who otherwise provide economic contributions to our rural communities—to main street businesses, school districts' tax base, banks, car dealerships, feed stores, and so on.

Frankly, those opposed to my amendment prohibiting packer ownership of livestock simply have a profoundly different vision of what rural America ought to be about. I believe we ought to have independent livestock producers in a position where there is competition, and they can leverage a decent price for their animals. I don't believe the future of livestock production in our Nation ought to be a series of low-paid employees of the packers on their own land bearing all the risk and little of the profit for the production of their animals. That is not the direction I wanted livestock production in America to go.

We had strong bipartisan support for this amendment last December when it was brought up. I am hopeful we can retain that support so that those of us who have a more optimistic vision of a competitive free enterprise and free market economy for livestock producers can in fact envision them having more choices and options about how to sell their animals and where to sell them.

History demonstrates that USDA studies simply won't do the work. A case in point: USDA failed to take action on a petition with regard to packer ownership and captive supply. This petition was submitted in October of 1996, initially published in the Federal Register for comment in January 1997, hearings were held on September 21, 2001, and USDA still has done nothing on this petition.

Additionally, USDA has failed to hire attorneys to lead investigations on competition cases despite the fact that GAO made a recommendation and Congress appropriated increased money for this purpose.

USDA has done a lot of studies in the past. They have found a strong correlation between increased captive supplies and price.

However, the studies conducted by USDA have not made a conclusion. Rather, they have been indecisive as to action, this is why policy and legislation must clarify and strengthen existing law.

I encourage my colleagues to support the Grassley-Harkin second-degree amendment.

Should we vote on Senator CRAIG's amendment, I urge my colleagues to oppose it and put a stop to concentration in the livestock industry.

Have no doubt about it, this is our opportunity to address the issue. Talk is fine. We can do this in 200 days or a year or so down the road. The fact is, this is the farm bill. The likelihood of passing this legislation as a free-standing bill, with all the controversies and lobbying that come into play, is very slight. This is the opportunity. We either act in the context of this farm bill or I fear that years will go by before we have another opportunity to address the integration crisis we have in American agriculture—livestock in particular. We will find that the horse is long out of the barn before we have another opportunity to address this issue.

I ask my fellow colleagues to support the underlying amendment prohibiting packer ownership of livestock, to support the clarification as it applies to forward contracting, and to support Senator GRASSLEY's amendment.

Mr. ROBERTS. Madam President, it is with deep regret that I must rise today in opposition to the second-degree amendment offered by my good friend from Iowa.

His intentions are good, but I sincerely believe his amendment will have unintended effects that will hurt producers in the long run and that could have an unfortunate effect on the livestock industry in the United States—particularly the beef industry in Kansas.

Kansans are proud of the beef industry and the history it has played in our state. From the days of the cattle drives that stretched from Texas to Abilene and Ellsworth it has been one of our top industries.

I have always argued that we need to give our producers every tool necessary to compete and that we should carry a big stick to ensure the packing industry treats producers fairly.

Coming from Dodge City, I fully understand the concerns of those who are worried about the largest packers having control over the market. Prior to a devastating fire in late 2000 at the ConAgra beef division plant in Garden City, KS we had all four of the major

meat packers doing business within a 100 mile radius of Dodge City.

While some argue that the packers have a crippling effect on the cattle market, I can tell you that the economy of western Kansas would not survive without the beef industry—individual producers, feeders, and packers.

How important is this industry to Kansas?

Cattle represented 62.6 percent of the 2000 Kansas agricultural cash receipts.

Cattle generated \$4.95 billion in cash receipts in 2000. More than double that generated by our second largest commodity—wheat.

Kansas processed 8.21 million head in 2000; grazes 1.5 million stockers annually; and, had 1.52 million beef cattle in the State on January 1, 2002.

Kansas ranked first in commercial cattle processed in 2000.

Kansas ranks second in the value of live animals and meat exported to other countries at \$969.7 million in 2000.

Kansas ranked second in fed cattle marketed with 5.37 million in 2000, representing 22.3 percent of all cattle fed in the United States.

Kansas ranks second, with 6.34 billion pounds of meat produced in 2000.

These numbers extend simply beyond the number of cattle we have and the producers who raise and feed them. These numbers also represent jobs that are the linchpin of many of our western Kansas communities.

As a couple of examples:

Farmland Industries employees 5260 people in Kansas in its beef packing sector and 850 in pork packing. Most of those jobs are in Dodge City and Liberal, Kansas.

Cargill employees approximately 4500 people. 3600 of these people work in its meat and livestock businesses in Leoti, Dodge City, and Wichita.

If those promoting this amendment are wrong, and it indeed does cause a restructuring in the industry or forces packers to move from the country, the economic impact and ripple effects it could cause would be devastating to the Kansas economy.

Farmland has informed me that it is the legal opinion of their lawyers that this amendment would put them out of the beef and pork packing businesses. We cannot allow that to happen.

I am also deeply concerned that this amendment appears to severely curtail the ability of producers to enter into producer alliances and marketing agreements that allow them to gain additional dollars for the livestock they produce.

Several of these alliances already exist, or are being formed, in Kansas. And I have been told that no fewer than 80 are in some stage of development throughout the United States.

One of the most successful of these alliances has been U.S. Premium Beef.

This producer owned cooperative has become one of the most successful producer initiated businesses I have ever seen.

Last year 13,300 head were marketed through USPB each week.

In fiscal year 2001, USPB cattle earned an average of \$18.95 per head in premiums over the cash market. The top 25 percent earned a \$46 per head average over the cash market, the top 50 percent \$35 per head, and the top 75 percent \$27 per head more than selling on the cash market.

U.S. Premium Beef has informed me that despite the best intentions of the authors of this amendment to exempt them from this amendment, USPB would also be put out of business.

I understand the concerns of the supporters of this amendment and many producers who argue for its passage. But I also have many producers in Kansas who argue against its passage, and I cannot in good conscious vote for an amendment that I believe ties the hands of producers to compete against the large meat packers and that I believe could devastate the beef industry in Kansas.

I urge my colleagues to vote against the second-degree amendment offered by Mr. GRASSLEY and to vote for the amendment offered by Mr. CRAIG.

Mr. GRASSLEY. Madam President, I withhold instead of my yielding time back and forth. Rather than using all of my time, the other side will have the last 10 minutes of debate.

Mr. CRAIG. Madam President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. Thirteen minutes, forty-five seconds.

Mr. CRAIG. Let me take just a couple of minutes and then return it to Senator GRASSLEY.

The Senator from South Dakota said studies have languished. Action has languished. Action needs to be taken if the studies yield what he says they might yield. This is a directive from the Congress to USDA to operate in 270 days. It would then not be incumbent upon USDA to act. It would be incumbent upon the Congress to act.

What does my amendment do? It directs that there should be an examination of the relationship of livestock as it relates to 14 days prior to slaughter, livestock producers that market under contract grid, base contracts, forward contracts, rural communities, employees of commercial feedlots, livestock producers, and market feeder livestock, and feedlot owners controlled by packers, market price for livestock—both cash and futures—and the ability of the livestock producers to obtain credit from commercial sources.

What is occurring today under these new relationships with contracts is that the producer can take the contract to the bank and get financing. That has become an important and valuable tool as it relates to a lot of these new relationships. Studies that have been done talk about cooperatives and the relationship they now have with marketers. They talk about how we deal with brand name products and quality control. Those are new rela-

tionships that have added value to a product. No, it isn't just a simple matter of concentration so defined by control. We are talking about a new world in the livestock industry and industry planning and adjustments to it.

Do I like it as a traditional cattleman? Probably not. Do some producers? No. Other producers do because they decided to make some adjustments and changes. All of that needs to be studied. There has not been one hearing on this issue. There has been some study but a limited amount of study.

I think that is really the issue. It is not about USDA not acting. It is about the Senate acting when it is properly informed and when we have not rushed to judgment over the weekend by trying to define something that only one attorney, to my knowledge, has had the ability to craft with limited review from anyone else.

I retain the remainder of my time.

Mr. GRASSLEY. Madam President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. Ten minutes, forty-four seconds.

Mr. GRASSLEY. Madam President, I yield myself 5 minutes.

First of all, if you read the history of the Packers and Stockyards Act passed roughly around 1920, I believe you will find a lot of the same arguments being used against the passage of the original act at that particular time as you are now finding used against our efforts to modify the act to a small extent.

We have had a good Packers and Stockyards Act for 80 years. We are trying to bring it up to date. It didn't anticipate the control that a few packers would have over the livestock industry. We are adjusting it to take into consideration new ways of marketing.

Also, I would ask just my Republican colleagues, not my Democrat colleagues—I am not sure exactly which ones I am talking about, but there was a group of us who met with the new Secretary of Agriculture about a year ago—there were probably 8 to 10 Republican Senators present—to give our views on certain issues for her, an incoming new Secretary of Agriculture. I don't take notes on these meetings, but I remember, to my astonishment, the number of my colleagues who told the Secretary of Agriculture as they reflected on the grassroots opinions which they received from their constituents that one of the greatest concerns was about concentration in agriculture. I will bet the distinguished Senator from Michigan, the Presiding Officer, hears that from family farmers in Michigan.

This was not in reference to what I am trying to do today. I don't imply that at all. My amendment is not a result of that meeting. But my amendment has something to do with the opinion that my Republican Senators expressed to the Secretary of Agriculture—that we have to do something

to make sure we have more competition in agriculture because of this concern about less competition, and particularly because a few packers have the vast majority of the slaughter of livestock. That is one thing. But it is compounded by their ownership of livestock which they can dump on the market on a day they choose to dump it on the market. That depresses the market, and the marketplace just does not work.

I want my Republican colleagues—I do not know who they were, but they were from the Midwest and the West—to think of that meeting we had with Ann Veneman and the opinions they expressed. I hope they will find my amendment in tune with their points of view.

The other thing I want to make a comment on is the insinuation in the Midwest newspapers and by Smithfield's CEO that if this amendment went through, they were not going to build any new plants in certain States in the Midwest.

I had an opportunity to have a long conversation maybe about 18 months ago with Mr. Luter about competition in agriculture. I had never met him before. He is obviously a very good entrepreneur and has developed Smithfield Foods. Out of that meeting I remember two very distinct things he said. He said, first of all, he wanted me to know that his view was that family farmers for the most part are not good businesspeople and are not very sophisticated. Second, he told me something to the effect he—again, I didn't take notes at those meetings; this is a recollection. I hope I am not doing him an injustice. I am sure Mr. Luter would say that I am. But the second point he made was he thinks there should be a lot of pork producers across the United States. It is just that they should all work for him by feeding his pigs. He has such an arrangement with a lot of pork producers.

That is how he controls the market. He would argue that is how he controls the quality. That is how he satisfies the consumer. I am not insinuating bad motives that he has as a quality producer of pork. I am just saying his attitude is very different from that of the family farmer in the United States. Consequently, I hope that is why we can get this amendment adopted, because we want to help the family farmers.

The PRESIDING OFFICER (Mrs. CLINTON). The Senator has used his time.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Will the Chair please tell me when 5 minutes remains on our side?

The PRESIDING OFFICER. Yes.

Mr. CRAIG. Madam President, let me speak to what Senator GRASSLEY has talked to in general because I share his concern. I attended one of those meetings with him some time ago and I, as

many others, have expressed that. My effort today is not to stop what is going on here but to better inform us if we are in fact making the right decision. I want the family farmer to prosper, and for any packer to suggest that family farmers today are less than sophisticated, they don't know the family farmer of Idaho, or Iowa for that matter. They are highly skilled, professional business men and women—some small, some quite large. But they are family farmers who produce the food and fiber of our country.

Here is what I think all of us fail to address, and that is not competition in this country as much as competition from foreign countries, where we see livestock production and packing increasing very rapidly and entering the market both here and around the world. The pork industries both in Canada and Brazil, for example, had an annual growth rate of 6.5 percent from 1995 to 2000, according to the USDA. Both countries already are cost competitive pork suppliers. Canada has excess packing capacity and both countries have space for expansion.

Canada, Argentina, and Australia stand to benefit from a less competitive United States beef industry. What we are talking about are efficiencies and competitiveness, and that is really a part of what we have to look at and what my study directs. Are we simply handicapping the family farmers? Or should we be working with them to assure that they have greater tools of integration, so they can share in the profit line instead of simply standing for the highest or the lowest bidder, if you will, to take their product?

Those are fundamental issues that the Grassley amendment does not address. He would like to think it does. But to simply arbitrarily suggest there is only one problem in the livestock industry today—and that is captive herds—is to suggest almost that we ignore all of the rest of the tools of integration that are beginning to develop out there. I want my cattle men and women and my pork men and women—I have little to no poultry in my State—to be as competitive and as profitable as possible. But I do know one thing: If you deny these efficiencies and the vertical integration to the beef and pork industries—there is one industry out there that is vertically integrated, and that is the poultry industry—those two industries become less competitive while the poultry industry becomes more competitive. That is the reality of what we are facing.

Shouldn't we know about that in detail and shouldn't a study be done before we act instead of collapsing the industry after we have acted?

I retain the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Madam President, I yield 1 minute to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. THOMAS. Madam President, I worked on this proposition, of course, last week. Our purpose, and our goal, is to try to make the marketplace more responsive. Our cattlemen take their cattle into a marketplace, into an auction market, hopefully, to sell at the best price available. Yet we believe sometimes because packers can have their own cattle and their own feedlots prior to the time of the market, it affects that market, and they can adjust it. We only now have about three packers that have 80 percent of the control over this market. This is one of the areas that we believe ought to be remedied. We have it in the package now, and I certainly support Senator GRASSLEY's amendment. I urge our Members to support it.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Madam President, I yield myself such time as I might consume. It is my understanding I have 4 minutes.

The PRESIDING OFFICER. The Senator is correct.

Mr. GRASSLEY. Madam President, I also want to take this opportunity to, hopefully, get some people who represent big population States to look at our amendment. I think it is very much oriented toward helping consumers. We have more competition in the processing of livestock, as well as helping the family farmer.

I am offering this second-degree amendment to the Craig amendment to clear up any concerns raised by the opposition regarding the word "control". The new language reads that a packer may not own or feed hogs or cattle, "through a subsidiary, or through an arrangement that gives the packer operational, managerial, or supervisory control over the livestock, or over the farming operation that produces the livestock, so such an extent that the producer is no longer materially participating in the management of the operation with respect to the production of livestock."

The new test established to clear up the question of what control means is found in the phrase "materially participating." A farmer who materially participates in the farming operation must pay self-employment taxes. Those who do not materially participate, do not have to pay self employment taxes. The phrase has appeared in the IRS Code, section 1402(a) since 1956 and there is a full hopper of case law clarifying the definition.

I came to the floor yesterday and explained that all the talk about this generating excess litigation, or bureaucracy, or limiting farmers risk management options is just talk. It's all blue smoke.

Some of the packers' allies are already trying to complain that this only adds another layer of confusion. That's an absolute lie. What this amendment does is crystalize the issue, and this issue is whether packers should be packers, or packers should be producers.

Let me make this clear. The vote this morning is a vote on whether packers should own livestock, nothing more and nothing less. If you oppose my amendment you support packer ownership. If you oppose my amendment you must believe that independent livestock producers should compete on an even playing field with corporations that can generate hundreds of millions of dollars to compete with farmers. If you oppose my amendment you are supporting packer greed versus the independent producer's need.

Ask any independent producer in the United States. If we were able to ask them if they think packers should be able to compete with them dollar for dollar, who benefits? I realize that AMI has been arguing that "the sky is falling" is this passes, but what would your independent producers really want you to do?

The revised Grassley amendment will inject greater competition, access, transparency and fairness into the livestock marketplace. Small and medium sized livestock operations will gain greater access to markets that will have greater volume and be subject to less manipulation.

The revised bill clarifies that arrangements that do not impose control over the producer can still provide all the benefits of coordination and product specification that many "grid" marketing arrangements desire. We are not limiting independent producers at all, only packers.

I've got letters and endorsements from possibly every group interested in this issue that doesn't allow packers to be included in their membership. These endorsements come from state pork producer and cattlemen groups, to the American Farm Bureau. I have well over 135 organizations that signed a letter in support of my second degree amendment. Just a few of those groups are the: Livestock Marketing Association (who stated they would like to voice their strongest possible support), National Farmers Union, R-CALF USA, Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America, National Catholic Rural Life Conference, and the Organization for Competitive Markets.

The packers are an important piece in the rural economy, but only a piece, not the whole pie. They think they are the whole pie. The question we need to ask ourselves is whether packers should be packers or packers should also be producers. Is it our intent to let packers compete with producers on an even playing field? Once again, is there any question who will lose this competition?

The reason we keep sows in farrowing stalls is to protect the piglets. Sows are extremely important for the health and well-being of the piglets, but if we let the sow out of the crate we stand the chance of getting the piglets crushed by the sheer weight of the sow, or worse, and watch the sow grow fat-

ter. Let's build a strong farrowing stall for the packers and facilitate the health and well being of our independent producers.

Support the Grassley second-degree, your independent producers would.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Madam President, Senator GRASSLEY and I have worked on a lot of agricultural issues together and a lot of farm issues together, and we are in agreement about 99.9 percent of the time. Today, we differ slightly, only in that I want to make sure the step Senator GRASSLEY, Senator HARKIN, and Senator Johnson are asking the Senate to take, which has a direct impact on the livestock marketing industries of our country, is the right step.

They took a step in December only to have a lot of different legal minds say: Wait a minute. We think you are wrong or we think it could be misinterpreted or we think it could be very destructive to a lot of positive relationships that are now building in the marketing between the producer and the processor.

I have read his amendment. It was read yesterday. I am not quite sure it achieves what he wants it to achieve as it relates to control. It talks about a variety of controls, managerial supervision, control of livestock, to such an extent the producer is no longer materially participating in the management of the operation "with respect to, and the following."

I received a report in the last few days from the Purdue University Department of Agricultural Economics. I ask unanimous consent to have that report printed in the RECORD.

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

#### IMPLICATIONS OF BANNING PACKER OWNERSHIP OF LIVESTOCK

(By Allan Gray, Ken Foster, and Michael Boehlje)

The goal of this paper is to address some of the issues surrounding Senator Johnson's (D-SD) amendment to the Senate Farm Bill (S. 1731, The Agricultural, Conservation, and Rural Enhancement Act of 2001) that would make it illegal for meat packers to own, feed, or control livestock more than 14 days before slaughter. There has been much debate of this amendment in the press, and much of the debate centers on the word "control" and its likely interpretation in a court of law. These comments address the underlying issues for the motivation and the likely impacts of this proposed amendment for the structure of the livestock industries.

#### *Is defining control important?*

The word "control" regardless of its interpretation in a court of law, generates serious concerns. While Fuez, et. al. make arguments that this word could eliminate marketing contracts, Harl, et. al. argue that, in a court of law, control would be interpreted as ownership and would not ban marketing contracts. The issue at hand seems to be that the concept of "control" is, in fact, subject to interpretation. The degree of uncertainty surrounding the interpretation of the word "control" will lead to increased uncertainty

about legal business structures and likely increased litigation. These factors will increase transactions costs in livestock industries making them less competitive against other protein sources in both domestic and export markets. If the natural economic tendency is toward tighter alignment of the livestock value/supply chain, as will be argued later in this paper, then packers will move toward tighter vertical linkages without actual ownership if the amendment is enacted. This tendency to push for tighter alignment may be interpreted as control without a more explicit definition and will most assuredly lead to litigation. Thus, the word "control" should be defined more explicitly in the legislation or eliminated to avoid the uncertainty and the increased litigation that would follow if it is not defined.

Having addressed the issue of defining control, there are three other factors that should be explored regarding the impacts of this amendment and whether it can be expected to achieve its intended goals. First, the motivation of packer ownership of livestock should be explored to determine whether it is a demand driven issue or a market power issue. Second, whether this amendment would result in producers maintaining their independence or if some other, more tightly aligned interdependent, governance structure would result needs to be examined. Finally, the impacts of this bill on producers and packers that are located in isolated or "fringe" regions should be considered.

*Is packer ownership of livestock (vertical integration) driven by packers trying to respond to market demand and economic forces, or is it driven by packers exercising market power?*

The U.S. livestock industry is a mature industry that delivers products to a set of customers with rising incomes who demand a more differentiated, higher-value set of choices in their proteins. In addition, the marketplace is increasingly concerned about food safety and the ability to trace any contamination to the root source. This argument suggests that the market pressures placed on the industry to deliver more differentiated, higher-value, traceable protein products is a key driver in the development of tighter vertical linkages in the livestock industry.

A more tightly aligned livestock supply chain allows the industry to be more responsive to consumer needs, providing growth for its products in mature markets and increasing efficiency. By increasing vertical coordination (whether through vertical ownership or contracting), the industry increases the ability of information to flow quickly and unambiguously along the supply chain (in essence through quantity and quality purchase orders), allowing for quick responses to changes in consumer preferences through new requirements and specifications rather than trying to attract change through price incentives alone. In addition, the packing industry has large investments in fixed assets that are most economical when operated at full capacity. The best way to assure full capacity and better flow scheduling, and better match consumer or retailer quantity and quality requirements, is to develop tighter vertical coordination. Thus, the industry can improve its competitive position through better inventory management that arises from vertical control. Finally, the shared information, learning capacity, and financial gains from vertical coordination may lead to more rapid technological adoption and enhanced efficiencies for the industry, which leads to more affordable and/or desirable products for consumers over time.



Risk in the livestock industry is another important driver of increased vertical coordination. When markets are less coordinated, the market signals and production activities may be less aligned. This misalignment can lead to wide savings in inventories and prices creating a higher degree of variability in income for farmers and packers. Increasing vertical coordination can reduce misalignments that lead to higher variability. In addition, the sharing of risks and rewards in coordinated systems may be different than in an "open" market. Research has shown that producers producing under production contracts (a form of packer ownership) receive lower returns on average than their "open" market counterparts. However, this same research indicates that the variability of returns for producers in production contracts is substantially lower than the variability of their counterpart's returns. This reduction in risk could be a substantial benefit to some producers—these risk reduction benefits would be reduced by the proposed amendment if it prohibits production (not marketing) contracts, which is likely.

An alternative argument for the increase in vertical coordination is that packers are exercising their ability to control the price of live animals. This argument contends that packers have market power in the industry and thus can squeeze producer's margins when they are more vertically aligned. Most studies have found little evidence that packers are exercising pure market power in the live animal markets. However, there is some research suggesting that packers might strategically use captured supplies (company owned or contract produced animals) to reduce the number of animals that they purchase from the open market without risking capacity utilization shortfalls; the result of this behavior is lower live animal prices, than would have otherwise prevailed, on the open market. However, if packers have this so-called monopsony power, it is unlikely to disappear under the terms of the proposed amendment. If there exists substantial market power, then packers will likely find ways to exercise it via exploitative marketing contracts that fit within the bounds of the proposed amendment. If the problem in the livestock industry is one of market power, and it can be documented, then it is an issue of anti-trust and not one of industry structure. Furthermore, the market power of packers is unlikely to be significantly impacted by banning packer ownership of cattle.

In summary, there is a sound argument that vertical coordination in the livestock industries is driven by changes in consumer demand to deliver high-quality, differentiated products to the market place, and to improve the risk/reward sharing between producers and packers in the industry. This amendment would simply eliminate one form of vertical coordination for delivering products to consumers and would be unlikely to impact the market power of packers. In fact, the amendment could, at the margin, increase the packers market power since it would likely lead to an increase in contracting, placing more of the ownership of specific assets in the hands of producers where they are more likely to be exploited by packers. The new market would be one for contracts rather than for live animals, and with more producers seeking those contracts the potential for packers to extract price discriminating rents from the producers is not likely to decrease.

*Would this amendment have an open access market with production through independent producers, or would it lead to some other form of supply/value chain governance structure?*

The argument above is that tighter vertical alignment through ownership and/or contractual arrangements is primarily driven by the need to meet consumer demands and lower cost. If this is the case, it is unlikely that this (assuming control is not defined as amendment eliminating detailed quality and quantity specified procurement/marketing contracts) would curtail the industry's move towards tighter vertical alignment. That is, this amendment is unlikely to preserve the "independence" of the livestock producers.

The benefits of tighter vertical alignment can be obtained through two forms of supply/value chain governance. The first form would be through vertical integration or ownership. This has been the primary choice of the poultry industry, which is widely credited with being more responsive to customer's needs that has led to increases in the demand for poultry products at the expense of beef and pork. Packer vertical integration in the pork and beef industries is relatively small when compared to the broiler industry. The latest statistics show packer ownership in beef to be between 5 and 7 percent while pork is closer to 20 to 25 percent. However, more than 74 percent of hogs were marketed through some form of vertical coordination in 2000. Thus, while this amendment would eliminate vertical integration in its purest form (i.e., ownership of livestock raw materials), it is unlikely to reverse the trend toward tighter alignment in the livestock supply chain and re-establish the dominance of independent producers of livestock and open access market coordination between producers and packers.

Since this amendment would eliminate the possibility of vertical integration (at least, backward integration by packers), the other choice of governance structure to obtain some of the benefits of vertical alignment is through contracts. However, the economic pressure will likely be to create very tightly controlled contracts with a limited set of "preferred suppliers." This limited set of preferred suppliers would consist of producers with the ability to deliver the quality and quantity of livestock needed by the packer to take advantage of the economic forces in the market place. This set of "preferred" suppliers would have an extremely close relationship with the packer and would, in effect, act as an agent or franchisee for the packer, more or less imitating the vertical integration structure.

This change in the structure of the livestock industry is at best a marginal change from the currently emerging structure. While it is likely that this amendment would shift some of the margins in the industry towards producers, it is likely that these margins would be collected by relatively few select producers "hand chosen" by packers. This leaves most other producers in an unchanged situation with limited access to markets and the necessity to sign contracts (albeit with production companies rather than packers) that more or less specify their production practices and who may own the livestock.

*Would packers and producers in areas with limited livestock production and only one or two packing facilities suffer?*

It seems likely that livestock production in fringe areas could suffer under this amendment. As stated previously, the fixed cost nature of the packing industry requires a high degree of capacity utilization to achieve profitability. In "fringe" areas

where livestock production is limited, packers may need to own a portion of the livestock production to maintain an economically feasible throughput in their plants. By eliminating ownership, these plants may have no alternative but to shut down or be sold at a loss. Because of the limited production and packing capacity in these regions, farmers would likely have to cease operations as well. Thus, it would appear that this bill might favor the regions where production is most concentrated, at the expense of less concentrated areas of production.

Mr. CRAIG. They say the definition of control is in the eye of the beholder and ultimately in the eye of the court, and that is where I believe this relationship will go if it is a mandate of Federal law. We must know where we are going. Is it only an updating of the Packers and Stockyards Act? I think not. I think it is an entirely different relationship of which we need to be clearly aware. When we are talking competitiveness, I want ranchers of Idaho to be as competitive as possible.

What I am frustrated about, and the Purdue University study says it, what about the fringe area where there is only one packinghouse? If this goes through, are we assuming packers are going to go out and build new plants around the West? The West is a fringe area.

We have heard from my colleagues from Idaho, Idaho and Wyoming fit that definition. Our livestock must move elsewhere, or at least to the edge of our borders, to be processed and ultimately to be marketed. That is why capacity, throughput, all of those kinds of things, through contract relationships and owner relationships, has built stability within that market—and competition, and I hope pricing. If I am wrong, the study will prove it.

This is the first time we have directed USDA to look straight at this issue, not around the issue, not about market manipulation but the reality of the current market and changing those relationships, and the impact those changes would have on the profitability of the livestock industry, primarily the beef and the pork industry. The poultry industry is already fully integrated, and we compete, if one is a beef producer or a pork producer, directly with that industry. Therefore, efficiencies must be such to create the profitabilities for a kind of effective competition. That is the reality of the issue we face.

I hope my colleagues vote down the Grassley amendment and recognize that my amendment is not ad infinitum. It is 270 days directed specifically at USDA, with specifics for that study, and then we come back to Congress and the next year the Senators from Idaho, Wyoming, and South Dakota can stand in this Chamber and say here are the facts; here is what we know we are doing; here is a designer amendment to fit the reality of the marketplace, instead of what we believe might be true based on what we think exists today.

I do not want to collapse the livestock industry built on maybes and

mights and possibilities. That is the value of the study.

I move to table the second-degree amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2533

The PRESIDING OFFICER. Under the previous order, there will now be 15 minutes of debate equally divided on the Crapo amendment No. 2533.

The Senator from Idaho.

Mr. CRAPO. Madam President, I will take a moment and then yield the remainder of my time to Senator THOMAS from Wyoming.

This amendment is simple. It strikes section 215 from the farm bill. Section 215 contains provisions that would require a landowner who seeks to participate in a portion of the acreage of the CRP to give up his or her water rights either temporarily or permanently. Those kinds of efforts to increase Federal intrusion and Federal control over water management are simply unnecessary and inappropriate. Under the law as we now have it, this very successful conservation program would be hooked not only to the Endangered Species Act, which is something that has never been done before under the farm bill, but also to a requirement that landowners must yield their water rights to the Federal Government in return for the right to participate in this very popular and successful conservation program.

This is an unnecessary intrusion of Federal law into the arena of inserting the Endangered Species Act into the farm bill and is an unnecessary intrusion of Federal law into management of State water rights. For that reason, I encourage the support for this amendment.

I yield the remainder of our time to Senator THOMAS from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. THOMAS. Madam President, I thank the Senator from Idaho for the work he has done in this area. His background—as a matter of fact his legal background—much of it is in the water rights area. So he certainly brings to this Chamber a good deal of not only interest but also knowledge and insight, and I thank him for that.

I rise to support the Crapo amendment in this instance. I think it has a great deal to do with the West, a great deal to do with our traditional use of water. There are, I believe, major concerns behind this idea of the water conservation program. It could result in permanent acquisition of water rights. It preempts State water rights. It extends authority over endangered species to USDA which, of course, is a different operation than we have had.

Endangered species is a very interesting and important aspect to land and water management in the West. It proposes a radical change to the CRP,

the conservation reserve, without addressing reforms to ESA, the Endangered Species Act. Interestingly enough, the concept was never discussed in our committee, and I think it makes it more difficult and less practical to bring it up for debate that way.

I am a member of the Agriculture Committee and can attest to the fact it was never debated there. I am quite sure had it been, there are several members of the committee who represent States that experience real problems with how this would impact our lands, and we would have vigorously fought to keep it out.

The allocation of water in the West is done by the States. This is a real tradition and an important States rights issue to us. This is a precious commodity a producer has, and the States vigorously defend any effort that would reduce their rights to make the water allocation. This new water conservation idea is another example of the Federal Government treading on State water rights. For my constituents, the compromise reached allowing the Governors to opt in is certainly not enough.

One of the real difficulties is the possibility that it could result in permanent acquisition of water rights. Program enrollment language does not mention what happens to water upon termination. That is very important.

A provision claims it is not intended to preempt State water. However, if that is the intention, safeguards need to be made. They are not there.

The involvement with the Endangered Species Act, without addressing reform of ESA is very important to those in the West. The jurisdiction over endangered species is under the Department of the Interior. Changing this, then, places a new provision under the Secretary of Agriculture. Obviously that is a conflict.

Certainly those in the West—and I just returned from home over the weekend—have strong points of view about it. Many say if this Reid amendment is included, they do not want a farm bill. That would be a shame.

I yield to my friend from Montana.

Mr. BURNS. I thank my friend. Madam President, how much time remains?

The PRESIDING OFFICER. Two minutes.

Mr. BURNS. How much on the other side?

The PRESIDING OFFICER. Seven and a half minutes.

Mr. BURNS. Madam President, I raise two points. Members on this side of the issue spend a lot of time talking about “shadows.”

Senators have to ask themselves, why is this in this bill, No. 1; and, No. 2, why is it important? What is the reason for it? Have we been given a reason why this was in this legislation when it was offered as a stand-alone bill? It did not even gain enough recognition to have a hearing in committee and now we are going to put it into law. I want

the other side to defend why they want this piece of legislation. Why do they want this section? I don't want Members to go back to the cloakroom or offices and turn off the TV and not listen to this. I have not heard one reason why it is important to anything that has to do with the production of food and fiber.

It is in there to leave us to fight it. What are we fighting? We don't know. I have not heard anybody come down here and do that. I was gone yesterday and they probably did discuss it and I probably missed it, but nonetheless these ears and these eyes have not heard or seen the reason for this legislation or this section to be in this piece of legislation and what it has to do with food and fiber production and the security of the American people to have their grocery stores full.

That does not make a lot of sense to me. We are going to vote on it.

The PRESIDING OFFICER. Time controlled by the Senator has expired. The Senator from Nevada.

AMENDMENT NO. 2842, AS MODIFIED

(Purpose: To promote water conservation on agricultural land)

Mr. REID. Under the agreement from last night, I send a modification to the desk.

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

The amendment will be so modified.

(The amendment is printed in today's RECORD under “Amendments Submitted.”)

Mr. REID. Madam President, I have spent a great deal of time in the last several days speaking to my friend from the State of Idaho, Senator CRAPO, who is a water expert. He was a water attorney before he came here. We have had some fruitful discussions. I have spoken to many other people in an effort to try to alleviate some of the fears people have. They are fears.

I have come to this Chamber on several occasions to explain to people we have a new West. Nevada is an example. Seventy percent of the people live in Las Vegas, 20 percent live in the metropolitan Reno area, with only 10 percent of the people living outside those two metropolitan areas. The land is no longer controlled by the miners and ranchers. I have great respect for them. My father was a miner. I know how much the ranchers have contributed to the welfare reform of the State of Nevada. I am doing everything I can to help them, but there is a new reality out there.

When we start talking about changing grazing—I have been here before and talked about doing that—as I discussed on Friday, people have serious fears. But they are hearing and talking about things that do not exist. This is an effort to alleviate some of the fears people have. That is what the modification is about. It applies to the States of California, New Mexico, Oregon, Washington, Nevada, Maine, and New Hampshire. It is too bad it does not apply to everybody else, but there are fears people have. By the time it comes around



next time, they will see that the other States will be fighting to get in it.

With all due respect to the Farm Bureau, they are the ones in opposition. Every environmental group in America supports this legislation. It is legislation that explicitly prohibits the Federal Government from holding or buying or leasing water rights. A farmer doesn't have to sell water in order to participate. This amendment is not only supported by the environmental community but the International Association of Fish and Wildlife Agencies. For those Members who are in favor of shooting, hunting, and fishing, this association represents all State fish and game departments across the country. They support this effort.

The League of Conservation Voters will score this amendment. Everyone should understand they score very few amendments, very few votes during the year. They are scoring this one. Everyone be aware of that. They support this amendment because it helps States and farmers ease water conflicts by getting farmers income support in drought years and water to endangered fish in other years.

A colleague last week said my water program reminded him of Mark Twain. Mark Twain once said of the West: Whiskey is for drinking and water is for fighting. If they succeed in striking my language, they will be responsible for making sure that is the way things remain. It should not be. A vote to support my motion to table Crapo is a vote to relieve conflict, not create it.

The modified amendment replaces the existing program with pilots. The pilot programs use conservation money and it puts this money into the hands of States and gives them discretion in how to spend it to solve their water conservation problems. It takes nothing away from the States as far as water. The first pilot expands a successful partnership with the Department of Agriculture's Conservation Reserve Program and the State of Oregon to restore habitat and to lease water to help the fish. Under the Conservation Reserve Enhancement Program, States can submit plans to the Department of Agriculture to target resources for restoration.

The Department of Agriculture brings CRP funds to the table and States or nonprofits bring additional funds to get the work done. Today, 17 States have the programs to better target Department of Agriculture funds to resources of State concern. This amendment codifies a plan in existence in the State of Oregon. Under that plan, USDA can pay farmers irrigated rental rates if they transfer water to the State under the plan. But farmers can enroll in the plan even if they do not want to transfer water. This provision reserves 500,000 acres of land for this purpose.

The second provision creates a new water benefits program under this program. The State could help farmers and ranchers fund irrigation efficiency

measures, willing farmers could convert from water-intensive crops to less water-intensive crops—I repeat, willingly; no one forces them to do anything—and to lease/sell options or sell water.

Most Western States already have programs similar to this but this Federal money will bolster these programs. We have included language to make certain Eastern States are eligible for these programs as well.

There was concern by my friend from Wyoming that the Endangered Species Act would raise its ugly head. The Federal Government has never confiscated CRP land from endangered species. There is no reason to think they would do so now.

But, if a farmer is concerned about it, he has two choices: A farmer could say I am not going to participate or he can get a safe harbor agreement from the State and the Interior Department. It has been done before. These assurances tell landowners who enter into agreements if they help us restore habitat, whether by dedicating land for a time period or transferring water, at the end of that period they get the land or the water back. It is an established program that has existed for almost 3 years. It gives the good-guy participants in programs such as these the assurance that they will not be penalized under the Endangered Species Act for helping fish and wildlife for a time.

Remember, my amendment prohibits the Federal Government in any way from holding, buying, or leasing water rights. How many times do I need to say that? People keep coming in and saying the Federal Government is going to steal water thus. I repeat, my amendment says the Federal Government will not hold, buy, or lease water rights; No. 2, farmers who want to participate in these program do not have to sell their water to do so; No. 3, States are given the lead role in deciding what water conservation options they want help funding, and this farmer participation is voluntary.

Finally, these programs provide a substantial amount of funding to help support farmer income in drought years and get water to the fish in those years.

Has my time expired?

The PRESIDING OFFICER. The Senator has 17 seconds.

Mr. REID. It has expired. When all time has expired, I want to move to table.

Mr. CRAIG. Parliamentary inquiry: The author of the amendment has just modified his amendment. Is it my understanding the Crapo amendment to strike still pertains to the modified amendment or is it to the original? What will be the circumstance of this vote?

The PRESIDING OFFICER. The Crapo motion to strike still applies to the underlying section of the substitute, which is now subject, as well, to the modification.

Mr. CRAIG. So the amendment to strike covers all action including the

substitute language the Senator from Nevada has just offered?

The PRESIDING OFFICER. That is correct.

Mr. CRAIG. I thank the Chair.

Mr. REID. I say to my friend from Idaho, it is my understanding—I am going to move to table Senator CRAPO's striking amendment—how that is decided will determine what language remains.

I think all time has expired. I move to table the Crapo motion to strike. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HATCH. Mr. President, I rise today to express my full support for the amendment by Senator CRAPO, which I have cosponsored. The purpose of this amendment is to strike section 215 of the farm bill, which we are considering today in the Senate. This section would create a program allowing the Federal Government to purchase the water rights of farmers and others for the purpose of protecting the habitat of certain endangered or threatened species.

While protecting the habitat of threatened species is a worthy goal, one which I have supported, this amendment has the unacceptable consequence of putting in jeopardy our system of State water rights. Let me elaborate. Under this program, private landowners, tribal groups, farmers and other organizations who participate would be required to sell or lease their water rights to the Federal Government. I strongly oppose using federal dollars to establish an incentive for private entities to give up their water rights. The Federal Government has tremendous financial resources and, given free reign, could buy up unlimited acre-feet of precious water in the West. As some of my colleagues already know, Utah is the second driest State in the Union. Water is the lifeblood of Utah, and it is in short supply.

It was only a matter of hours after the first pioneers entered the Salt Lake Valley that they began to break up the dry desert, plant seeds, and dig irrigation canals, bringing the precious water from Utah's snowy mountains to their thirsty lands. It was these farmers—my ancestors—who made Utah blossom like a rose. The families of those original pioneers and their limited water resources have continued to keep Utah's agricultural industry strong. But it has not been easy. This program will create an incentive to strip Utah's farmers of the very thing that makes their livelihood possible.

Although the program is said to be voluntary, even farmers who choose not to participate in it could experience a number of adverse effects because of the participation of a neighbor. Erosion or additional weeds and dust resulting from the disuse of adjoining land—because of this program—or the introduction of species listed

under the Endangered Species Act to these program lands could have a negative impact on the livelihood of neighboring farmers.

I am also concerned that section 215 makes considerable changes to existing programs without a proper discussion of those changes in the relevant committees. For example, it creates an unprecedented link between the Endangered Species Act and farm programs. From what I have seen, when the goals of the Endangered Species Act and the needs of farmers come into conflict, the species wins and the farmer loses. I am also concerned with the language of this provision that appears to create a new "sensitive species" category for protecting wildlife. Finally, I am concerned that this language gives powers to the Secretary of Agriculture that have previously only been held by the Secretary of the Interior. This is yet another major policy shift. Changes of this magnitude should not be acted on by the full Senate without the benefit of committee hearings. I urge my colleagues to support Senator CRAPO's amendment to strike this section 215 from the Farm Bill until such time that further light can be shed on its implication for farmers. And I remind my colleagues that the Farm Bill is meant to help our farmers, not hurt them.

#### AMENDMENT NO. 2839

The PRESIDING OFFICER. Under the previous order, there will now be 15 minutes of debate equally divided on the Baucus amendment No. 2839. Who yields time?

Mr. LUGAR. Madam President, I suggest the absence of a quorum with time to be charged equally to both sides.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAUCUS. Madam 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. Madam President, I rise today to again discuss an amendment that would provide desperately needed disaster assistance for America's farmers and ranchers.

I would like to begin by thanking my colleagues, Senators ENZI, REID, BURNS, LANDRIEU, DORGAN, JOHNSON, CONRAD, CARNAHAN, DAYTON, STABENOW, LINCOLN, LEVIN, MURRAY, and CANTWELL, for cosponsoring this measure.

This amendment extends to the 2001 crop the same agricultural disaster programs that have proven crucial to American farmers in recent years.

The amendment provides \$1.8 billion for the Crop Disaster Program and is intended to cover quality loss due to army worms, \$500 million to the Livestock Assistance Program, with \$12 million directed to the Native American Livestock Feed Program and \$100 million toward the apple market loss assistance program.

Agricultural producers desperately need these disaster programs. Adverse weather conditions have pushed farmers, ranchers, and rural communities to the brink of economic disaster.

These adverse weather conditions came on the heels of sharply escalating operating costs due to higher energy and fertilizer prices.

With weather problems continuing, costs rising, and no time to recover from the drop in farm operating income, it is incumbent on us to take action today.

President Bush understands the crucial role that agriculture plays in America's economy. In a speech delivered to the National Cattlemen's Beef Association's Annual Convention and Trade Show in Denver, He said:

Our farm economy, our ranchers and farmers provide an incredible part of the nation's economic vitality. If the agricultural economy is not vital, the nation's economy will suffer."

We must give rural America the chance to have a vital economy.

Closer to home, farmers in my State of Montana have compared current drought conditions to the dust bowl years of the 1930s. Many have not taken out their combine in over a year. When there is no harvest, there is no income. And the strain on these rural communities is beginning to mount.

According to Dale Schuler, past president of Montana Grain Growers and a farmer in Choteau County, Montana, nearly 2,000 square miles of crop in his area of central Montana have gone unharvested. That is an area the size of Delaware. And the impact has been horrendous.

To quote Mr. Schuler:

Farmers and our families haven't had the means to repay our operating loans, let alone buy inputs to plant the crop for the coming year. I believe that we're set to see a mass exodus from Montana not seen since the Great Depression of the 1930s.

Chouteau County, the largest farming county in Montana, the last farm equipment dealer had no choice but to close his doors, the local co-op closed its tire shop, one farm fuel supplier quit, and the fertilizer dealers and grain elevators are laying off workers.

Another farmer from the area, Darin Arganbright, told me that enrollment in local schools has decreased by 50 percent in the past few years. So we are not only losing our current farmers but our future farmers.

A final point. We need to act now—on the farm bill. Producers are making their planting decisions for next year right now. But, without these disaster payments, many banks will refuse to provide operating loans to producers for this upcoming crop year.

In Montana, it is anticipated that 40 percent of producers seeking operating loans this year will be denied if we fail to provide this assistance. Without these loans, many farmers will simply be unable to plant, giving up any hope of economic recovery in the near future.

This would devastate my State's economy and that of the West. Rural America needs a boost. And I believe our amendment does just that.

This measure will provide stimulus our rural communities need to survive by extending the disaster relief programs that have been critical to shoring up farm income over the last 3 years. This relief will allow farmers—and the rural communities that depend upon them—to get back on their feet.

In conclusion, I would like to note that the letters of support for this amendment continue to pour in. These include: The National Association of Wheat Growers; the National Cattlemen's Beef Association; the National Farmers Union; the National Cotton Council; the American Farm Bureau; the United Stockgrowers of America; the National Barley Growers Association; the U.S. Canola Association; the American Soybean Association; the National Sunflower Association; and the Northwest Farm Credit Services.

Our Nation depends on agricultural producers for an abundant, affordable, safe food supply.

Today our Nation's producers depend on us to provide them with much needed and overdue assistance. Let's get the job done.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time in opposition? The Senator from Nevada.

Mr. REID. Madam President, I ask unanimous consent that the order that is now in effect be modified to allow 2 minutes equally divided between each vote and that the latter two votes of the three votes that will take place be 10-minute votes.

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

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

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. LUGAR. Madam President, I yield myself 2 minutes in opposition.

I bring to the attention of Senators that, whatever the merits of this emergency legislation, the cost of these provisions is approximately \$2.4 billion. That \$2.4 billion would be in addition to the \$73.5 billion over a 10-year period of time, which is already the approximate cost of the bill to say nothing about the so-called baseline expenditures—namely, the farm programs which continue, to which in the event this legislation passes \$73.5 billion would be added.

I think Senators must weigh the fact that the Senate and the House voted approximately \$5.5 billion last year for emergencies. This is in addition to that.

Members must at some point weigh the consequences of the spending of

which we are involved. This Senator has suggested ways in which this bill ought to come in for less than \$73.5 billion.

I simply note that if the passage of the amendment occurs, we will be adding approximately \$2.4 billion to the tab.

I thank the Chair. I yield the floor.

I suggest the absence of a quorum and ask unanimous consent the time be charged to both sides.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Who yields time?

Mr. LUGAR. Madam President, I yield time to the distinguished Senator for whatever he may require.

The PRESIDING OFFICER. The Senator is recognized.

Mr. KYL. I thank the Senator.

Madam President, I wish to ask when this body is going to exercise some restraint and some discipline. I hear a lot about the deficit and how we have to be careful to not spend so much that we go into deficit this year. Every time I come to the Chamber, we are voting on yet another amendment to spend more money. This amendment would authorize \$2.4 billion in addition to the \$73 billion that already is in the farm bill. That is in addition to the \$23 billion in emergency ad hoc spending that we have spent during the last 4 years. Last year alone we authorized \$5.5 billion in emergency spending.

It doesn't seem to me that we have any restraint or any discipline, or that we are willing to set any kind of priorities. We seem to be out of control with respect to spending. I just ask when we are going to say no.

I want to give my colleagues notice. I am going to tally up all the spending that they propose, and when they come to the floor and talk about the deficit, I am going to confront them with the spending that they proposed.

Obviously, some things have to be voted on. We, obviously, have to support the war on terrorism, and there are a lot of other issues, but when we keep adding emergency upon emergency upon emergency spending to a farm bill that is already \$73 billion, clearly we are not exercising restraint.

I want my colleagues to know what I am going to be doing. If they talk about deficit, I am going to talk about the spending they proposed above and beyond what is already in this appropriations bill and the authorizing legislation.

I hope my colleagues will vote not to support this amendment for \$2.4 billion in additional spending.

Mr. ENZI. Mr. President, I rise in support of an amendment that would allocate \$500 million in emergency

spending for the Livestock Assistance Program.

The Livestock Assistance Program, LAP, is an ad hoc program administered by the U.S. Department of Agriculture, USDA, through the Farm Service Agency. It is available to livestock producers in counties that have been declared disaster areas by the President or Secretary of Agriculture. It provides financial relief to livestock producers that are experiencing livestock production loss due to drought and other disasters. Livestock producers in my State of Wyoming have been hard hit by drought and the drought outlook for this year isn't optimistic.

Recently, Wyoming's State climatologist reported that a third year of drought is possible. After Wyoming's warmest summer in 107 years, a normal year would be a relief, but it wouldn't be enough. Unless rains of 125 to 175 percent of normal fall on my State, my ranchers will be facing a third year of drought.

You may not know that in drought, producers usually suffer the loss of grazing sources. The Livestock Assistance Program commonly provides the means to buy supplemental feed for their livestock. Livestock usually require supplemental feeding in the winter.

The program was not funded in fiscal year 2002 in either the emergency agriculture supplemental fiscal year 2002 or the Agricultural appropriations fiscal year 2002 bill. This program should be funded every year that disaster occurs. For 2001, the funding is long overdue. This is a situation where there is no light, just an endless tunnel.

I believe this program funding is critical to the continuing viability of ranches in Wyoming. This amendment would provide short-term, immediate economic stimulus to Wyoming's agricultural population. The program is appropriate for this bill because it upholds the basic purpose of the Farm bill: to support American agriculture. This money will be spent immediately to support purchases of winter feed for livestock.

In my own State, 2002 is shaping up to be the third year of continuous drought. In these conditions, the State's natural resources have been unable to recover. In order to conserve these resources, the State and Federal Government have evicted ranchers from State and Federal leased lands. Producers have been forced to find alternative grazing arrangements where pastureland is limited. Many producers grazed hay fields last summer and fall that had been slotted to provide winter feed. Virtually every indicator, precipitation, snow pack, and reservoir levels, show the drought may get worse.

The Secretary of Agriculture designated counties in my State as drought disaster areas months ago, but my producers still haven't seen the assistance that should accompany that designation. This amendment provides

assistance. I urge my colleagues to pass this amendment.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Madam President, I would like to say a couple of words with respect to my friend from Arizona saying that he is not going to vote for \$2.4 billion because \$5 billion was already spent for emergencies.

A couple of points: Implied in his remarks was that we should support emergencies. He mentioned terrorism. He didn't mention al-Qaida, but he implied it. That is correct. We have an emergency. We need additional national security dollars to confront that emergency.

I say to my good friend that we have another emergency. The emergency is the drought. It is crop losses due to weather conditions. It is an emergency. You can't predict it. It happens. The \$5 billion my good friend referred to is in every category. That was added on because farmers are losing their shirts under "freedom to fail." That had nothing to do with disaster or weather conditions. It had nothing to do with an emergency, a national security emergency, or a weather-related agricultural emergency.

We need to take care of and support people who are adversely affected by emergencies.

Madam President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Madam President, I yield myself time in opposition.

Let me respond to the Senator from Montana. To equate the national emergency this country faces in its war against terrorism and al-Qaida and an agricultural emergency is to stretch things quite a bit. I understand the desire of colleagues to send money to farmers and ranchers around the country. I would simply point out that in this particular calendar year agricultural income is a positive \$59 billion in this country. It was, in fact, higher than it has been for several years. The net worth of farms in this country increased this year as it has at least for the last 3 or 4 years as land values increased substantially.

Let me point out that there may be reasons for specific tailoring of various projects in various areas, but agriculture in America does not face an emergency. Agriculture in America faces at least a point in which our legislation might create problems. I have suggested the problems that will be created are incentives for overproduction, almost a guarantee of lower prices, and almost a guarantee that Members of the Senate will come here reflecting on the lower prices and wonder why that happened but suggest that we spend more money in order to counteract our own policies.

I appreciate that Senators vote generally on the merits of all the elements of the bill, but the particular area in

which we are dealing—that of agricultural payments—leaves us very vulnerable, I believe, to fiscal mismanagement, to lower prices, and to a trust that has been betrayed with regard to good judgment in farm policy.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Madam President, we have a little time, so we can have a little more debate.

Farmers across America strongly support additional aid to our military to protect our national security. That is a given. It is absolute, automatic. But there are also farmers who have suffered tremendous losses.

I ask my good friend from Indiana to visit, at least Montana and he will see thousands of square miles of dust. That is a disaster. There are no combines, nothing. I have walked through those fields. It happens in other parts of the country, too, whether it is from storms or floods or pest diseases.

The Senator's problem is with the farm bill; it is not with disaster assistance payments. We are now focused and voting on a disaster assistance payment. That is entirely separate from the farm bill.

So I urge my colleagues to step up and do what is right and support the farmers who are facing these emergencies. I tell you, they are in dire circumstances. We are losing people in our State of Montana. We are a special State, granted. We do not have a lot of other industries. But other farmers in other States are also facing the same problems, but sometimes from different kinds of disasters, not necessarily always from a drought.

I must say to my good friend, 50, 75, 80 percent of the States in this country are suffering from a drought, let alone other disasters.

I urge my colleagues to just give farmers a chance. If they have a problem with the farm bill, then they should offer amendments to the farm bill, not the disaster assistance program.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Will the Senator from Indiana yield me another 2 minutes?

The PRESIDING OFFICER. The Senator has 50 seconds remaining.

Mr. LUGAR. Madam President, I yield the Senator the 50 seconds.

Mr. KYL. I thank the Senator.

Later on I am going to offer an amendment—a sense-of-the-Senate amendment—to express ourselves on the question of the permanent repeal of the death tax. I daresay most farmers and ranchers in this country would rather see the absolute permanent end of the death tax than they would another handout from the U.S. Government.

So I ask my colleagues to stop and think for a minute about whom they are really helping. If they are willing to support their constituents, their ranchers and farmers, then I think

they will want to support me in the repeal of the death tax far more than to vote for yet one more annual subsidy for emergency relief.

The PRESIDING OFFICER. Time has expired.

#### VOTE ON AMENDMENT NO. 2837

Under the previous order, the question is on agreeing to the motion to table the Grassley amendment.

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from West Virginia (Mr. BYRD) is necessarily absent.

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

The result was announced—yeas 46, nays 53, as follows:

#### [Rollcall Vote No. 23 Leg.]

##### YEAS—46

Akaka	Fitzgerald	Miller
Allard	Frist	Murkowski
Allen	Gramm	Nickles
Bayh	Gregg	Roberts
Bennett	Hatch	Santorum
Bond	Helms	Schumer
Boxer	Hutchinson	Smith (OR)
Brownback	Hutchison	Snowe
Bunning	Inhofe	Specter
Cleland	Inouye	Stevens
Craig	Kyl	Thompson
Crapo	Lincoln	Thurmond
DeWine	Lott	Voinovich
Edwards	Lugar	Warner
Ensign	McCain	
Feinstein	McConnell	

##### NAYS—53

Baucus	Domenici	Lieberman
Biden	Dorgan	Mikulski
Bingaman	Durbin	Murray
Breaux	Enzi	Nelson (FL)
Burns	Feingold	Nelson (NE)
Campbell	Graham	Reed
Cantwell	Grassley	Reid
Carnahan	Hagel	Rockefeller
Carper	Harkin	Sarbanes
Chafee	Hollings	Sessions
Clinton	Jeffords	Shelby
Cochran	Johnson	Smith (NH)
Collins	Kennedy	Stabenow
Conrad	Kerry	Thomas
Corzine	Kohl	Torricelli
Daschle	Landrieu	Wellstone
Dayton	Leahy	Wyden
Dodd	Levin	

#### NOT VOTING—1

Byrd

The motion was rejected.

Mr. HARKIN. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I ask that the Senate adopt the Grassley amendment. It is my understanding that would be the next thing in order.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to amendment No. 2837.

The amendment (No. 2837) was agreed to.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2835, as amended.

The amendment (No. 2835), as amended, was agreed to.

#### AMENDMENT NO. 2842, AS FURTHER MODIFIED

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I have spoken to the manager of this legislation, Senator LUGAR. I have spoken to Senator CRAPO. I want to add the word "only," to make clear eligible States under this program shall include only—and then it lists the States. The word "only" is added.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, I ask the Senator from Nevada to restate his request. I could not hear him.

Mr. DOMENICI. Reserving the right to object, I note I was not here yesterday, nor was I in the Senate this morning. So I did not get to work on the amendment that my good friend from Nevada is offering in which he wants to change one word. I note all States similar to New Mexico have been exempt. I do not understand why Senator BINGAMAN went along with the amendment. States in similar water situations—New Mexico, Idaho, California, Oregon, and Washington—are all excluded. Senator Bingaman has concurred that we be in it and that is why he is going to be for the amendment. I think that is a mistake for New Mexico. I wish I had more time to try to convince him and the Senate, but we are now going to vote to include New Mexico while the other Rocky Mountain States made a deal to be excluded, and our Senator is going along with them, without my understanding because I just arrived this morning.

I have no further reservation.

The PRESIDING OFFICER. Is there objection?

The Senator from Nevada.

Mr. REID. So that Senator HELMS could understand, I am adding the word "only" so it is very specific. Senator KYL and others wanted me to add that language, and I have done that.

The PRESIDING OFFICER. Is there objection to the modification? Without objection, it is so ordered.

The modification is as follows:

Eligible States under this program shall include only Nevada, California, New Mexico, Washington, Oregon, Maine, and New Hampshire.

#### AMENDMENT NO. 2533

The PRESIDING OFFICER. Under the previous order, there are 2 minutes equally divided for debate prior to the vote on the motion to table the Crapo amendment. Who yields time?

The Senator from Idaho.

Mr. CRAPO. Mr. President, this amendment seeks to strike section 215 from the bill. I encourage all Senators not to support the motion to table. The issue is very simple. We have very important and strong conservation programs that have been historic parts of the farm bill. They are critical to our environment and to the conservation in our country. This amendment seeks to attach to that an effort to manage water under the Endangered Species Act in a way which would give further

Federal control over what has traditionally been a State prerogative: The management, allocation, and use of water. It is critical we not start mixing our domestic farm policy with issues of Endangered Species Act management and with issues of States water rights management, allocation and use.

I encourage all Senators to oppose the motion to table.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. The motion to table is something that is wanted by the conservation communities throughout America. Every environmental group supports this effort. The organization that represents all of the State fish and game departments across the country, the International Association of Fish and Wildlife Agencies, supports this effort. It is good legislation. It takes nothing, I repeat nothing, away from the States.

My State is supportive of my effort here. Nevada's former water engineer and now the head of our conservation agency helped me write this language; he is one of the most conservative people in the State of Nevada. This is something that is good for the States. It is good for the farm communities. It will allow them to do things they have never been able to do before, and the States have programs they could afford. This will allow them to do that. This is good legislation. The motion to table the Crapo amendment would be for a better farm program, and I believe it will lead to passage of this legislation.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the Crapo amendment. This is a 10-minute vote. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

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

The result was announced—yeas 55, nays 45, as follows:

[Rollcall Vote No. 24 Leg.]

#### YEAS—55

Akaka	Edwards	Mikulski
Bayh	Feingold	Miller
Biden	Feinstein	Murray
Bingaman	Fitzgerald	Nelson (FL)
Boxer	Graham	Reed
Breaux	Gregg	Reid
Byrd	Harkin	Rockefeller
Cantwell	Hollings	Sarbanes
Carnahan	Inouye	Schumer
Carper	Jeffords	Smith (NH)
Chafee	Johnson	Snowe
Cleland	Kennedy	Specter
Clinton	Kerry	Stabenow
Collins	Kohl	Torricelli
Corzine	Landrieu	Warner
Daschle	Leahy	Wellstone
Dayton	Levin	Wyden
Dodd	Lieberman	
Durbin	Lincoln	

#### NAYS—45

Allard	Burns	Domenici
Allen	Campbell	Dorgan
Baucus	Cochran	Ensign
Bennett	Conrad	Enzi
Bond	Craig	Frist
Brownback	Crapo	Gramm
Bunning	DeWine	Grassley

Hagel	Lugar	Sessions
Hatch	McCain	Shelby
Helms	McConnell	Smith (OR)
Hutchinson	Murkowski	Stevens
Hutchison	Nelson (NE)	Thomas
Inhofe	Nickles	Thompson
Kyl	Roberts	Thurmond
Lott	Santorum	Voinovich

The motion was agreed to.

Mrs. BOXER. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment (No. 2533), as further modified, was agreed to.

Mr. SARBANES. I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 2839

The PRESIDING OFFICER. On the next question—

Mr. BYRD. Mr. President, I urge the Chair to insist on order in the Senate.

The PRESIDING OFFICER. The Senate will be order.

Senators will clear the well.

Mr. BYRD. Mr. President, I hope this is not being charged against the 2 minutes.

The PRESIDING OFFICER. The time is not charged.

There are 2 minutes equally divided prior to the vote in relation to the Baucus amendment.

Who yields time?

The Senator from Indiana.

Mr. LUGAR. Mr. President, I would mention that emergency programs are not new to agriculture. From 1989, that fiscal year, to the present time, over \$40 billion has been expended in this way.

During the last 3 years, we have had expenditures of \$26.62 billion, \$14.99 billion, and \$11.17 billion. There appears to be a very strong trend to try to get outside the so-called baseline, plus whatever else occurs in the farm bill for additional expenditures.

The Baucus amendment calls for \$2.4 billion outside the \$73.5 billion for the 10 years of additional spending in the farm bill or the baseline. For that reason, I oppose it. At the proper time I will raise a point of order under section 205, but I will wait until we have had the 2 minutes expire.

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

Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, people can always use figures. It is true that over the entire period of the farm bill that number of dollars has been spent. It is also true that some disaster assistance has been provided to farmers in the past. But it is not true that we spent \$11 billion this prior year on disasters. Frankly, the last payment was only \$5 billion, and it was not disaster payments; it was supplemental pay-

ments because Freedom to Farm was failing.

This is the first time it applies only to 2001. It would be disaster assistance to farmers who suffered disasters in 2001. It is only fair. It is only appropriate.

I might add, there is an \$80,000 payment limitation—you can't get disaster payments of more than \$80,000—which is very low, I might add, compared to a lot of disasters that occurred across our country. It is only disasters, and very small in comparison to the problems we have been facing.

I urge Senators to support the amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LUGAR. Mr. President, has all time expired?

The PRESIDING OFFICER (Mr. EDWARDS). All time has expired.

Mr. LUGAR. Mr. President, the Baucus amendment contains an emergency designation. Under section 2035 of H. Con. Res. 290, the fiscal year 2000 budget resolution, I raise a point of order against the amendment.

Mr. BAUCUS. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable sections of that act for the purposes of the pending amendment, 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. NICKLES. I announce that the Senator from New Mexico (Mr. DOMENICI) is necessarily absent.

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

The yeas and nays resulted—yeas 69, nays 30, as follows:

[Rollcall Vote No. 25 Leg.]

#### YEAS—69

Akaka	Daschle	Leahy
Allard	Dayton	Levin
Baucus	Dodd	Lieberman
Bayh	Dorgan	Lincoln
Bennett	Durbin	Mikulski
Biden	Edwards	Miller
Bingaman	Enzi	Murray
Bond	Feinstein	Nelson (FL)
Boxer	Graham	Nelson (NE)
Breaux	Grassley	Reed
Burns	Hagel	Reid
Byrd	Harkin	Rockefeller
Campbell	Hatch	Sarbanes
Cantwell	Hollings	Schumer
Carnahan	Hutchinson	Smith (OR)
Cleland	Inhofe	Snowe
Clinton	Inouye	Stabenow
Cochran	Jeffords	Thomas
Collins	Johnson	Torricelli
Conrad	Kennedy	Voinovich
Corzine	Kerry	Warner
Craig	Kohl	Wellstone
Crapo	Landrieu	Wyden

#### NAYS—30

Allen	Feingold	Kyl
Brownback	Fitzgerald	Lott
Bunning	Frist	Lugar
Carper	Gramm	McCain
Chafee	Gregg	McConnell
DeWine	Helms	Murkowski
Ensign	Hutchison	Nickles

Roberts  
Santorum  
Sessions

Shelby  
Smith (NH)  
Specter

Stevens  
Thompson  
Thurmond

# NOT VOTING—1

Domenici

The PRESIDING OFFICER. On this vote, the yeas are 69, the nays are 30. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to. The point of order falls.

Mr. LUGAR. Mr. President, I move to reconsider.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2839.

The amendment (No. 2839) was agreed to.

Mr. REID. Mr. President, I move to reconsider the vote and move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, we are on the farm bill now. Having completed our votes on all these amendments, the Senator from Kentucky, Mr. McCONNELL, is here to offer an amendment. He said he would take 5 or 10 minutes. There is work being done by the managers to see whether or not that amendment would be acceptable. They will work on that during the party recesses. When Senator McCONNELL finishes his remarks, I ask unanimous consent that the Senator from New Mexico, Mr. BINGAMAN, be recognized for up to 10 minutes to speak as in morning business, and then following that we would stand in recess for the party conferences.

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

The Senator from Kentucky.

AMENDMENT NO. 2845 TO AMENDMENT NO. 2471

Mr. McCONNELL. Mr. President, I have an amendment at the desk, No. 2845. I call it up and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows.

The Senator from Kentucky [Mr. McCONNELL] proposes an amendment numbered 2845 to amendment No. 2471.

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

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

The amendment is as follows:

(Purpose: To reduce certain commodity benefits and use the resulting savings to improve nutrition assistance)

On page 128, after line 8, add the following:

## SEC. 1. REDUCTION OF COMMODITY BENEFITS TO IMPROVE NUTRITION ASSISTANCE.

(a) INCOME PROTECTION PRICES FOR COUNTER-CYCLICAL PAYMENTS.—Section 114(c) of the Federal Agriculture Improvement and Reform Act of 1996 (as amended by

section 111) is amended by striking paragraph (2) and inserting the following:

“(2) INCOME PROTECTION PRICES.—The income protection prices for contract commodities under paragraph (1)(A) are as follows:

“(A) Wheat, \$3.4460 per bushel.

“(B) Corn, \$2.3472 per bushel.

“(C) Grain sorghum, \$2.3472 per bushel.

“(D) Barley, \$2.1973 per bushel.

“(E) Oats, \$1.5480 per bushel.

“(F) Upland cotton, \$0.6793 per pound.

“(G) Rice, \$9.2914 per hundredweight.

“(H) Soybeans, \$5.7431 per bushel.

“(I) Oilseeds (other than soybeans), \$0.1049 per pound.”.

(b) LOAN RATES FOR MARKETING ASSISTANCE LOANS.—

(1) IN GENERAL.—Section 132 of the Federal Agriculture Improvement and Reform Act of 1996 (as amended by section 123(a)) is amended to read as follows:

### “SEC. 132. LOAN RATES.

“The loan rate for a marketing assistance loan under section 131 for a loan commodity shall be—

“(1) in the case of wheat, \$2.9960 per bushel;

“(2) in the case of corn, \$2.0772 per bushel;

“(3) in the case of grain sorghum, \$2.0772 per bushel;

“(4) in the case of barley, \$1.9973 per bushel;

“(5) in the case of oats, \$1.4980 per bushel;

“(6) in the case of upland cotton, \$0.5493 per pound;

“(7) in the case of extra long staple cotton, \$0.7965 per pound;

“(8) in the case of rice, \$6.4914 per hundredweight;

“(9) in the case of soybeans, \$5.1931 per bushel;

“(10) in the case of oilseeds (other than soybeans), \$0.0949 per pound;

“(11) in the case of graded wool, \$1.00 per pound;

“(12) in the case of nongraded wool, \$0.40 per pound;

“(13) in the case of mohair, \$2.00 per pound;

“(14) in the case of honey, \$0.60 per pound;

“(15) in the case of dry peas, \$6.78 per hundredweight;

“(16) in the case of lentils, \$12.79 per hundredweight;

“(17) in the case of large chickpeas, \$17.44 per hundredweight; and

“(18) in the case of small chickpeas, \$8.10 per hundredweight.”.

(2) ADJUSTMENT OF LOANS.—

(A) IN GENERAL.—The amendment made by section 123(b) is repealed.

(B) APPLICABILITY.—Section 162 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7282) shall be applied and administered as if the amendment made by section 123(b) had not been enacted.

(c) FOOD STAMP PROGRAM.—

(1) SIMPLIFIED RESOURCE ELIGIBILITY LIMIT.—Section 5(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(1)) is amended by striking “a member who is 60 years of age or older” and inserting “an elderly or disabled member”.

(2) INCREASE IN BENEFITS TO HOUSEHOLDS WITH CHILDREN.—Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

“(1) STANDARD DEDUCTION.—

“(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Secretary shall allow a standard deduction for each household that is—

“(i) equal to the applicable percentage specified in subparagraph (D) of the income standard of eligibility established under subsection (c)(1); but

“(ii) not less than the minimum deduction specified in subparagraph (E).

“(B) GUAM.—The Secretary shall allow a standard deduction for each household in Guam that is—

“(i) equal to the applicable percentage specified in subparagraph (D) of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

“(ii) not less than the minimum deduction for Guam specified in subparagraph (E).

“(C) HOUSEHOLDS OF 6 OR MORE MEMBERS.—The income standard of eligibility established under subsection (c)(1) for a household of 6 members shall be used to calculate the standard deduction for each household of 6 or more members.

“(D) APPLICABLE PERCENTAGE.—For the purpose of subparagraph (A), the applicable percentage shall be—

“(i) 8 percent for each of fiscal years 2002 through 2004;

“(ii) 8.5 percent for each of fiscal years 2005 through 2007;

“(iii) 9 percent for each of fiscal years 2008 through 2010; and

“(iv) 10 percent for each fiscal year thereafter.

“(E) MINIMUM DEDUCTION.—The minimum deduction shall be \$134, \$229, \$189, \$269, and \$118 for the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States, respectively.”.

(3) EFFECTIVENESS OF CERTAIN PROVISIONS.—Sections 413 and 165(c)(1) shall have no effect.

Mr. McCONNELL. Mr. President, this amendment is being looked at on the other side, and I am optimistic it will be agreed to and thereby hopefully not require a rollcall vote.

Mr. President, we have made progress in the Food Stamp Program during this debate and I rise today to propose two further improvements to that worthwhile program.

President Bush has called for the standard deduction in the Food Stamp Program to reach 10 percent of the poverty level in his new budget proposal. In other words, if the 10-percent deduction were in effect for 2002 a family of four would receive an additional \$16 a month.

The present language in the Senate bill does not meet the goal set forth in President Bush's 2003 budget.

I am not asking for increased overall spending levels in the farm bill. The offset to my proposed increase in the Food Stamp Program would come out of a small cut in price supports and loan rates.

I am asking that we consider reductions of less than one cent—less than one cent per bushel—to the price support payments and marketing loan rates in this bill, so that we can continue to address the needs of our Nation's poor and disabled.

We need to complete the task of overhauling the Food Stamp Program's standard income deduction.

The standard income deduction policy affects the eligibility and benefit determination of every food stamp applicant. For the last several years, the standard deduction has been fixed at \$134 for every family, regardless of size and regardless of inflation and the fluctuating levels of the national poverty level.



As I mentioned at the outset, we've made some progress on this issue during the farm bill debate. The nutrition title as it now stands adopts the basic policy model recommended by President Bush in his budget and introduced in committee by my colleague Senator LUGAR—that is, it links the income deduction for basic family living expenses to annual poverty levels. By doing so, the amount is indexed by family size and reflects annual economic changes.

As the provision is implemented, food stamp benefits increase modestly. The Dorgan-Grassley amendment took the important step of phasing in the proposal more quickly, and I applaud them for that.

I ask, however, that we finish the job and achieve the goal set forth by President Bush to raise the standard deduction to 10 percent of the poverty level in this farm bill. That is precisely what my amendment will do.

Under my amendment, over the next 10 years, there will be an additional \$500 million in the hands of needy families with children. That's \$50 million more per year.

Let us remember that half the gains from this change would go to low-wage working families. In addition, over 99 percent of the gains would go to families with children.

The second Food Stamp Program change in my amendment would remedy an inconsistency in the rules that apply to the elderly and disabled. It would apply the same asset rule to both populations.

Given the special needs of our elderly and disabled citizens, Program eligibility rules are somewhat more generous in this area. For example, these families are allowed to deduct excess medical expenses in the calculation of net income.

With respect to food stamp asset rules, however, the elderly and disabled are subject to different policies. Food stamp eligibility for households with an elderly member allows assets equal to \$3,000, but assets for the disabled can't exceed \$2,000.

There seems no good reason for such an inconsistency. Both kinds of families face special needs. Further, the distinction for only this policy creates confusion for low-income families and increases the risk of errors for States.

I ask our colleagues to support these improvements to the Food Stamp Program. The total cost of both provisions is \$500 million over 10 years. This is a small price to pay to help the neediest families in our Nation.

My amendment is supported by leading nutrition groups such as the Kentucky Task Force on Hunger, the Center on Budget and Policy Priorities, the Food Research and Action Center, and Second Harvest.

The farm bill is an important safety net for our farmers. Likewise, the Food Stamp Program is an important safety net for our country.

I hope the amendment will be subsequently cleared on both sides.

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico is recognized.

AMENDMENT NO. 2842

Mr. BINGAMAN. Mr. President, I thank the assistant majority leader for his help in providing me time to explain a vote we cast fairly recently.

Senator REID proposed a second-degree amendment to the farm bill which I supported. The amendment would be a substitute to the water conservation provision contained in section 215 of the underlying bill. I have reviewed the amendment that Senator REID offered and that the Senate adopted. I believe it is good law, it is good policy, and it is a substantial improvement over the original proposal. So I did support it. I think it is a constructive proposal.

Section 215, as originally conceived, sought to provide direct Federal assistance to farmers by allowing the Federal Government to lease or acquire water rights on a willing seller basis to use as part of a plan to protect and recover certain species and certain habitat. That is a worthy goal, but as in all water-related issues—and we know this in New Mexico perhaps better than in most parts of the country—the devil is in the details.

On close review, valid concerns were raised. No. 1 was whether the program would be conducted pursuant to all applicable State law; No. 2, what would be the implications of Federal ownership of Federal water rights; No. 3, what was the correct linkage between the Conservation Reserve Program and the Endangered Species Act.

So to address these problems, we agreed—this was before Christmas, before the end of the session last year—to prohibit the application of the section 215 water conservation program in any State in which the Governor had not formally agreed to the program being used.

This change, however, although it was a substantial step forward—I thought, again, it was a constructive way to proceed—it was considered insufficient to address the needs of some States, such as my State—States that wanted to make use of the program but were still concerned about the issues I have mentioned—these concerns about Federal ownership of water, in particular. Fortunately, Senator REID was agreeable to making changes in that language and we were able to adopt a much-improved version of the amendment just in the last few minutes.

The amendment that has now been adopted addresses many of the same conservation goals by utilizing two State-based water conservation programs. The first program, which is a water conservation reserve program, would fund States that submit proposals seeking to enroll land in a conservation reserve or to acquire water rights to advance the goals of Federal, State, tribal, or local plans to conserve and protect fish and wildlife.

The second of the two programs that are provided for in Senator REID's new

amendment is a water benefits program under which participating States can develop a plan where willing water users are offered assistance or compensation for several different water savings options, such as irrigation efficiency improvements, converting from water-intensive to less water-intensive crops, leasing or selling water rights—again, not to the Federal Government, but to the State. Quite simply, the original concept has been converted into two programs that are State based and State controlled.

Under the new amendment, there is no possibility of the Federal Government buying or leasing water rights. That is prohibited. The remaining Federal role is to review the State proposal to ensure that they fulfill certain general purposes and to prioritize funding between competing proposals in order to get a State plan implemented.

I think it is appropriate that the Federal Government try to provide some assistance to States and to the agricultural community to address these difficult needs that arise when the water needs of farmers compete with the needs of fish and wildlife. This is particularly true where the conflict is exacerbated by Federal laws, such as the Endangered Species Act. There are situations all over the West—in the Rio Grande Valley in my State, in the Colorado River, all the way to the Columbia River—where States, local water users, Indian tribes, and other interested parties are sitting down together and jointly working out water allocation issues for the benefit of all involved.

There is no easy solution. In all of those cases where solutions are developed, they cost money. Let me mention a specific situation we have in New Mexico. The Pecos River flows southeast through New Mexico to the Texas border. That major river basin is, unfortunately, close to a number of issues that include endangered species needs, drought, and the interstate compact with Texas that is the subject of existing U.S. Supreme Court orders.

For all these reasons, our State has had in place a limited program to conserve and protect river flows, similar to that contemplated in the amendment Senator REID offered. The situation now, however, is so severe that local water users, with the help of the State, with the State facilitation, have agreed to new measures, including retiring water rights to ensure compliance with existing legal obligations, and to avoid having water cut off that is being used for municipal and agricultural needs.

Let me emphasize that this is a locally driven process. The Federal Government has not even participated in the discussions. But the reality of the new plan, which has been developed locally, is that it is going to cost an estimated \$68 million. It is unclear and unlikely that our State can put together that level of funding. It is quite possible that, through the programs we

have included in this amendment, we could provide a very useful tool to New Mexico and to the Pecos River Basin. Stakeholders in the basin have shown they are willing to make tough decisions to avoid even tougher times in the future. The least we can do is try to provide creative ways to bring real resources to the table in support of those efforts. That is a reason I supported Senator REID's amendment.

I know my colleague expressed his dismay that I would agree to provide the option for New Mexico to participate in these programs. In my view, it would be foolhardy for our State not to have that option to participate. There is no mandate that we participate. There is no mandate in any of this legislation that any farmer or water user participate. But having the option to access these resources, in my view, makes a great deal of sense.

In sum, the amendment Senator REID proposed, and the Senate adopted, may prove to be a very effective tool in helping our constituents to deal with the serious water issues they now face. Moreover, the amendment addresses the problems identified by the Farm Bureau and other entities regarding the existing section 215.

First and foremost, there will be no Federal ownership of State-based water rights as part of the program. Second, the amendment is absolutely clear that the program will be implemented as a State program, and only implemented if the State chooses for it to be implemented. There will have to be complete compliance with the substantive and procedural requirements of State water law. Finally, although the State may choose to use its program to help alleviate endangered species conflicts, this is not the sole basis or the application of the program.

Other wildlife and habitat improvement programs are also allowable, and because any water acquisition will be done by the State, Federal actions are limited—something that should alleviate a significant number of the concerns I mentioned before.

I believe the statutory language protects the State's laws and prerogatives. I believe it protects the prerogatives and rights of individual water users. I believe it can be a very useful tool for my State of New Mexico. And if there are still problems with specific aspects of the language, I am certainly willing to consider working on modifications. But it is my strong impression that this is a program that could be of great benefit to many States in the West, and we should have the option to participate if the State so chooses.

Mr. President, I yield the floor.

Mr. REID. Mr. President, I ask unanimous consent that the prior order be amended to allow Senator LUGAR to speak on the McConnell amendment, and when he finishes, we would go into recess for the party conferences.

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

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I rise in support of the McConnell amendment. For a very small reduction in the planned increases to price support and loan guarantee rates, two meaningful improvements to the Food Stamp Program become possible. A savings, of about \$500 million over 10 years, is created by reducing rates less than a cent per bushel or pound across all crops.

The application of this savings to the Food Stamp Program fulfills a bipartisan goal to further expand the standard deduction provision in the current Senate farm bill. In determining the amount of family income available for food purchases, all applicant households get the same standard deduction for basic living expenses. As my colleague, Senator MCCONNELL points out, the amount, \$134 per month, doesn't vary by family size and hasn't changed in value for a number of years. Since the size of the standard deduction affects eligibility and benefit decisions, current policy has resulted in an erosion of benefits.

There is both widespread and bipartisan support for making improvements in this policy area. The administration's new budget, the Senate Agriculture Committee bill, the House nutrition title, my own farm bill proposal, as well as legislation introduced last year by Senators KENNEDY, SPECTER, LEAHY, JEFFORDS, GRAHAM, CLINTON, DASCHLE, CHAFEE, and CORZINE all propose to tie the standard deduction to a percentage of the Federal poverty line.

Under the Senate farm bill, the standard deduction only reaches 9 percent of the poverty line, even when fully phased in. The Bush, Lugar and Kennedy-Specter proposals, in contrast, take the standard deduction to 10 percent of the poverty line over 10 years. The result is a small benefit increase. A food stamp family of four would get an additional \$6 per month compared to the current Senate bill.

The second food stamp improvement the McConnell amendment makes is to modestly expand benefit access among low-income disabled persons. Specifically, the amendment would raise the asset ceiling for low-income families with a disabled member from \$2,000 to \$3,000.

Three thousand dollars is the asset limit for families with an elderly member. Since both the elderly and disabled face limited opportunities to replace assets, it is reasonable to have the same ceiling apply. This provision reduces the need for low-income disabled persons to spend down savings before becoming eligible for food stamp benefits.

Voting for this amendment is a small gesture that makes a positive difference for many and takes a modest step toward repairing the impact of substantial budget cuts sustained by the Food Stamp Program in the mid-1990s.

I yield the floor.

# RECESS

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:15 p.m. today.

There being no objection, the Senate, at 12:33 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. CLELAND).

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, at 2:50 we will provide an opportunity for Members to offer amendments. Members have until 3 p.m. to offer their amendments or there will be no more amendments than those offered. I ask unanimous consent, regardless of what we are involved in, there be a period from 2:50 until 3 p.m. that Members have the opportunity to offer amendments if they so choose and we would lay amendments aside to allow Senators to offer their amendments.

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

The Senator from Wyoming.

AMENDMENT NO. 2846 TO AMENDMENT NO. 2471

Mr. ENZI. I ask unanimous consent to lay aside the current amendment and I send an amendment to the desk.

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

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Wyoming [Mr. ENZI] proposes an amendment numbered 2846 to amendment numbered 2471.

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

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

The amendment is as follows:

(Purpose: To authorize the President to establish a pilot emergency relief program under the Agricultural Trade Development and Assistance Act of 1954 to provide live lamb to Afghanistan)

On page 337, strike line 11 and insert the following:

**SEC. 309. PILOT EMERGENCY RELIEF PROGRAM TO PROVIDE LIVE LAMB TO AFGHANISTAN.**

Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end the following:

**"SEC. 209. PILOT EMERGENCY RELIEF PROGRAM TO PROVIDE LIVE LAMB TO AFGHANISTAN.**

**"(a) IN GENERAL.**—The President may establish a pilot emergency relief program under this title to provide live lamb to Afghanistan on behalf of the people of the United States.

**"(b) REPORT.**—Not later than January 1, 2004, the Secretary shall submit to Congress a report that—

**"(1)(A)** evaluates the success of the program under subsection (a); or

**"(B)** if the program has not succeeded or has not been implemented, explains in detail why the program has not succeeded or has not been implemented; and

**"(2)** discusses the feasibility and desirability of providing assistance in the form of live animals."

Mr. ENZI. Mr. President, I will refrain from most of my debate until