

The ACTING PRESIDENT pro tempore. The clerk will read the bill by title.

The legislative clerk read as follows:

A bill (S. 1490) to eliminate price support programs for tobacco and provide assistance to quota holders and tobacco producers and tobacco-dependent communities, and for other purposes.

Mr. McCONNELL. I now ask for its second reading and object to further proceedings on the matter.

The ACTING PRESIDENT pro tempore. Objection is heard. The bill will receive its second reading on the next legislative day.

TOBACCO MARKET ADJUSTMENT ACT OF 2003

Mr. McCONNELL. Mr. President, I rise today to introduce the Tobacco Market Adjustment Act of 2003. This is truly a key moment in the history of tobacco as each of the Senators from the leading tobacco-producing States stands united in support of changing the Government's involvement with tobacco.

This legislation enjoys the support of farm bureaus from Kentucky, North Carolina, Virginia, Tennessee, South Carolina, Georgia, Florida, as well as the support of the Burley Co-op, Burley Stabilization, and the Council for Burley Tobacco.

I ask unanimous consent to have letters indicating their support printed in the RECORD.

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

JULY 16, 2003.

TOBACCO STATE SENATORS: For many tobacco dependent states in the Southeastern United States, tobacco buyout legislation, possibly coupled with FDA regulation of tobacco products, is the most important potential federal legislative initiative for 2003. The undersigned Presidents of State Farm Bureaus believe this is the year to accomplish a tobacco buyout. For that reason, we urge you to endorse the legislative language developed by many meetings of Senate staff and eventually pledge your willingness to cosponsor the legislation as it is introduced.

We continue to believe there are some details yet to be ironed out in the legislation and we look forward to working through those as we continue the process, but we believe that to move forward, it is imperative that all tobacco state Senators support one bill and we believe the legislative language developed by the Senate staff gives all of us the best shot at accomplishing a buyout this year.

We appreciate all the work you have done up to this point in ensuring that tobacco farm families have a vibrant future, and we look forward to continuing to work through this process in the weeks ahead.

Sincerely,

SAM MOORE,
*President, Kentucky
Farm Bureau.*
FLAVIUS BARKER,
*President, Tennessee
Farm Bureau.*
BRUCE HIATT,
*President, Virginia
Farm Bureau.*
CARL LOOP,

*President, Florida
Farm Bureau.*
LARRY WOOTEN,
*President, North Caro-
lina Farm Bureau.*
DAVID WINKLES,
*President, South Caro-
lina Farm Bureau.*
WAYNE DOLLAR,
*President, Georgia
Farm Bureau.*

THE COUNCIL FOR BURLEY TOBACCO,
Lexington, KY, July 25, 2003.

Hon. MITCH McCONNELL,
*U.S. Senate,
Washington, DC.*

DEAR SENATOR McCONNELL: The Council for Burley Tobacco, Inc. believes that during the 2003 Legislative Session is the best and maybe the only time to pass a Tobacco Buyout Bill. We are concerned about the lateness of the legislative session.

We appreciate very much your leadership in developing a consensus buyout bill with the Senate Tobacco Group and we fully support your effort to introduce and move forward in the Senate the consensus bill.

Please let us know how we can help you with this process and again we thank you for your leadership and support.

Sincerely,

JOHNNY BULLOCK,
President.
DEAN M. WALLACE,
Executive Director.

JULY 29, 2003.

Hon. MITCH McCONNELL,
*U.S. Senate,
Washington, DC*

DEAR SENATOR McCONNELL: We are writing to thank you for your ongoing effort to help tobacco farmers and our communities and to offer our support to secure Senate passage of your newly-drafted tobacco buyout legislation.

Our organizations and the farmers we represent firmly believe that the Congress has a unique opportunity to establish a new visionary tobacco policy in this country—one that will allow tobacco-producing communities to adjust to the realities of the permanently altered marketplace while simultaneously protecting public health. We are united in our view that the Senate consensus bill is a major step toward achieving that objective.

While we look forward to continued discussion on a few key provisions in the Senate bill, we intend to work vigorously to secure Senate passage of this legislation.

Again, thank you for your leadership and commitment to tobacco farm communities. We stand ready to work with you side-by-side to pass historic tobacco legislation in 2003.

Sincerely,

HENRY S. WEST,
*President, Burley To-
bacco Growers Coop-
erative Association.*
GEORGE MARKS,
*President, Burley Sta-
bilization Corpora-
tion.*

Mr. McCONNELL. Mr. President, tobacco was in the United States before Europeans arrived here. It is depicted in various places here in the Capitol. George Washington and other Founders of our country grew tobacco. It has been an integral part of our history.

It is also no secret that the use of tobacco is dangerous to the health of Americans. Increasingly that view is

held by a large number of Americans. The unfortunate side effect of that from an economic point of view in a State such as mine, which still has 44,000 tobacco growers, is that their income continues to plummet.

Back in 1998, I first suggested a buyout might be an appropriate direction in which to go. Ironically, at that time, that was roundly criticized by all the farm organizations in my own State and across the burley belt and flue-curing areas, the argument being that it would lead to the end of tobacco production.

It is interesting, as I go across my State, that I am treated now as a visionary because it is now virtually the unanimous view of our growers and certainly the unanimous view of our farm organizations that a buyout is the only appropriate measure to take at this particular juncture in our history.

The reason for that is the quota established under the tobacco program back in the 1930s, which has been adjusted year to year all of these years, has declined dramatically—up to 40 percent in the last 3 or 4 years alone. Our growers realize they are sitting on a declining asset that lowers the value of their property and their farm values and it is time to act and to move in a different direction.

Simply putting together a buyout proposal everyone could agree to—that is the various farm organizations as well as Senators from tobacco States—has not been easy. In fact, we have been working on this for 6 months to get to the point of actually introducing a bill, which as we all know around here is just the beginning. When you introduce a bill, it is not easy. It has not been easy to get to this point, which many people would argue is just the start. We have, however, almost total consensus. We have 100 percent consensus among tobacco State Senators and almost total consensus among those involved in the production of tobacco. We feel that is a significant accomplishment although it certainly doesn't guarantee the result we all would like to see, which is a law.

We understand this issue is likely to go forward in the Senate in conjunction with an FDA tobacco regulation bill which is being worked on in the Labor Committee under the leadership of Senators GREGG, DEWINE, and KENNEDY. It is our hope at some point after the recess to link those two measures together with what we hope will be a formidable coalition here in the Senate across an ideological divide to move us in the direction of achieving both of these goals.

Frankly, accepting an FDA bill is a bitter pill for this Senator to swallow, and I think some other Senators from the burley belt and flue-cured tobacco areas. But that simply is the reality which we confront today. These measures are likely to move in transition.

I also want to commend my colleague from Kentucky, Senator BUNNING, who I know is here on the floor. He has been

an integral part of the development of this bill, as well as our new colleague from North Carolina, Senator DOLE, who is also here, both of whom will be speaking momentarily. They have been completely involved in the formulation of this product from the very beginning. As I said, it has not been easy to get to this point. We all understand it is going to be difficult to move the ball even further down the playing field. But today we begin with unity. We begin with an aggressive effort to achieve this buyout for our farmers.

America's history is closely linked to tobacco. It provided the early settlers with a key crop for trade and barter, and it provided gentleman farmers throughout the colonies with livelihoods that sparked the first inklings of the dream of an independent country. Throughout this beautiful Capitol there are depictions of tobacco leaves signifying this crop's importance to the founding of this country. George Washington, Thomas Jefferson, and James Madison all raised tobacco. Almost no crop in the history of agriculture has provided so many with a living off of so little land.

In agriculture, it is popular to speak about the importance of supporting the small farmer. In reality, the number of small farms has declined as competitive forces have forced most farms to consolidate and diversify to compete. Many farmers now must work second jobs in addition to farming just to get by. However, over centuries, small farmers with limited land have been able to carve out a living farming tobacco. The average acreage per tobacco farm is 6.7 acres—for my friends from the South and the Great Plains, you know that these are some small farms.

In my home of Kentucky, tobacco production is intimately connected to the history and the culture of the State. In fact, the basis of agriculture in the State of Kentucky has been inextricably tied to this crop. Home mortgages have been based on crops, loans for small businesses, and even children's educations have been funded through the performance of an individual's tobacco crop. It has been said that "A good crop is a good Christmas."

At harvest time, families gather: sisters, brothers, aunts, uncles, cousins and children all set about the hard work of bring in a tobacco crop. In the late fall, when the markets open for crop, entire communities hold celebrations and ceremonies. The marketing process along with the auctions have a particular significance as the livelihood of an entire family is dependent on a good crop.

Throughout Kentucky, tobacco has helped small communities construct schools and convention centers, it has supported local governments, and most importantly, it has supported the small family farmer. In Kentucky, tobacco is considered the 13 month crop, since there is virtually no time during the year that difficult and labor intensive

work is not required. Despite the difficult labor required, it has provided generation after generation with the opportunity to make a living.

However, the very qualities that have allowed tobacco production to continue through the years have also led to the dependence of a culture, and a region, on this crop. There is no simple solution to the problems facing tobacco farmers, but there are clear steps that we can and should take to help these individuals transition into a new era.

Most of the key tenets of the tobacco program were established by the Agriculture Adjustment Act of 1938. The program implemented a system of supply restrictions and price guarantees aimed at stabilizing tobacco prices and income. Under this program, farmers agreed to restrict supply via acreage/marketing allotments—or quotas—in exchange for minimum price guarantees. The levels of production were set each year to best ensure that the prices received for tobacco would meet or exceed the guaranteed price.

These marketing quotas were originally divided among active growers, but this production right was then handed down to heirs or sold to others as an asset. As a result, much of the quota is now controlled by non-producers who rely on proceeds from renting or leasing this production right to growers. It is regarded as an inheritance and has been relied upon to support many seniors' retirements.

In 1982, the first major modifications to the tobacco program were made, requiring the program to operate at net-cost to taxpayers. Since then, Federal funds have been prohibited from being used for export promotion of American tobacco or research relating to tobacco production, marketing, or processing. As a result of many international and economic factors, the price supports have been reduced several times since the 1980's as well.

Under the current program, levels of production are cut in an effort to ensure a stable price. With lower consumption and increased foreign competition, the levels of quota have been cut significantly and farmers are paying much higher quota rents to continue producing.

In 1998, I proposed a buyout of the tobacco program, but this measure failed due to a lack of support from grower groups and a lack of consensus among elected representatives from tobacco producing States. Since my effort in 1998, the programmatic decline of production has imposed severe economic hardships on tobacco producing communities. During a time when most agriculture production in this country has had to consolidate into larger operations to remain competitive due to economies of scale and foreign competition, tobacco farmers, faced with the same challenges, have actually been forced through this program to simply cut production. While manufacturing needs have only declined slightly, production quotas have been re-

duced by more than 60 percent. Such production cuts have forced domestic producers to vacate ever larger amounts of market share to foreign producers. As a result, domestic production levels have not been this low since 1908.

Despite financial help in the form of tobacco loss assistance payments, the crisis imposed by the program is plunging rural farm families in Kentucky and throughout the tobacco belt into poverty, bankruptcy, or simply eliminating the ability of entire communities to remain engaged in agriculture.

In less than a decade the number of tobacco farms in the United States has declined from 123,000 individual farms to right around 90,000, with 44,000 of those in Kentucky. At the same time the annual value of domestic tobacco farm production has fallen from an average of \$2.8 billion per year during the 1990's to \$1.7 billion in 2002. In Kentucky, tobacco represented 24 percent of total cash receipts for agriculture products during the 1990s. By 2001, cash receipts for tobacco dropped to 16 percent, and further quota cuts have continued to reduce the amount of tobacco that can be sold by producers.

Imports have also had a significant impact as the quality of foreign leaf has improved, domestic production has been restricted, and the price of U.S. tobacco has been kept artificially high by quota rent costs. These factors have led to dramatic increases in the amount of imported tobacco, with imports increasing by 25 percent between 2001 and 2002 alone.

Simple put, 165,000 of my constituents and 44,000 rural family farms in Kentucky are facing financial ruin due to the continuation of a program that we in the Congress have the power to change. In 1998, growers were divided on the issue and no consensus could be reached. Today, the introduction of this bill signifies the unified support of tobacco state Senators and growers to achieve the reforms.

The Tobacco Market Transition Act represents months of hard work and negotiation. Such an undertaking has required input, debate and compromise over every element of the legislation ranging from the funding mechanism to the health consequence of the changes that we are proposing. It provides tobacco growers with a fair level of support for transition and tobacco quota owners with a fair level of compensation for their asset. We also worked to ensure that these payments are fully decoupled from current production, to avoid any possibility of trade implications.

The changes we propose represent a radical shift in the way that tobacco production will occur in this country. The current tobacco program has outlived its usefulness, and now represents a hurdle and a threat to the economic health of communities in tobacco producing states. Therefore, it is important to end the quota system and do

away with the strict production control price support system to usher in the necessary reforms.

This legislation will provide \$8/lb on 2002 basic quota for quota owners and \$4/lb on effective quota for 2002 for growers over 6 years. The funds required will be obtained from manufacturers and importers of all tobacco products sold in the United States and shall total no greater than \$13 billion. Many quota owners and growers would like to be compensated at higher levels, while many companies claim that the levels are too high. This bill represents our extensive efforts to take both the needs of the growers and the concerns of the companies into consideration.

No longer will quota owners have control over the right to grow tobacco, a right that has been handed down from generation to generation regardless of their actual involvement with production. In doing so, this bill eliminates the increasing expense of quota rent, which has artificially increased leaf prices without any benefit to actual growers or manufacturers. This requires that these assets, assets that were created and given value to through government policies, be compensated. The impacts on the growers will be immediate and the reduced costs of tobacco produced in the U.S. will reduce leaf prices for manufacturers who utilize domestic tobacco.

However, in our consideration of the problems facing the farmers and the manufacturers of tobacco products, it was essential to consider the adamant opposition of health groups to the unrestrained growth of tobacco throughout the United States. For years, tobacco production has been limited in both the area it could be grown and the amount that could be produced. Our proposal addresses these concerns by limiting tobacco production to traditional tobacco producing regions and providing a mechanism for producers to limit the amount of acreage grown for each kind tobacco to historically established levels.

The key difference between the programs of yesteryear and the reforms we are proposing today is the removal of the price guarantee for every pound of tobacco grown. Under this new system, production will reflect the market realities of the tobacco industry. This system provides key elements for tobacco dependent communities to transition out of tobacco production, while affording those who accept the risk, the opportunity to continue and compete in a shrinking and every more competitive market. Should these individuals choose to continue, we have created in this bill the opportunity for growers to insure themselves—at no expense to the U.S. taxpayer—against disastrous market conditions that might emerge.

In addition to the buyout of quota, transition payments to growers, and the new regulations governing tobacco production, this bill provides signifi-

cant support to assist small tobacco dependent communities as they attempt to adjust to diminishing tobacco production.

This legislation will not solve all the problems that face small tobacco farms, but it does set in motion a system of reform and transition that will allow these individuals and these communities a chance to continue or move into new industries. Such continuation or transition will not be possible without this legislation. These communities are suffering due to problems with a government program that we have the power to change. As elected representatives, we have a responsibility to fix these problems, improve the lives of thousands of small farmers and greatly impact the future of an entire region.

I salute my colleagues from tobacco producing states for their hard work and willingness to compromise to reach this consensus legislation. It has been a long and difficult process, but this is only the first step in addressing this issue. For this exercise to have any meaning whatsoever, we need to enact this legislation and make these reforms as soon as possible.

The worst thing that can happen is nothing. So, I ask my colleagues from all 50 States for their support of the Tobacco Market Transition Act of 2003.

The ACTING PRESIDENT pro tempore. The Senator from Kentucky is recognized.

Mr. BUNNING. Mr. President, I rise today in support of S. 1490, the Tobacco Market Adjustment Act. Since Daniel Boone first came through the Cumberland Gap in 1775, farming has provided the economic and cultural backbone of Kentucky.

The family farm is the foundation for who we are as a commonwealth. And for over a century, the family farm in Kentucky has centered around one crop—tobacco.

Tobacco barns and small plots of tobacco dot the Kentucky landscape. We are proud of our heritage and proud of the role that tobacco plays in our history. Recently, we have recognized that we cannot rely upon tobacco forever. We have seen the handwriting on the wall. In fact, in 1998 the Senate had a long debate about the future of tobacco. Nothing passed then. But ever since we have known that sooner or later the subject was going to return to the Senate floor.

Back in Kentucky, we have over the past few decades begun to diversify and to prepare for the future.

We have tried to broaden our agricultural base. And we have had some success with vegetables, beef cattle, raising catfish and expanding into other areas like ethanol production.

But, at the end of the day, nothing brings as much of a return to the small farmer and tobacco quota holder in Kentucky as tobacco.

Whatever the opponents of tobacco say, there is no denying that the future for thousands of family farms and

small communities across the south is tied directly to tobacco.

This is a complicated issue. Many tobacco quota holders are not even full-time farmers and hold off-farm jobs.

And even full-time farmers usually do not raise only tobacco but grow it as only part of their total crop. But it is a crucial part, and for many families it is absolutely irreplaceable, because the money they get from tobacco pays their mortgage, puts their kids through school or allows them to keep farming.

Outside of the western part of our State, Kentucky does not have tens of thousands of acres of flat land. We need a crop that grows on rolling hills, that thrives in our climate and can be profitably raised on small plots that cannot accommodate other crops. Tobacco does that, and economically it is the only crop that can.

Farmers get a yield of over \$4,000 per acre of tobacco. They get less than \$300 per acre for corn, soybeans and hay. That is how big the difference is. This is what has made tobacco the economic linchpin for rural Kentucky. It is profitable and farmers rely on it. That might not be popular today but it's an economic reality we have to face.

This Senate cannot—and if those of us from tobacco States have any say about it, it will not—work on tobacco legislation without taking care of tobacco farm families. Time have been getting tougher and tougher for small farms and rural communities in Kentucky. Plus, as I am sure most of my colleagues know, there is no tobacco subsidy.

We do have a price support system and production control program. But even the quotas have lost 60 percent of their value since 1998. No business would be around if it lost 60 percent of its income in 5 years, and we have lost a lot of growers.

Many farmers are barely holding on. They need help.

We believe that the time has come to assist them and to get the Government out of the tobacco business at the same time.

Our bill, which has the full support of the grower community, will buy out the tobacco program. We will give our growers relief and end the Federal price support program.

We will let many growers, whose average age is 62, retire with dignity.

Dr. Will Snell, the highly regarded agricultural economist at the University of Kentucky, estimates 70 to 75 percent of tobacco growers will get out of the business with a buyout.

In recent years tobacco has come under fire from all sides. And while the antitobacco forces might not have intended it, their attacks are hurting tobacco farm families and rural America.

In Kentucky, we have counties that depend on tobacco for as much as 85 percent of their revenue.

Without a tobacco base, land values will collapse and rural communities could fall into an economic death spiral.

Falling land values mean lower property tax revenues and eventually severe cuts in services such as police, fire, and emergency services, schools, sewers, and roads.

For decades farms and small communities have been built around the cultivation of a legal crop. To change that now without accounting for the consequences would be devastating.

Our bill recognizes this reality and would offer some degree of economic certainty for tobacco farm families that toil at the mercy of forces more powerful than themselves.

Mr. President, I am a realist. I know that passing any sort of tobacco legislation in Congress is a difficult, uphill fight. And I do not know if we are going to be successful with this bill. But I do know that if any tobacco legislation passes, it must include help for tobacco farm families. It is the least we can do for them.

I urge my colleagues in this Senate to understand this problem we are having in these six tobacco States.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Carolina.

Mrs. DOLE. Mr. President, tobacco farmers across the Southeast have been anxiously waiting for this day—the day when they can see hope for the future. During the past 6 months, Senator MCCONNELL, Senator BUNNING, and I have been working with all of the other Senators from major tobacco States to craft legislation that will enable tobacco-dependent communities to survive.

The Tobacco Market Transition Act, which we are introducing today, will mark a major change from the current tobacco program, and it will bring a major sigh of relief to countless farm families across the Southeast.

For years, the Federal tobacco program created economic opportunity for farm families in North Carolina and other tobacco-producing States. It allowed towns to prosper that would have been hard pressed to make it otherwise. It provided stability when other commodities suffered low prices. It was the standard bearer of all farm programs. Buyers of tobacco would come from all over the world to purchase America's leaf. America's tobacco farmers held the world standard for quality, and they still do today. But the environment in which they find themselves is much different. And it is not of their own making.

The current tobacco program was never designed to accommodate the significant changes that have engulfed this industry during the past decade. Extensive litigation has forced the companies to cut costs and thereby purchase increasing amounts of cheap foreign tobacco. The increasing cost of U.S. leaf as a result of the current tobacco program has caused more and more foreign buyers to look elsewhere for their supply. The numbers do not lie: The United States now accounts for only 7 percent of all flue-cured tobacco production in the world.

We must not forget that behind every economic statistic is a human element. The tobacco farmer bears the brunt of these changing forces with nowhere to turn. Unlike the companies that can, and most often do, pass their extra costs on to the consumer, the tobacco farmer must absorb any extra cost and hope for better days ahead.

During the past 6 years, the amount of tobacco allowed to be grown—also known as quota—has been cut more than 50 percent. In fact, not since 1874 has so little been grown.

Let me explain what that really means. The tobacco farmer's paycheck has been cut in half. They only get that if they can produce a good crop. The weather, disease, and insect infestation make it all the more challenging. Costs continue to rise. And making this even more unbearable is the increasing cost of leasing quota.

In North Carolina, more than 60 percent of quota is leased—a major factor in the increasing cost of production. As quota has continued to decline, farmers have sought to rent more quota in order to maintain the economic viability of their operations. The quota owners, trying to maintain their income stream with less, demand a higher price for the use of their quota. It is simple supply and demand, with an aim at meeting a bottom line. But you can only go on like this for so long—until you reach the breaking point.

This is where the growers are today. Many have hung on and have continued to produce in hopes that things will get better, knowing that if they got out they would have to sell their farm and liquidate other assets to settle up their debt. Even then, many would still be short.

Every week my office receives calls from farmers in desperation. They have worked hard all their lives, sent their children to college, contributed to their community, but now—now—all of that is passing before their eyes. There is a deep feeling of helplessness.

It is estimated that more than 60 percent of the tobacco farmers today will exit the business entirely if a tobacco buyout is achieved. Most are at retirement age, just hanging on a little while longer in the hopes of being able to pay off their debt. Those who would like to continue to produce know their market is shrinking, not because of a lack of demand in the world for tobacco but because the price of U.S. tobacco is too high as a result of the current tobacco program. All they can do is watch as Brazil and other countries take their market share.

Many say: Well, why don't they just produce another crop? The truth is, they are. North Carolina ranks third in agricultural diversification, behind only California and Florida. Our farmers are very diversified but, as other Members from farm States will attest, prices have been at historical lows for every commodity over the past 5 to 6 years—further exacerbating the problem for tobacco farmers in the Southeast.

Tobacco farmers are at a crossroads but, unlike most people who reach a point of decision in their lives, these salt-of-the-Earth folks have no options because the current tobacco program does not accommodate the changes needed for them to have an opportunity to survive in this new marketplace. To them it is like standing on the tracks while watching a train speed closer and closer and yet they can't move. They strain and try but they are shackled with nowhere to go.

This is why a tobacco buyout is so sorely needed. It will allow those who want to retire the opportunity to do so with dignity, the opportunity to know that all they have worked for has not been in vain. It will allow the widow whose sole source of retirement income is from quota rent and Social Security the opportunity to get a fair return in exchange for the taking of her quota. It will allow young farmers who want to continue to produce the opportunity to compete in the world market—and compete very well because of their skills.

Let me bring a little more perspective to the buyout of quota. This program was created in the 1930s. Right or wrong, the Federal Government has allowed quota to be bought and sold. Rather than investing in stocks and mutual funds, as many Americans have, tobacco farmers and their spouses have invested in quota over the years to prepare for their retirement. But they never predicted this massive change in the environment for tobacco that has led to such a steep slash in quotas. And how could they? Unlike a stockholder whose shares lose value if the market tanks, the quota holder has lost not only the value from this steep decline in quotas but the quota itself—for good. Unlike the stock market where time is a prudent investor's best friend, those who have invested in quota will never get that investment back.

In the legislation we are introducing today, the Federal tobacco program is eliminated. Quota owners are compensated for their investments—for the taking of their asset—just as the owners of the peanut quota were compensated with the peanut quota buyout in the 2002 farm bill.

Traditional producers are provided direct payments over a 6-year period in order to allow them to better transition into this new marketing environment—again, mirroring what Congress provided for all program crops under the 2002 farm bill.

There is no recreation of price supports or a new quota program. Rather, this legislation keeps tobacco production in traditional areas and on a traditional level of acreage while allowing private industry to develop insurance products so farmers will be better able to manage their price risk in the free market.

Perhaps the most important point for my colleagues in the Senate: Every penny that this buyout will require is

paid for in full by all manufacturers and importers that sell tobacco products in this country.

Status quo is simply not an option. If nothing happens this year, many of these farmers will be forced to give up all they have. After 6 years of loaning on collateral, there is nothing left for the banks to do except foreclose. There will be no holding out for just a little while longer. This may sound like rhetoric to some but it is the precise truth for countless numbers of farm families. The lenders who call my office confirm it. Status quo is simply not an option.

I thank Senator McCONNELL and his staff for working so diligently to address this issue. It is vitally important that this legislation is achieved this year.

I am grateful, indeed, for Senator McCONNELL's commitment and Senator BUNNING's commitment to making this a reality. I look forward to my continued work with them and all the other tobacco State Senators on this important legislation. It is either now or never. Many livelihoods hang in the balance, and with it the future of rural communities in North Carolina and other tobacco-producing States. These rural citizens, the very ones who have helped make this country great, have been caught in a battle between corporate interests, some greedy trial lawyers, and those whose true desire is to ban tobacco from the face of the Earth. Let us allow these farm families who have been trapped in this battle to move on with their lives. They deserve it.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Kentucky.

Mr. McCONNELL. Mr. President, I thank the Senator from North Carolina and the Senator from Kentucky for their important contributions to the development of this legislation. I also want to make clear to our colleagues this is a bipartisan bill. Senator EDWARDS of North Carolina, Senator HOLLINGS of South Carolina, Senator MILLER of Georgia, and Senator BAYH of Indiana are also cosponsors. In fact, there are 13 cosponsors of this important legislation. This is critical to our section of the country. We are going to work as intensely as we can to achieve the result for which our farm families are hoping.

With that, how much time remains on this side?

The ACTING PRESIDENT pro tempore. The Senator from Kentucky has 7½ minutes remaining.

Mr. McCONNELL. I will reserve that time. I yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time? Who yields to the Senator from Pennsylvania?

Mr. McCONNELL. I will be happy to yield such time to the Senator from Pennsylvania as he desires.

SPEECH BY PETER R. ROSENBLATT

Mr. SPECTER. Mr. President, I thank my distinguished colleague from Kentucky.

I have sought recognition to comment about a very profound speech which was made by former Ambassador Peter R. Rosenblatt to the American Jewish Committee in Detroit, a speech which has a unique historical perspective, makes an analysis of the new-fashioned war, the asymmetrical war of terror, comments about the trio of terrorists, those who harbor terrorists, and the possession of weapons of mass destruction, and has a perceptive analysis of the complex role of the United States on working through the complex relationships with so many countries and the United Nations as we assert our role as the world's sole superpower.

This is a speech worth reading very broadly. I ask unanimous consent that it be printed in the RECORD.

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

THEN, NOW AND TOMORROW: AMERICA'S ROLE IN A CHANGING WORLD

Throughout recorded history the relationship amongst states has been determined primarily by the largest and most powerful among them and by their efforts to protect their interests within a stable state system. That may seem a statement of the obvious but it has become an issue now, as never before. In order to understand how, why and to what extent such a basic condition of human history may now be in question we must reach back to the political roots of the modern world.

It all goes back almost two centuries ago to the Congress of Vienna in the immediate aftermath of the French Revolution and the Napoleonic Wars. The victors of those wars, Britain, Prussia, Austria and Russia, joined with the restored royalist regime of defeated France to establish a new European order which, to all intents and purposes, meant a new world order. It endured, with modifications, for nearly a century.

Towards the middle of the century a number of major events threatened to unravel the stable Great Power relationships that had prevented major wars. The popular revolutions of 1848 undermined or overthrew traditional regimes, Italy was reunified in 1856 and, most importantly, the reunification of Germany was completed in 1871.

In 1862 King William I of Prussia had appointed Otto von Bismarck as his Chancellor. In three brief military campaigns in seven years against Denmark, Austria and France, respectively, Bismarck expelled the three states with opposing interests in Germany and in 1871 the new German Empire was proclaimed by King William, now Emperor William I.

The German Empire emerged from this series of events as the leading military power of Europe and Bismarck set to work to secure the new state against the pressures that he knew would inevitably build up against the leading power. Chief among the sources of this pressure was defeated France, now in her Second Republic and deeply embittered by her humiliation on the battlefield and the loss of two border provinces. Bismarck realized that French hostility to Germany had become a fixture of European diplomacy and that France would ally itself with any of the

other three Great Powers which might, at one time or another, wish to align itself Germany. Bismarck saw Germany as what he called a "satisfied" power which, after its unification, wanted nothing further from the other powers and was therefore primarily interested in a restoration of the stability that had prevailed since the Congress of Vienna. Understanding that in a constellation of five great powers Germany must be, as he put it, on the side of the three, he saw that it would be necessary for Germany to ally itself with Austria-Hungary and Russia. Of the other two Great Powers, France was in permanent opposition and Britain, an active colonial rival of France, adhered to a policy of "magnificent isolation" and therefore wished to become no one's ally—and least of all France's.

When Bismarck's chancellorship ended in 1890, his brilliant diplomacy had secured Germany as the linchpin of Europe, the leading power in an alliance structure of three, on good terms with England and absolutely unassailable militarily. He had created a state system so stable that even the unrelenting hostility of France threatened neither the security of Germany nor the peace of Europe.

The old Emperor's grandson and successor, the arrogant and foolish young William II, failed to understand Bismarck's statecraft and in short order terminated the alliance with Russia, throwing that country into the arms of France and dividing the continent into two increasingly unstable alliance blocs, which left Britain holding precarious balance. William then alienated Britain by a vast naval building program designed to match Britain's navy. Thus in a few years time William II reversed Bismarck's diplomatic accomplishments, ending a century-long period of stability which had seemed to make a major war unthinkable. In its place the statesmen of the time substituted uncertainty, rivalry between two alliance blocs and fear, always the enemies of peace. With the destruction of Bismarck's state system the world lost a stability which we have not succeeded in regaining in 113 years. The outcome was World War I, in some ways the major tragedy of the 20th Century, which destroyed the optimistic and predictable post-Napoleonic world of our ancestors.

Out of that war there emerged an entirely new and different state system of five powers, an exhausted and depleted Britain and France, revolutionary Soviet Russia and the newest entrants into the field, Japan and the United States. After fifteen years of turmoil and economic depression the five were joined by a resurgent Germany under Nazi rule. Unlike the stable state system of the 19th Century the inter-war state system was highly volatile and ultimately collapsed due to the weakness and passivity of England and France, the isolation of the United States and the aggressive expansionism of the other three.

World War II produced an entirely new state system of two great powers with a global reach engaged in a titanic struggle for dominance and survival. The cold war was a zero sum game in which the advantage of one became a loss to the other. The defeat of the Soviet Union in this massive half century long struggle produced a result unprecedented in world history; a single global power militarily, politically and economically vastly more powerful than all of its actual or potential rivals.

It would be a mistake, however, to think that because this is so there is no longer anything resembling a "state system" in the world today. There are now five other powers each one of which could, under appropriate circumstance, present a challenge to the United States over time and with which we