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Senate

(Legislative day of Tuesday, January 10, 1995)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

In a moment of silence, let us remember Senator KENNEDY and the whole Kennedy family in the loss of the remarkable, resilient, Rose Kennedy.

Commit thy works unto the Lord, and thy thoughts shall be established.—Proverbs 16:3.

Eternal God, omnipotent (all powerful), omniscient (all-wise), and omniscient (everywhere at once), we come to Thee on behalf of the Senators and their legislative staffs. Decisions are often difficult to make, even when they involve only ourselves or our families; but decisions made here impact States, counties, cities, and millions of people.

Gracious, all-knowing Lord, grant to these decisionmakers, aware of their limitations and fallibility, wisdom from above as they struggle to fulfill the mandates which they believe were expressed by the people in the last election. Grant the Senators grace to commit their works unto Thee, that their thoughts may be established in the light of truth.

We pray in His name who is the Light of the World. Amen.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. The acting majority leader is recognized.

Mr. LOTT. Mr. President, this morning the time for the two leaders is reserved.

SCHEDULE

Mr. LOTT. Mr. President, there will be a period for the transaction of routine morning business until 10:30 a.m., with Senators permitted to speak for not to exceed 5 minutes each with the exception of the following Senators: Senators GRASSLEY and PRYOR for 15 minutes equally divided; Senator CONRAD for up to 30 minutes.

At 10:30, the Senate will resume the consideration of S. 1, the unfunded mandates bill. Under the previous consent agreement, there will be no rollcall votes prior to 4 p.m. today. Also, I wish to remind the Senators that under the agreement Senators who have amendments on the list that was agreed to have until 3 p.m. Tuesday to offer their amendments.

Mr. President, I yield the floor.

The PRESIDENT pro tempore. The acting Democratic leader is recognized.

Mr. PRYOR. I thank the Chair.

(The remarks of Mr. PRYOR and Mr. GRASSLEY pertaining to the introduction of S. 258 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

MORNING BUSINESS

The PRESIDING OFFICER (Mr. GRAMS). Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m. with Senators permitted to speak therein for not to exceed 5 minutes each.

Under the previous order, the Senator from North Dakota [Mr. CONRAD] is recognized to speak for up to 30 minutes.

Mr. CONRAD. I thank the Chair.

FEDERAL FARM PROGRAMS

Mr. CONRAD. Mr. President, I rise today to issue a warning to those in Congress who are suggesting we eliminate or deeply slash the Federal farm programs.

These programs have given American consumers the lowest price and highest quality food in the world. These programs have helped make America's farmers preeminent among the world's food producers. They have helped agriculture produce a $17 billion surplus in trade, one of the largest of any American industry. These programs are the foundation of a $950 billion industry employing over 23 million Americans that delivers food and fiber to American families.

To those who would kill our farm programs, I say this amounts to unilateral disarmament in the battle for world agricultural markets. It is an unwise dismantling of our successful national food policy. Our agriculture programs are the foundation on which much of our ability to meet international competition is based. They are also the foundation for our national food policy, which has helped us become the most richly abundant nation in the world. No one would have suggested we do away with our missile defenses during the cold war. Yet some now suggest we do away with the farm programs that work for millions of Americans in the food industry and for all American consumers.

Let me just explain very clearly why U.S. farm policy is right for America. First, our agriculture policy is vital for preserving our international competitiveness. Second, agriculture is a fundamentally unique type of business. Third, Federal farm programs are crucial for American consumers.

Despite these compelling arguments, some people assume farm programs are an appropriate place to slash and even eliminate America's commitment to our most basic industry. Why do they assume this? Mr. President, I believe it is complacency. We have been so well

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

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fed and blessed with food security for so long that we have forgotten why we created the system.

I am here to remind America that the farm programs are part of an extraordinarily successful strategy to bring ample, affordable food to consumers and help us compete in a tough international fight for markets. Yet there remains a gap between our Federal agricultural policy and an appreciation for the food on our tables.

Complacency has allowed critics to create myths about agriculture. Myth 1 is that farm programs are not necessary in the world economy. Myth 2 is that agriculture is like every other type of business. Myth 3 is that consumers will benefit from the elimination of farm programs.

I am here today to dispel those myths. I say to those who are pointing their finger at agriculture, they should think twice. They are suggesting a reversal of the policy that has made our Nation the world leader in agriculture. They are seeking to dismantle the policy that has provided American consumers with the highest quality, lowest priced food in the world. They are jeopardizing an American industry that is the envy of every other country in the world. They must explain why we should fix a system that is not broken.

Mr. President, myth 1 about agriculture is that we do not need farm programs to compete in the world market. What many critics do not understand is that today there is an intense worldwide battle for agriculture market dominance. Our primary competitor is Europe. They have a plan. They have a strategy to win the world agricultural trade battle. They provide high levels of support to their producers to encourage surplus production. They dump those surpluses on the world market, undercutting our producers and grabbing international market share. They are on the march. They are on the move. Make no mistake.

Meanwhile, we sleep. We are blissfully unaware that our markets are being stolen from us day by day. One day we may awaken to learn that Europe has done to us in agriculture what Japan has done to us in automobiles and electronics. The Europeans understand that there is a war being waged for markets, and they believe ultimately there will be a cease-fire. They believe there will be a cease-fire in place, and they want to occupy the high ground. The high ground is dominating world market share. And, oh, how well their strategy is working. In a few short years, Europe has transformed itself from the largest net importer of wheat to the No. 2 exporter.

This chart shows precisely what has happened from 1960 to 1992. The red line shows European exports of wheat. The blue line shows imports. As one can see, Europe that was once the largest importer has now moved to the No. 2 exporter in the world. They have a plan. They have a strategy.

Let me just tell you what we are up against. The Europeans support their producers at rates 2 to 20 times the level of support we give our farmers. For example, the Europeans spend $119 per metric ton to support their wheat producers; 2½ times the U.S. level. This chart shows the difference. This is just government levels of support. Europe, $119 per ton, the United States, $46 per ton; over 2½ times our level of support. It does not stop with wheat.

The same is true for beef producers. Again, they support their producers at 2½ times the level we support our producers. Again, not surprisingly, Europe is No. 2 in beef exports.

This chart shows European support versus U.S. support for beef. This is in dollars per metric ton. Europe is $2,274 per metric ton. The United States is $878 per metric ton. Europe is supporting their producers at 2½ times the level that we are supporting our producers.

If that is not bad enough, Mr. President, let us look at oilseed. They give their oilseed producers 23 times the level of support we give our oilseed producers. While world oilseed demand and acreage have increased over 40 percent in the past 15 years, U.S. oilseed plantings have increased a minute 0.3 percent. European plantings have skyrocketed 330 percent.

Mr. President, this chart shows European support in oilseeds versus U.S. support—a dramatic difference. It is $329 a metric ton in Europe, $15 a ton in the United States. And we wonder why Europe is capturing market after market.

Mr. President, I hasten to point out that these examples demonstrate how much the European governments are supporting their producers. It does not count European consumer subsidies to their producers, which would make the levels of producer subsidy much higher.

Mr. President, this is not a level playing field. This means that American farmers must not only compete against French and German farmers. American farmers must compete against the French Government and the German Government. This means that Europeans take income from American farmers. This means that Europeans take jobs from Americans working in processing, transportation, and the input industry.

We can see how well this European strategy is working in trade negotiations, as well. While Europe supports their farmers at high levels, we consistently slash agriculture spending in this country. My colleagues should remember the early stages of the Uruguay round of GATT. The European GATT negotiators sat back, watched us cut our own programs and then toughened their negotiating position. We could have won more for our farmers and our agribusiness industry if we had not unilaterally cut our farm programs.

Instead of a level playing field, Europe held out for equal percentage reductions from these unequal levels of support. That assures they will remain on top.

Mr. President, again, I emphasize to those who are listening, the Europeans have a plan and a strategy to dominate world agricultural markets. Their plan, their strategy is to continue high levels of support—much higher levels than ours—on the assumption that at some point in this world trade battle, there will be a cease-fire. They believe there will be a cease-fire in place. They want to occupy the high ground. So in area after area, we see the European strategy playing out. Oh, how well it is working. We let them take advantage of us. We cannot allow that to happen again.

The Europeans support their producers at high rates for simple yet compelling reasons. They've been hungry. They know what it is like to go through war and not have a stable food supply. They have made conscious decisions to avoid that ever happening again. They also know that every field of wheat and every field of sunflowers creates jobs and processing, transportation and input industries. I admire them for their foresight and commitment.

Against these odds, agriculture in America is still one of the few sectors of the economy that contributes positively to our balance of trade. While the rest of the economy is heading for a $180 billion trade deficit, agriculture is producing a $17 billion trade surplus. The farm programs are the foundation on which our farmers are able to compete against these overwhelming odds. Remember, if American farmers do not grow it here, American workers do not transport, process and market it here.

I repeat, we are in a worldwide battle for market dominance. The Europeans hope the United States will give up and give in. They hope we will roll over. They hope we will flinch.

Mr. President, I am here to deliver a message. We must not back down. We must not unilaterally disarm. We must not retreat. We must fight if we are to preserve jobs and economic activity in this country.

The current battle in this global market is crucial for millions of American jobs. That is precisely what is at stake—American jobs. The question is this: Will we stay in this fight? We cannot win the battle with our hands tied behind our backs. If we give in, we lose. This is not a question of subsidies. It is a question of whether we are going to stand behind our farmers in this global market battle. It is a question of whether we are going to stand for American jobs.

Today, we are at a crossroads. We are beginning debate on the 1995 farm bill, a bill that will set American agriculture and food policy into the 21st century. At the same time, debate on another round of GATT will begin in

the next few years. The choice is ours. We engage, or we retreat.

Mr. President, myth two about agriculture is that it is like every other type of business. That is simply not the case. Unlike any other sector, farmers produce a basic human need: food. To sustain that abundant food supply, we maintain a reserve of basic commodities to fulfill our food and feed needs in times of shortfall. The reserve is a national food security system, an insurance policy for consumers against shortfalls in crop production. Inherently, reserves depress prices and reduce farmers' incomes.

For many decades, the people of this Nation have believed that maintaining a stable reserve of critical commodities is in our national interests. For decades, we have believed that we should maintain producers' incomes at levels sufficient to sustain a stable supply. That is why we have farm programs.

Not only do farmers produce a basic human need and maintain large inventories, but farmers must also deal with a highly volatile factor—the weather.

In other parts of the world, droughts have killed hundreds of thousands of people. Thankfully, our Nation has always been spared famine. We have had a rational food policy. Americans need not think long to recall the last time weather had a disastrous impact on U.S. agricultural production—the last time we made a claim on our national food insurance policy. The 1993 flood reduced corn production by one-third. Luckily for the American consumer, we had stocks of grain on hand, a land reserve to increase plantings, and favorable weather in 1994 to replenish our supply.

How much would consumers have spent on higher food costs without a farm program? The answer is billions of dollars. On top of the billions of dollars consumers saved in 1993, food stocks in hand during the 1988–1989 drought saved consumers some $40 billion in higher food costs. That is how a national food policy should work, and that is how our national policy does work.

Moreover, the research that agriculture supports has given consumers a second insurance policy. Insects and disease have always presented formidable and destructive problems to agriculture. For example, 1993 wheat production in some counties in North Dakota was cut 50 percent by disease. Farmers burned literally millions of acres of wheat destroyed by that disease. Researchers are now hard at work to prevent the spread and find a cure.

We can remember what happened in other times, in other countries that did not have such a vigorous effort, such an insurance policy.

The potato famine of the mid-19th century in Ireland provides a dramatic example of the importance of disease research. One single fungus destroyed Ireland's potato crop, forcing many into starvation. Fortunately for U.S. consumers today, food production research in the U.S. targets disease early, limits the spread, and prevents that type of human devastation.

Mr. President, myth three about farm programs is that their elimination will benefit consumers. The purveyors of myth three ignore clear evidence to the contrary.

First, American citizens enjoy a safe, high-quality, abundant, and stable food supply. Second, we spend less of our disposable income on food than any other consumers in the world.

I have brought this chart to show what we pay in this country versus what other consumers in other countries pay. I think it is very revealing. This shows the percentage of income that goes for food. In Italy, 26 percent of their country's income goes for food—26 percent. In Australia, 23 percent; in Japan, 19 percent; Germany, 19 percent; France, 16 percent; the United Kingdom, 12 percent; Canada, 11 percent; and in the United States, 8 percent of our income goes for food, the lowest cost food in the world. And there are those who suggest we eliminate the underlying programs that make this possible. Mr. President, that makes no sense.

We have been in a time when we spend less of our income for food than do the consumers of any nation, but at the same time we have achieved that result, we see food prices continuing to fall. According to the USDA, consumer spending has dropped from 10 percent of income in 1970 to 8 percent today. So not only have we achieved the lowest cost food in the world, but we have also kept food costs going down. In 1970, 10 percent of the average American's income went for food. In 1991, it was down to 8 percent.

And of that declining percentage, only 22 cents of each dollar goes to the American farmer. Further, the cost of marketing food has been the principal factor affecting consumer costs.

Let us just look for a moment at the price of bread. This chart shows what has happened with U.S. wheat prices versus what happened to bread prices. Wheat prices have been relatively stable. Bread prices have continued to rise. In other words, there is virtually no relation between the consumer cost and the price the farmer receives. Clearly, the increase is not going into the farmer's pocket. To further illustrate, from 1983 to 1993, 85 percent of the rise in consumer food costs went to the marketing bill, not to farmers.

Returning to our examples of the 1993 flood and the 1988–89 droughts, while production dropped sharply, consumer prices remained stable. Again, this is how the farm programs are supposed to work and it is how they do work—protecting consumers against the dramatic fluctuations in supply that can occur because of weather-related and disease-related disasters.

What would happen if farm programs were eliminated? Very likely, reserves of grains would be reduced, prices would fluctuate, and consumers' cost of food would increase. Does that sound like something that is good for the American consumer? Absolutely not.

Mr. President, we are now engaged in a debate about how to reduce the budget deficit. I support a balanced budget. I have not only voted for deficit reduction measures, I have offered my own plans, as a member of the Senate Budget Committee, every year I have been in the U.S. Senate.

But let us look at what you get if you eliminate agriculture spending. You do not get much. Agriculture represents less than 1 percent of the entire Federal budget.

This chart shows Federal outlays from 1996 to 2002, the period about which we are talking about balancing the Federal budget. Here is interest on the debt, nearly $2 trillion over that period; defense, over $2 trillion; Social Security is nearly $3 trillion; domestic discretionary spending, just over $2 trillion; Medicare, almost $2 trillion. Where is agriculture? Where is agriculture, Mr. President? It is this little, tiny slice right here. You almost cannot see it.

That is because, of the $13 trillion that we are projected to spend over the next 7 years, $87 billion is for agriculture—$87 billion out of $13 trillion, far less than 1 percent of Federal spending.

Mr. President, I repeatedly encounter press reports of someone suggesting we cut agriculture and that cutting agriculture will somehow solve our deficit problems. It simply will not.

Not only is it a small pot of money, it is a dwindling pot. Agriculture spending has suffered dramatic cuts in recent years. In constant dollars, farm spending dropped a full two-thirds since 1986. Still, some continue to point their finger at agriculture as the cause of our deficits. Nothing could be further from the truth.

Mr. President, this chart shows in constant dollars agriculture program spending: In 1986, expressed in 1994 dollars, $35 billion; in 1994, down to less than $12 billion, a dramatic reduction. In fact, if other parts of the budget had suffered the same reductions that agriculture has experienced, there would be no deficit problem. We would be in surplus.

Mr. President, many critics of farm programs suggest that because some forms of agriculture production in the United States survive without Government programs, all commodities should be able to operate in that manner. Most often mentioned are livestock and fruits and vegetables.

Let us just take livestock off the table right away. Anyone who suggests the livestock industry operates without the benefit of feed prices stabilized by our farm program is sorely misinformed.

Fruits and vegetables are another case. Fruits and vegetables are perishable. While a reserve would be highly impractical, the prices of many such commodities are stabilized through

marketing orders administered by USDA. So, in fact, we do have price stabilization programs for the vast majority of agricultural commodities. That is why consumers enjoy stable supplies, high quality, and modest food prices.

Mr. President, I believe I have demonstrated how important farm programs are to consumers. Now let us take a hard look at how the elimination of farm programs would affect producers.

Who are these producers? They are good citizens. They are hardworking people. They get up early. They work late. They support their communities. They pay taxes. And, Mr. President, far from the media-generated image of wealthy folks, the average net farm income in North Dakota is $20,000 a year. I know that is hard to believe when one sees portrayed over the media these images of wealthy farmers who are farming the mailbox.

Mr. President, that is not the way it is. I come from North Dakota. I go across the State of North Dakota, through cities and towns, visiting farmsteads. I get a chance to see what the condition is in rural America.

The hard reality is that the average farmer in my State is earning $20,000 a year. They have strong families. Farming is a family business. They raise good children; children that grow up with a strong work ethic, a good education, and good values.

But those children rarely come back to farm because they do not see a future in it. They do not see a good opportunity. They do not see a secure and profitable profession. They see a struggle. They see a struggle to raise a good crop, a struggle to withstand low prices, a struggle to persevere through hail, drought, or flood.

They watch their parents struggle and they ask why.

Mr. President, I think we find farm families staying on the land not because it makes sense financially, because the rate of return for agriculture is as low as any industry one can find. I believe they stay with it because it is a way of life.

What will the cuts that some people are suggesting do to this way of life? In North Dakota, the effect would be dramatic. According to USDA statistics, in 1993, farm program payments represented 82 percent of net farm income—82 percent of net farm income represented by Federal farm program payments. Nationally, startling statistics from the U.S. Department of Agriculture provide a clear picture of what is happening on the farm. Let me quote:

> * * * recently, entry has fallen fastest for farms operated by those under 35.

They go on to say:

> * * * the most noticeable change in the 1992 census (of Agriculture) was among 35-to-44 year-old farmers. Farm exits for this age group increased * * *

What does this tell us? It tells us that farming is not an economically attractive business. It is high risk, not high income.

Again, according to USDA:

> Approximately 90 percent of all farm operator households received some income from off-farm sources.

If farming were such a profitable business, far fewer households would have to search for alternative sources of income to meet their needs.

Finally, the difference between the Consumer Price Index and the prices received for farm commodities clearly portrays the pressure that farmers face.

Mr. President, this chart shows the farmers' financial squeeze. The Consumer Price Index rises much faster than farm prices. This chart shows from 1982 to 1993 the relationship between the Consumer Price Index, the prices that farmers pay for things, and farm prices, the prices that farmers get. This chart tells us a very clear story:

From 1982 to 1993, the red line shows farm prices. It has been relatively stable. The blue line shows what has happened to the Consumer Price Index. It has risen each and every year on a steady course. So the gap between what farmers pay and the prices they receive has steadily grown.

Farmers are being squeezed by low farm prices and rising costs. Further, agricultural program cuts will damage rural America in profound and irreversible ways. At a time when we need sustained economic growth in both rural and urban areas, the needs of rural America cannot be ignored. It would be flawed economic policy.

In conclusion, let me restate why we need to maintain our agriculture policy. First, agriculture programs are the foundation for our international competitiveness. Without them, we unilaterally disarm in the world trade battle. That would harm American farmers, eliminate American jobs and threaten America's economic security.

Second, agriculture programs are insurance policies for consumers. Without farm programs, consumers lose security over a basic human need: Food.

Finally, agriculture is a fundamentally different form of business. To work properly, it must maintain a reserve, but that reserve depresses prices for farmers and benefits consumers. Because of agriculture's differences, farm programs are essential.

We as a nation have maintained an agriculture policy for decades to protect producers and consumers. This is not blind generosity. This is not aimless policymaking. This is not luck. Those who seek to destroy the farm program must demonstrate why their way is right for America. The burden of proof is on them. I think the facts prove they are dead wrong.

Our agriculture policy works. We have proof that it works. We must not destroy a program that is proven to deliver an abundance of low-cost, high-quality food. We must not destroy a program that has made America the world leader in agriculture. We must not destroy a program that has worked. We must not unilaterally disarm.

I thank the Chair, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

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

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

Mr. DOLE. Mr. President, is leader's time reserved?

The PRESIDING OFFICER. It has been reserved.

TRIBUTE TO JOHN WHITE

Mr. DOLE. Mr. President, the official State motto of Texas is just one word. And that word is ''Friendship.''

That word was also the motto of John White, one of the great sons of Texas, who passed away on Friday.

John was a Democrat through and through. But John knew that partisanship is not as important as friendship. He knew that partisanship is not as important as decency. And he knew that partisanship is not as important as patriotism.

Friendship. Decency. Patriotism. These were the hallmarks of John White's career in public service. It was a career that saw him serve for over a quarter of a century as Texas Agriculture Commissioner, as Deputy Secretary of the U.S. Department of Agriculture, and as Chairman of the Democrat National Committee.

But John's influence extended far beyond the jobs he held. Former Congressman Jake Pickle said,

> John was a small-town man who grew into national prominence because he had a lot of just plain common sense.

Almost from the day he arrived in Washington, Presidents, Senators, Congressmen, and countless others called upon John for counsel and for common sense.

And no matter how busy he was, John always answered the call.

Mr. President, I know that all Members of the Senate who had the privilege to know John, join with me in extending our sympathies to his wife, Nellie, and to his entire family.

TRIBUTE TO ROSE KENNEDY

Mr. DOLE. Mr. President, along with all Members of the Senate—and all Americans—I join today in mourning the passing of a true American treasure, Rose Fitzgerald Kennedy.

Services for Mrs. Kennedy will be held tomorrow in Boston, and our thoughts and prayers are with Senator KENNEDY and his entire family.