I thank the Presiding Officer and yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I just express the appreciation of this Senator for the remarks that have been made by the Senator from West Virginia, the chairman of the Rockefeller Commission on Children, who spoke so carefully and thoughtfully, particularly to his point about dependency.

The issue of welfare is the issue of dependency, and in a world where adults stand on their own two feet, as the phrase has it, we have a situation in which the condition of dependency is massive in our cities, pervasive in the land, and while we have not been able to solve the problem, we are making real steps in addressing it. And I want very much to share his sentiments and his concerns.

I thank the Chair. Mr. President, I yield the floor.

Mr. CRAIG. Mr. President, with the consent of the leaders on this issue at the moment, I would, if I could break for a moment, ask unanimous consent to speak on another issue for no more than 10 minutes as if in morning business.

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

SUBSIDIZED CANADIAN LUMBER

Mr. CRAIG. Mr. President, I have sat through 2 days of probably some of the most substantive debate on a key issue in this country that I have heard in years, listening to the debate of our colleague from Oregon, who has led the Republican side of welfare reform, and certainly the senior Senator from New York on the other side, both men of tremendous substance attempting to deal with a very important issue for our country. I have just listened to the Senator from West Virginia in a most sincere appeal for resolution of an issue that has gone beyond what I think most Americans ever intended it to be.

In some way my comments this morning are a part of that because I am talking about a very real people issue in the West that has caused, by its presence and by our inability to act, people to go on welfare, to be subject to at least or to ask for assistance from their State to provide for food on their children's table. And so, if I could for just a few moments, I wish to reflect on an issue which is really very perplexing that I and others in this Chamber have attempted to deal with over the years that is now front and center again, at least in the timber-producing States of our Nation.

Every week, I receive tragic appeals from unemployed forest workers struggling to feed and care for their children, many of them, as I have just mentioned, on the edge of welfare at this moment. A major reason for their struggle is that a rising flood of subsidized Canadian timber has captured nearly 39 percent of our domestic softwood lumber market in May of this year.

This May figure is already an all-time record for foreign market's share of lumber in our country, and the industry anticipates that the figure in June will be equal to or will exceed that level. This flood of imports also has contributed to a 34-percent reduction in U.S. softwood prices since 1994. Last year alone, Canada sent to the United States nearly 16 billion board feet of lumber worth $5.8 billion. Tens of thousands of jobs and the economic livelihood of hundreds of communities throughout the public forested States of our Nation, primarily in the West, depend on a prompt and fair solution to this problem of Canadian subsidized timber.

What is the cause of the problem? In Canada, where 92 percent of all timber is Government owned, Provincial programs allocate trees to producers under long-term agreements at a fraction of their fair market value. Producers in British Columbia, for example, paid on the average of $100 per thousand board feet of timber in 1994.

That is in stark contrast to United States producers immediately across the border in the States of Washington and Idaho and down into Oregon paying $365 per thousand board feet of timber of the same type and the same quality—nearly 300 percent more than what was being paid in Canada. United States prices are substantially higher because in the United States, unlike Canada, trees from virtually all public and private forests are sold at fair market value through the competitive bid process.

Coupled with that, there has also been—by Government edict, environmental laws, Endangered Species Act—a tremendous reduction in the allowable timber cut or the allowable sales quantity on our public forests. The result of this and the subsidies have resulted in mills shutting down and, of course, the competitive advantage that should be ours in our own market being dramatically lost to this flood of subsidized timber. All regions of the country have announced production curtailments, temporary shutdowns, and permanent closures of mills and related businesses. Small family-owned businesses have been devastated. If prompt action is not taken, the inequity will only get worse.

The United States lumber industry is competitive but for Government curtailment of supply and Canadian subsidies. United States lumber production costs, excluding timber, are the same and in most instances lower than Canadian production costs. The United States output per employee is about the same as the Canadian industry. Canadian labor costs are higher and rising faster than labor costs in the United States.

Canadians must adopt a fair market-based approach to timber pricing to begin to level the playing field that we are talking about. These pricing policies also have been criticized by Canadian groups, including Canada's maritime and small lumber producers. Criticism also comes from a previous British Columbia Forest Minister who said that Canadian timber pricing practices harm the Canadian economy and do not provide a good return from the industry.

Over the past 10 years, United States lumber industries have repeatedly won duty determinations against Canadian subsidies before the United States Department of Commerce and the International Trade Commission. Why? Because it is obvious and well-known that Canada subsidizes its industry.

In 1993, however, three Canadian members of the binational panel operating under chapter 19 of the United States-Canadian Free-Trade Agreement ruled that Canadian timber pricing practices are not subsidies under United States law. In response, the U.S. lumber industry filed a constitutional challenge to the panel's authority to arbitrate such disputes. This challenge was withdrawn when the industry was assured by United States Trade Representative Kantor that Canada would agree to consultations to address the timber pricing issue.

There was also another reason why our trade ambassador entered in; he did not want the Canadian Free Trade Agreement and its problems and its loopholes exposed.

When that agreement was passed in the mid-1980's, I voted against it, and in the Chamber of the House—I was then a Congressman—I argued that these loopholes did exist and that we had set ourselves up for the very scenario being played out today. If our Trade Ambassador wants to solve this problem and keep the free-trade agreement intact, then he ought to move on this issue.

In spite of these consultations, I think legislation may be needed to resolve the problem that has surfaced with this binational panel or panels as a result of the free-trade agreement. Past panels have ignored the standard of review mandated by the agreement and United States law, and two Canadian members of one lumber panel failed to disclose serious conflicts of interest.

Because these rulings by nonelected, non-United States panelists are binding under the United States-Canadian Free-Trade Agreement, and now under the North American Free-Trade Agreement, serious constitutional and procedural issues arise. Reform is needed to assure that future panels do not and cannot ignore U.S. law in order to protect unfair trade practices.

So where are we today, Mr. President?

The U.S. softwood lumber industry is in no condition to endure unrestrained, subsidized imports during an extended period of negotiations. Nonetheless, the first meeting of the United States-Canadian lumber consultations that

occurred on May 24 and 25 was inconclusive. The second meeting on July 11 and 12 produced an acknowledgement, finally, of a glimmer that says, yes, there is a problem, and suggested there were prospects for eventual solutions, but without sufficient urgency, in my opinion, to curtail the massive loss of U.S. industry and jobs that is now going on in this country.

More than 10 years ago I organized congressional opposition to this persistent, recurring problem. And I say this morning to the Canadians, down the road from this Capitol, turn up the volume on your television set if you are watching C–SPAN2 at this moment, because in the Canadian Embassy you are about to begin to work once again, because we are going to put you to work, as this country speaks out for its forest products industry and the men and women who work for it. We will no longer allow this loophole to exist in the United States-Canadian Free-Trade Agreement.

I have sent letters to the administration urging a quick and permanent solution to this problem. And I must say at this moment, Ambassador Kantor, your lip service does not answer very well the concerns of the men and women in Idaho and across the Pacific Northwest that are losing their jobs.

A third United States-Canadian lumber consultation panel is to meet in September. This meeting must accelerate and complete efforts to produce a concrete framework for permanently reforming Canadian pricing schemes in order to eliminate the subsidies provided to the Canadian producers.

So in conclusion, Mr. President, I hope this problem will be resolved quickly, jointly between the United States and Canada in their negotiations. Frankly, I would prefer if that were to happen. But if it does not happen, this is one Senator who will rally other Senators and Members of the other body to resolve this problem legislatively like we had to do in the late 1970's. And to our Trade Ambassador, Ambassador Kantor, go to Canada in September and work to resolve the issue. Lip service no longer serves well the unemployed men and women of the forest products industry.

I yield the floor.

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

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Thank you very much, Mr. President.

Mr. President, today's debate over reforming the welfare system is a debate over the values we hold most sacred as Americans. We prize independence over servitude, personal accountability over irresponsibility, hard work over Government handouts. A welfare system that works ought to embrace those values, inspire people to seek the freedoms these values represent, and help them lead a better life.

And yet, the Democratic system imprisoned over 20 million needy Americans since the 1960's. Instead of bringing families together, America's welfare system tears them apart. It encourages dependency, it subsidizes illegitimacy. And the people who benefit most from the present system are not the underprivileged Americans who need it, but the bureaucrats who run it. And it is time for a change.

With the welfare reform legislation being debated in Congress, we at last have an opportunity to change 30 years of failed policies. We are determined to replace the old system for one simple reason; and that is, it does not work.

Over the last 30 years, since the beginning of the War on Poverty in 1965, American taxpayers have spent more than $5 trillion on 79 different means-tested welfare programs. And what have we accomplished with their sizable investment? Not enough, because the poverty rate has remained constant. Federal, State, and local governments combined are now spending $350 billion every year on welfare benefits. That is nearly 40 percent more than we spend on national defense each year.

If the Senate's welfare reform proposals were signed into law today, we would still spend nearly $1.2 trillion in welfare over the next 5 years. Anyone on Main Street will tell you that that is an awful lot of money. And it is all funded by the taxpayers. And I believe $1.2 trillion is a sufficient amount of taxpayer dollars to accomplish our goals of the next 5 years. And anyone who does not believe that this is enough, well, they spend too much time inside the beltway. Just look at the hard-working men and women of Minnesota who hand over more than a third of their paychecks to Washington.

Last fall Republicans pledged to use the American taxpayer dollars more efficiently and more effectively. And reforming the welfare system is part of our effort to keep that promise. Our goal in the Senate is to truly end welfare as we know it. We must change the priorities that this country places on welfare and emphasize personal responsibility. We must include tough work requirements for welfare recipients. We must give States the power to develop policies which make both parents responsible for their children and eliminate benefits for drug addicts and alcoholics.

We must give block grants to the States and put an end to the role of the Federal Government as a barrier in the welfare reform experimentation. States should begin the freedom, unhindered by the Federal bureaucrats in Washington, to implement innovative reforms. And we must give State governments the flexibility that they need to customize programs to address local needs, because State officials, not Washington bureaucrats, know best how local welfare dollars should be spent efficiently.

State and local communities will finally be given the flexibility that they need to customize their welfare programs to best meet the needs of their citizens.

It was President John F. Kennedy who once said:

> Welfare programs must contribute to the attack on family breakdown and illegitimacy.
>
> Unless such problems are dealt with effectively, they fester and grow, sapping the strength of society as a whole and extending their consequences in troubled families from one generation to next.

And I agree.

This legislation makes a first step in this direction by overhauling 6 of the Nation's 10 largest welfare programs. And this will save the taxpayers approximately $70 billion over the next 7 years. Now we will require able-bodied welfare recipients to work 20 hours a week. Welfare recipients will no longer be able to endlessly job search and then count that as work. Under the Dole-Packwood bill, work is work. In addition, the bill would require 50 percent of a State's welfare caseload to be working by the year 2000.

This bill will no longer give welfare recipients more food stamps if their cash assistance is lower because they have refused to work. In addition, the bill requires States to meet a minimum paternity establishment ratio of 90 percent. Now welfare recipients who refuse to cooperate in paternity establishment will have their benefits withheld.

Another significant change this bill will make is that drug addiction and alcoholism will no longer be considered a disability for the determination of supplemental security income. Taxpayers will no longer be required to pay for an individual's drug or alcohol addiction.

The Dole-Packwood bill will deny welfare benefits to illegal aliens and also impose a 5-year lifetime limit on welfare benefits. And I commend Senator DOLE for these very, very important steps.

One element of the bill that I am particularly proud of is the adoption of an amendment that I proposed with my friend and colleague from Alabama, Senator SHELBY, our pay-for-performance amendment that will require States to pay benefits to welfare recipients only for the number of hours worked.

If a welfare recipient refuses to work at all during the required 20-hour work-week, they would receive no benefits for that week. If they decided to work only 15 hours instead of the 20 hours required, they would receive welfare benefits for 15 hours' worth of work.

Now, Mr. President, this amendment which has been included in the leadership amendment will hold welfare recipients to the same employment