

the long run, a low cost of capital is essential to our international competitiveness. On top of that, a low savings rate means that people aren't putting their own money away for retirement. That makes them more dependent on Social Security. In fact, 16 percent of today's retirees depend exclusively on Social Security for their retirement income, and two-thirds depend on it as their primary source of retirement income.

We need to protect Social Security. But that is not enough. After all, Social Security only replaces about 40 percent of the income earned during our working years. If retirees continue to rely so heavily on Social Security, there will still be far too many Americans spending their retirement years one step away from poverty. We need to supplement Social Security, by encouraging more Americans to save for their retirement. And we can start by passing the Retirement Security and Savings Act, as reported by the Senate Finance Committee.

As a threshold matter, the bill does two important things. First, it reforms the tax rules for pension plans. It makes pensions more portable. It strengthens pension security and enforcement. It expands coverage for small businesses. It enhances pension fairness for women. And it encourages retirement education. Second, the bill increases the contribution limits for individual retirement accounts. IRAs have proven to be a very popular way for millions of workers to save for retirement, particularly for those who do not have pension plans available through their employers. The IRA limits have not been increased since they were created almost two decades ago. An increase is long overdue. These are positive changes. However, by and large, they reinforce the conventional approach to retirement incentives. That approach can best be described as a "top down" approach. We create incentives for people with higher incomes, hoping that the so-called non-discrimination rules will give the higher paid folks an incentive to encourage more participation by others, such as through employer matching programs. I do not have a problem with this approach, as far as it goes. But it does not do enough to reach out to middle and lower income workers.

That is why I am particularly pleased that the bill goes further, by creating two new savings incentives. One creates a new incentive to encourage small businesses to establish pension plans for their employees. The other creates a new matching program to help workers save their own money for retirement. Let me discuss each in turn.

First, the incentives for small businesses. Unlike larger companies, most small business owners do not offer pension plans. While three out of every four workers at large companies are participating in some form of pension plan, only one out of every three em-

ployees of small businesses have pensions. This leaves over 30 million workers without a pension plan. It is not that small businesses do not want to provide pension plans. They simply cannot afford to. Record-keeping requirements are too complex and expensive. The bill addresses this, by creating two new tax credits.

The first is a tax credit of up to \$500 to help defray the administrative costs of starting a new plan. The second is a tax credit to help employers contribute to a new plan on behalf of their lower paid employees. In effect, it is a match of amounts employers in small firms put into new retirement plans for their employees—up to a limit of 3 percent of the salaries of these workers. Taken together, these new incentives will make it easier for small businesses to reach out to their employees and provide them with a pension. In addition, the bill creates a new tax credit that is aimed primarily at workers who do not have a pension plan available to them, to encourage them to save for themselves.

Only one-third of families with incomes under \$25,000 are saving for retirement either through a pension plan or in an IRA. This compares with 85 percent of families with incomes over \$50,000 who are saving for retirement. We clearly need to provide an incentive for those families who are not saving right now, and the individual savings credit included in the Finance Committee bill will provide that incentive.

Here is how it works. A couple with a joint income of \$20,000 is eligible for a 50 percent tax credit for the amount that they save each year, for savings of up to \$2,000. People with higher incomes get a smaller match, up to a joint income of \$50,000. According to the Joint Tax Committee, almost 10 million families will be eligible for the individual savings credit. This will provide a strong incentive for these families to begin setting aside money for their retirement. That, in a nutshell, is how the credits work. Let me respond to the common criticisms of the proposal.

One is that the tax credit for low and moderate income workers is not refundable and therefore will not benefit lower income families that have no tax liability. All that I can say, in response, is that I am a realist. I agree that the credit should be refundable. But, this year, a refundable credit is not in the cards, because it generates strong opposition from the majority. Another criticism, from a different direction, is that the credit is targeted to a specific income class, and provides taxpayers in that income class with too much of a benefit. I disagree. This is not a novel approach. Many provisions of the tax code are phased out at higher income levels, as a way of targeting benefits and reducing the revenue loss.

Another thing. By targeting lower and moderate income workers, the credit provides balance. The benefits of

the other provisions of the bill go primarily to higher-paid workers. After all, if we increase the amount that can be deferred in a 401(k) plan more from \$10,000 to \$15,000 a year, we are only benefiting folks who can afford to make that much of a contribution. So a credit targeted to low and moderate income workers provides the overall bill with balance.

In conclusion, I urge the leadership, on the tax-writing committees, in the Senate, in the House, and in the administration, to work together to secure passage of this important legislation. We continue to have a rip-roaring national economy. But many people have been left behind, good people, who are working hard to make ends meet. Let us reach out to them. Let us make an effort to give every working person in this country a real stake in the American dream. Maybe some young worker will see this tax credit and start to put away a little money that he or she otherwise would have spent. That money will compound, and so will the virtue of thrift. And that, Mr. President, will be good for all of us.

The PRESIDING OFFICER. The distinguished Democratic leader is recognized.

#### MEL CARNAHAN

Mr. DASCHLE. Mr. President, it is with a sad heart that I speak this morning. We now all know that we have lost the Governor of the State of Missouri. Gov. Mel Carnahan was killed in a plane crash last night. Like another man from Missouri, Harry Truman, Mel Carnahan was a man of plain speech and enormous political courage. I believe he would have been a great United States Senator, just as he was a great Governor. His death is a loss to the people of Missouri and to all Americans.

Mel Carnahan spent his life in public service. In this time of skepticism and cynicism about politics and politicians, it is worth noting that Mel Carnahan could have done anything with his life and been a success. His intelligence, his drive, his dedication, his hard work, would have landed him at the top of just about anything he chose to pursue. But Mel Carnahan made a choice early in his life that he would enter public service and that he would use his enormous talents to help people, and that is what he did.

In the State legislature, as State treasurer, as Lieutenant Governor, and during his two terms as Governor, he worked to help people, to make government efficient, and to use the tools at his disposal to make a difference to people's lives.

Whether it was improving public schools, expanding health insurance for children, stricter safety standards for nursing homes to protect seniors, or passing some of the toughest anti-crime measures in the nation to make communities safer, he made a difference.

When Governor Carnahan raised taxes in 1993 to improve Missouri schools, it was an act of political courage that he said was part of his job. "It was the right thing to do," he said later. It was the right thing to do. If one principle could sum up Mel Carnahan's entire political career of public service, it would be just that—he saw what needed to be done, and he did the right thing, regardless of political consequences.

He saw what needed to be done, and using that strong inner compass of right and wrong that steered him through his entire life, he made his decisions—not based on polls or focus groups or other political considerations, but on what was the right thing to do.

Last night, we lost a true public servant—the kind whose service on behalf of people brings honor to all of us who have chosen a similar path for our lives. The fact that his son Randy was with him makes the personal tragedy suffered by the Carnahan family all the more crushing. Our thoughts and prayers are with Jean Carnahan, and the Carnahan and Sifford families in this time of sadness.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

#### AGRICULTURE APPROPRIATIONS AND FAMILY FARMERS

Mr. DORGAN. Mr. President, I indicated I wanted to talk today about the appropriations bill conference report that is going to be considered by the Senate. The vote at this point is ordered for tomorrow. It is a vote on the Agriculture appropriations bill conference report.

I am a member of the subcommittee dealing with Agriculture appropriations in the Senate. We have had a lengthy conference with the House of Representatives and have reported out a piece of legislation. While I am critical of the farm bill we have in this country because I believe it does not work, I do not want to start with criticism of anything or anybody. Rather, I want to start with compliments.

I compliment Senator THAD COCHRAN who is the chairman of the Senate Agriculture Appropriations Subcommittee. He does just an excellent job. I appreciate very much the work he does.

I compliment Senator HERB KOHL who is the ranking member on that subcommittee.

I thank Galen Fountain, our minority clerk on the subcommittee, who does a lot of work with us, and good work; Rebecca Davies, Martha Scott-Poindexter, Les Spivey, Hunt Shipman—staff people who have done a great deal of work to put this legislation together.

On my staff, Dale Thorenson and Nicole Kroetsch, Brian Moran, and Stephanie Mohl, who worked on parts of this. Thanks to all those people.

When we bring a piece of legislation to the floor of the Senate after it has gone through conference, it has gone through a long, tortured process. It is not an easy thing to put together. It represents a lot of work and compromise. Thanks to all the people I have mentioned.

I will try to, for a moment, describe why all of this is important to me. There are a lot of things in this legislation dealing with research, agricultural research, food research, Food for Peace—you name it, there is a whole range of programs that deal with very important and serious issues. But I want to focus on one thing, and that is family farming.

I come from a State that is largely an agricultural State. The fact is, our family farmers in this country are in deep trouble. Some people probably couldn't care less. They get their butter from a carton, they get their eggs from a carton, they buy their milk in a bottle, they get their pasta in a package, and they couldn't care less what is happening to family farmers.

Those who think a lot about it understand the importance of farmers who are out there with their families living on the farm, with the yard light that illuminates their place at night. They understand its culture, and understand its contribution to our country. Those who think about it understand the importance of broad-based economic ownership in our country's food production.

I want to read a couple of letters because we are in a situation where commodity prices have collapsed, the grain prices are rock bottom, and our farmers are in desperate trouble. They are losing their livelihood, losing their farms, having to quit. This is a letter I received a couple of days ago from a woman named Lois. I will not read her last name. I do not know if she has indicated she would want me to read this on the floor of the Senate. This is a family farm in North Dakota. Lois and her husband run a family farm. The letter says:

Dear Byron, it's 6 a.m. I woke up [this morning] and feel compelled to write, as I feel farmers here are now at rock bottom.

Right now as we harvest a worthless crop, pay huge prices for our oil products, face winter and bills to pay, we find the [crops sprout damaged and injured] by rain. Harvest brings more stress and fears to all of us. I'm afraid for us. I'm afraid for my neighbors and others like us who can't make a profit thru no fault of our own. We . . . have other jobs, but we can't keep farming. . . . I am taking time off these days (from my work) to drive a grain truck. I'm hauling grain that is below \$1 a bushel. . . . We need a price that is more than cost. It's called profit. I don't have a lot of answers. We've attended many meetings. . . . We can feel the world . . . we should feel pride in that.

But what's wrong? There's something not connecting here.

She, like so many others, is trying to make a living on a family farm, and they are going broke.

A farm family—a man and his wife—wrote to me about a week ago and said:

It is with tears in my eyes that I find myself writing to you today. After I have been assisting in what should be a joyous time, it just couldn't be further from that. So for the first time, I am taking steps to try and find help, for not only ourselves, but all of those who are worse off around us. Somebody has to help us now. . . . My husband and I farm—near a small community in the northwest corner of North Dakota.

We are blessed with some of the greatest soil and we felt very fortunate until now that it has helped to provide us with thousands of bushels of grain, plus cattle. In fact, up until recently, we had thought we were very fortunate. We couldn't have been more wrong, however.

We are facing the worst times our 3rd generation farm has ever seen since its existence began in 1914. As combines are cutting our fields, the last thing I would normally be doing right now is writing a letter, but we have no choice. Something has to be done and people need to know what kind of devastation is [occurring] in our economy.

It was just this morning that we were told that our very rare and beautifully colored, disease free durum wheat is now only worth 80 cents a bushel. Our neighbors were not so "lucky." There is no market for theirs as it was not close to perfect.

Our banks will not collect on their loans, young people like ourselves are going to just pack up and leave. . . . There is just no reason for us to continually be abused. . . .

She raises the questions, as other farmers do, about everyone else making record profits that handle their grain. The grain elevators, railroads, and the grain trade all make record profits.

She says:

We are one of the very few young farmers left in our community and after this harvest there will be many more forced to leave. There just will be no alternative.

Another letter from another family farm in North Dakota. A farmer writes:

So why do I write? Simply to encourage you to continue the battle, to be a voice alerting the nation to the financial, cultural and social devastation that is taking place in rural America. As a seventy two year old lifetime farmer, now retired, I am a witness to farm after farm being discontinued. The immediate community in which I live vastly changed and changing. Good young family farmers are quitting one after the other, some forced out financially, others giving up before complete financial ruin. There is no profit incentive, the gamble is too great, the fight against weather, disease, regulations and prices too heavy a burden to bear.

This farmer writes:

Personally, I have a son now forty five, who has farmed since graduating from the University of North Dakota. His hope is fading. He talks of farming one more year and [then giving up]. He is a fourth generation farmer ready to give up. His son now seven never to continue into the fifth generation [on the family farm].

He says:

My concern is for my family, my community, the nation.

I will not read any more. I have so many letters from farmers. They are out there wondering what is wrong with an economic system which rewards everyone except those who produce the crops.

Some say: The "family farm," that is kind of like the little old diner that