CONGRESSIONAL RECORD—SENATE 19101

ORDER OF PROCEDE

Mr. CONRAD. Mr. President, I ask unanimous consent that I may be per-
mitted to continue past the hour of 10:30 in business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

THE FARM CRISIS

Mr. CONRAD. Mr. President, I want-
ed an opportunity to talk about the
farm crisis that is now facing our coun-
try, and certainly facing my State. I
represent North Dakota, which is one
of the most agricultural States in the
Nation. There is no question that our
farmers are facing a crisis of really un-
precedented proportion.

As I go around my State, every place
that I go, a farm meeting, farmers
have a sense of hopelessness. One of
the reasons is that is happening to farm
income. I have just come from a hearing
where the Secretary of Agriculture is
testifying. We were talking there about
the pattern of farm income. It is very
interesting, if you back out Govern-
ment payments, which have been in-
creasing now in the last several years
in response to this economic calam-
it—In 1996, farm income absent Gov-
ernment payments was $46 billion.

This year in my income, absent Gov-
ernment payments, is estimated to be
$27 billion. Farm income from the
prices that farmers receive for the
commodities they sell is in a virtual
free-fall.

This chart shows headlines from the
newspapers back home talking about
what is happening to farm prices. The
first one is from the major paper in our
State: “Going down, down, down. USDA sees lower prices for wheat,
corn, soybeans, and other major
crops.”

Another major story: “Lower crop
prices predicted.”

Again, the story is the same—col-
lapsing farm prices.

Farmers have been hurt by more
than low prices. They have been hurt
by what I call the “triple whammy” of
bad prices, bad weather, and bad pol-
picy.

The bad prices are right at the heart
of what is causing this farm collapse.
This chart shows farm prices of two
major commodities, wheat and barley,
for a 53-year period. It really tells the
story.

These are inflation-adjusted prices.
So we are comparing apples to apples.
These are what farmers have been re-
ceiving for these major commodities
from 1946 to 1999. You can see that the
blue line is wheat. Wheat has gone
from almost $18 a bushel back in the
1940s to about $2.50 a bushel today—a
long-term price decline without many
real interruptions, although we saw a
major one back in the 1970s. We all re-
member that period when farm prices
skyrocketed. But absent that, we have
really been in a long-term price decline
for wheat, barley, and many other com-
modities as well.

I think this chart tells a very impor-
tant story because it compares the
prices farmers receive for what they
sell and the prices they pay for what
they buy.

The green line goes back to 1991 and
shows what prices farmers are paying
for the inputs that they must buy to
produce crops. You can see that the
prices farmers pay have been going up
very sharply. On the other hand, prices
that farmers have been receiving went
up to a peak in 1996—interestingly
enough, right at the time we passed the
last farm bill. In fact, we were told at
the time we would see permanently
high farm prices. That proved to be ab-
solutely wrong. Those permanently
high prices lasted about 90 days. Since
then, we have seen a virtual price col-
lapse.

Just as I indicated before, prices
farmers have been receiving have been
dropping dramatically, and the prices
for the things they pay have been ris-
ing inexorably. That creates this enor-
mous gap between the prices they are
paying and the prices they are receiv-
ing. That is what has led to that reduc-
tion in farm income I talked about in
my initial remarks. This is a crisis by
any definition.

If we look at what is happening to in-
dividual commodities in relationship
to the prices farmers receive and the
actual costs of producing those com-
modities, we can see it very clearly.

This is what has happened with re-
spect to wheat prices. The green line
is the cost of production. The red line
is the prices farmers are receiving for
their products. The farmers, see the prices
farmers receive are far below the costs
of producing the product. That is what
has led to this cash flow crunch. That
is why farmers are telling us: If you do
not take dramatic action, tens of thou-
sands of us are going to go out of busi-
ness.

In my State, the estimates are that
we will lose 20 or 30 percent of our
farmers in the next 18 months unless
we act. Let me repeat that. In North
Dakota, we are being told by the ex-
perts at the State university and major
farm organizations that unless we act
we will lose 20 to 30 percent of the
farmers in my State in the next 18
months. That is a crisis.

It is not just in wheat. You see the
same pattern. This is soybeans. We
don’t grow many soybeans in North Da-
kota. Soybeans are grown further
south and to the east. But you can see
the same kind of pattern.

Here is the cost of production. Here
is what the farmers are paying receiv-
ing. Since 1997, farmers are well below the
cost of production with respect to soy-
beans. In wheat, the pattern is the
same, and in soybeans. But there are
other crops as well that are critically
important.

This shows what has happened in
corn. The red line again is the price.
The green line is the cost of produc-
tion. Since 1997, we have been below
the cost of production in corn.

You can’t stay in business very long
in that circumstance. You can’t stay in
business very long when you are get-
ting less in terms of a price for your
product than what it costs you to
produce that product. You can hang in
there a while as you give up equity and
as you go backwards on your balance
sheet, but at some point the banker
comes calling. He says: Mr. farmer, you
are out of business. You can’t continue
to lose equity.

The result has been that we have
started to lose farm families in my State.
In the last few years, in fact, we have
lost 20,000 farms since 1989. In 1989,
we had over 28,000 family farmers in
our State. We can see that we held
that in 1990, and in 1991 we saw a drop
of about a thousand farmers. Then, in
1992, we actually got some recovery. In
1993, we dropped down to about 26,000.
Since then, it has been a constant ero-
SION, so that now we are down to about
22,000 family-sized farms in our State.
It is really a dramatic decline in the
last 20 years—almost a 20-percent drop.
Remember what I said. The experts are
telling us now that we could see an-
other 20-percent drop in just the next
18 months perhaps even more than
that; perhaps even as much as a 30-per-
cent loss unless we act.

What are the reasons for this? Part
of the reason is the financial collapse in
Asia and the financial collapse in Rus-
sia because those were major cus-
tomers for our farm commodities. But
there are other reasons as well.

In my remarks today, one of the key
reasons is the budget decisions that were
made at the time of the last farm bill. The
last farm bill had some strengths to it,
some plusses. The biggest strength, I be-
lieve, is the flexibility it provided to
farmers to plant for the market rather
than a farm program. But we also made
some budget decisions at the time that
made it very difficult to write any kind
of reasonable farm bill.

This chart shows what I am talking
about. It shows the resources that were
provided to agriculture under the last
farm bill. In 1989 we had over 28,000
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is from 1996 to 1999; just those 3 years. You can see that the Europeans really have dominated in rice. They are outspending us seven to one. They are winning their competition the old-fashioned way. They are buying these markets. That is what the Europeans are up to.

Unfortunately, we are engaged in unilateral disarmament. We are cutting in the face of massive superiority on the other side. One of the chief trade negotiators for the Europeans told me several years ago: Senator, we believe we are in a trade war in agriculture. We believe at some point there will be a cease-fire. We believe there will be a cease-fire in place, and we want to occupy the high ground. The high ground is market share.

That is exactly what they are up to. And how do we do it? Why are we giving in 20 years, from being major importers to being major exporters. In fact, they have surpassed the United States in terms of agriculture exports. One of the ways they have done it is to spend enormous sums of money to put themselves in a position of superiority.

This chart shows how the European Union is flooding the world with agricultural export subsidies. This is the European share of world agricultural export subsidies, accounting for nearly 84 percent of all world agricultural export subsidies; the United States' share, this little red piece of the pie, is 1.4 percent. They are outgunning the United States 60 to 1.

It is no wonder farm income is declining. It is no wonder exports are declining. It is no wonder our farmers are under enormous pressure. They are under enormous pressure because our European friends have a plan and a strategy to dominate world agricultural trade. Again, they are doing it the old-fashioned way: They are buying these markets. They think the United States is asleep. They think we will not fight back. They have told me: Senator, we think you are so prosperous in so many other areas, you will give up on agriculture.

So far, we are proving them right. We are engaged in unilateral disarmament in a trade confrontation. We would never do it in a military confrontation. Why are we doing it? Why are we giving up and letting them dominate world agricultural trade? What are the implications this fall when we go to negotiate with them? I can tell you what I believe the implications are. I believe we are headed for a guaranteed loss.

I was referring to the trade negotiator for the Europeans saying to me they believe we are in a trade war. They believe at some point 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 market share. He is right. That is the high ground. We are headed into negotiations with them this fall, and we have no leverage. How will we possibly get a good result when they have America outspending 7 to 1 in overall support, 60 to 1 in export subsidies? How are we going to win that negotiation? What is our leverage to change this relationship? There is no leverage. We are going to lose unless we do something.

Personally, I believe we have to rearm in agriculture, to put more resources into the fight, to send the Europeans a clear and unmistakable message that the United States is not going to roll over; we are not going to surrender; we are not going to wave a white flag and turn over world agricultural trade to them; we will insist on a level playing field.

In the last trade negotiation, that gap existed as well. The Europeans have been out spending support than we have. Did that gap close? Did our level of support go up? Did the European level go down? Did the gap close? No, it did not. Instead, we got equal percentage reductions on both sides from an unequal base, leaving the Europeans in the superior position.

If we look back at the last trade negotiation, we got a 36 percent reduction in export trade subsidy and a 24 percent reduction in internal support on both sides. But the Europeans were at a much higher level. When there are equal percentage reductions from unequal bases, the Europeans remain in a superior position. It does not take a whole lot to figure out that if we continue that pattern of equal percentage reductions from an unequal basis, we will continue to leave the Europeans in a superior position; we will continue to leave our farmers at a competitive disadvantage; we will continue to sign the death warrant of tens of thousands of family farms.

That is the hard reality of what we confront. We have before the Senate a disaster response. It is clearly called for. It is clearly necessary to meet this collapse of farm income and to meet these adverse weather conditions.

With respect to weather, in my State there are 3 million acres of land not even planted this year. There are millions more planted very late because of overly wet conditions. It may sound strange here on the east coast. I saw a story in an east coast newspaper that in one location they are out painting the grass green because of the drought. We can't paint a crop; we can't go out and paint wheat and somehow make it healthy. We can't paint corn. It doesn't work. Maybe one can paint a lawn. I have never seen that done. It sounds rather bizarre to me, but that is what they were doing in New Jersey the other day. They were taking a paintbrush and trying to respond to this drought. That is an unusual response. But it is not going to work in agriculture. Farmers in West Virginia, in Delaware, and in Maryland cannot go out and paint a crop. That will not do the job. The fact is, they don't have a crop.

In my part of the country it is not drought; it is overly wet conditions, 5 and 6 years of incredibly wet conditions. You cannot even get into the fields to plant. There has to be a disaster response. It has to deal with the bad weather. It has to deal with these ruinously low prices. Yes, it has to deal with the bad policy of putting our farmers at a severe disadvantage to their European competitors.

We are telling our farmers: Go out there and compete against the French farmer, the German farmer; and while you are at it, take on the French and German Governments as well. That is not a fair fight. We have to help level the playing field.

That is why I have introduced legislation we call the Fight bill, Farm Income and Equity Act, to level the playing field. If the Europeans are going to play the game this way, we will play it that way. We will fight back. We will put our farmers in a place that they can compete. That is fair. That puts us in a position to go to the next trade talks and have a chance to come out winners rather than losers.

Mr. COCHRAN. Will the Senator yield?

Mr. CONRAD. I am happy to yield to the Senator.

Mr. CONRAD. I don't recall when the Senator began talking, but we were to go back on the bill at 10:30. I understand we are not on the bill. I was going to ask if the Senator would yield for that purpose.

Mr. CONRAD. I am happy to yield. I just reached the conclusion. I am happy to yield with the concluding thought that we do need to respond. We need to respond to this disaster emergency. We also need to respond with a longer-term policy change.

I yield the floor.