

I commend this to my colleagues, both Republicans and Democrats, as being reasonable and as being something that should be a part of any overall pattern that we pass, and that is to put us at the heart of the whole debate over tobacco. If we can regulate everyone else, we can regulate the attorneys. We do it fairly in this amendment, and I trust as soon as we come to an agreement on the time it will be voted on, that it will be adopted and we can go on to other important developments in this bill.

RECESS UNTIL 2:15 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, at 12:38 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the President Pro Tempore.

Mr. LOTT addressed the Chair.

The PRESIDENT pro tempore. The distinguished able majority leader is recognized.

OFFICIAL PHOTOGRAPH OF THE 105TH CONGRESS

Mr. LOTT. Mr. President, for the information of all Senators, if they would go ahead and be seated if they are in the Chamber—I note that there are a number of our colleagues who are still not here—we will go into a quorum call momentarily to allow Senators to reach the Chamber and be seated.

Also, those who are here, I want to note that the camera is located in this corner over to your right. So I ask that all Senators turn their chairs toward the camera. We need to be able to see the camera. The photographer will then take eight pictures, so there will be eight flashes.

Once we get started, it should not take very long. But it would be helpful if the Senators who are in the Chamber would take their seats so that when the others arrive we will be able to go straight to the pictures.

Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LOTT. Mr. President, if all Senators would take their seats, we could get a more accurate count of who might be absent.

I also want to note once again, as I did earlier, the camera that will be taking the picture is over my right shoulder here in the corner. If both sides of the aisle would adjust chairs where you can see the camera, we could get a good shot. The photographer will take 8 pictures with 8

flashes. Once we get all Senators in their chairs, it shouldn't take but just a few minutes to get that done.

After the photograph is taken, we will go, I believe immediately without any intervening debate, to a vote on the Gorton amendment. Then we will go to the next Democrat amendment.

Those of you that are due to be at a bill signing ceremony about 3 o'clock should be able to make it. If all Senators would take their seats we should be ready to go momentarily.

I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDENT pro tempore. Without objection, it is so ordered.

RECESS

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

There being no objection, the Senate, at 2:26 p.m., recessed until 2:31 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. COATS).

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 2705, AS MODIFIED

The PRESIDING OFFICER. The pending question is the Gorton amendment, No. 2705, as modified.

Mr. LOTT. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not.

Mr. LOTT. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays are ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mrs. BOXER (when her name was called). Present.

Mr. LOTT (when his name was called.) Present.

Mr. NICKLES. I announce that the Senator from Pennsylvania (Mr. SPENCER) is absent because of illness.

The result was announced—yeas 49, nays 48, as follows:

YEAS—49

| | | |
|-----------|-----------|------------|
| Abraham | Dodd | Hutchinson |
| Allard | Domenici | Hutchison |
| Ashcroft | Dorgan | Inhofe |
| Bond | Enzi | Kempthorne |
| Brownback | Faircloth | Kyl |
| Burns | Frist | Lieberman |
| Byrd | Gorton | Lugar |
| Campbell | Gramm | Mack |
| Chafee | Grams | McCain |
| Coats | Grassley | McConnell |
| Collins | Gregg | Murkowski |
| Coverdell | Hagel | Nickles |
| Craig | Helms | Roberts |

Santorum
Sessions
Smith (NH)
Smith (OR)

Snowe
Stevens
Thomas
Thompson

Thurmond
Warner

NAYS—48

Akaka
Baucus
Bennett
Biden
Bingaman
Breaux
Bryan
Bumpers
Cleland
Cochran
Conrad
D'Amato
Daschle
DeWine
Durbin
Feingold

Feinstein
Ford
Glenn
Graham
Harkin
Hatch
Hollings
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg

Leahy
Levin
Mikulski
Moseley-Braun
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Roth
Sarbanes
Shelby
Torricelli
Wellstone
Wyden

ANSWERED "PRESENT"—2

Boxer

Lott

NOT VOTING—1

Specter

The amendment (No. 2705), as modified, was agreed to.

Mr. McCAIN. I move to reconsider the vote.

Mr. KERRY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXPLANATION OF VOTE

Mrs. BOXER. Mr. President, I wish to inform the Senate of the reason I voted "present" on the Gorton amendment related to limits on attorneys' fees in tobacco cases.

I abstained on this vote because my husband's law firm is co-counsel in several lawsuits against tobacco companies filed in California state court by health and welfare trust funds.

The Ethics Committee has advised me that voting on an amendment such as this "would not pose an actual conflict of interest" under the Senate Code of Conduct.

However, I decided that this vote could create the appearance of a conflict of interest and therefore I abstained by voting "present."

EXPLANATION OF ABSENCE

Mr. DURBIN. Mr. President, I would like to take a moment to explain my absence during vote number 159 last night. I was returning to Washington from Chicago when the airplane I was on was delayed by weather problems. While the vote was going on, the plane was in the air over the Washington area as we waited for the airport to reopen so that we could land.

Had I been present, I would have voted 'nay' on the motion to table the Reed amendment to the tobacco bill. I am a cosponsor of the Reed amendment and I believe it should be part of the final tobacco legislation.

The tobacco industry has been targeting kids with its advertisements and marketing gimmicks for far too long. The tobacco bill would re-promulgate the FDA's regulations, currently on hold, that seek to restrict tobacco advertising and marketing that appeals to children.

The Reed amendment adds new teeth to the restrictions by linking each tobacco company's tax deduction for advertising expenses to its compliance

with the regulations. As long as a tobacco company obeys the law and complies with the FDA regulations, the company can continue to deduct its expenses for permissible advertising. But, under the Reed amendment, if a tobacco company violates these restrictions, the company's privilege of deducting its advertising expenses for tax purposes would be lifted for all of its advertising expenses for the year in which the violation occurred.

This amendment, as with the look-back amendment, is about accountability. If a tobacco company decides to try to skirt the FDA regulations, to keep advertising or marketing in ways that appeal to children, that company will face not just a regulatory action by the loss of its advertising deduction. With this amendment, taxpayers will no longer help foot the advertising bill for companies that continue to market to children. Tobacco companies will no longer get a tax break for advertising expenses if any of the company's advertising violates the FDA's regulations for protecting children.

It's a simple amendment with a simple point. Its message is that we are serious when we say to the tobacco companies: no more advertising to children. This amendment deserves the support of the Senate.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from Arizona.

Mr. MCCAIN. Mr. President, the Senator from Kentucky has been waiting very patiently to propose his amendment. I just want to sum up what we just passed here, and I think it is very important.

We passed limits on attorneys' fees of \$4,000 per hour for actions filed before 12-31-94; \$2,000 per hour for actions filed between 12-31-94 and 4-1-97; \$1,000 per hour for actions filed between 4-1-97 and 6-15-98; and \$500 per hour for actions filed after 6-15-98.

Before the Senator from Washington leaves the floor, I would like to thank him for his amendment. I thank him for his persuasive arguments in a very close vote. Obviously, it was the effort of the Senator from Washington that tilted the vote in favor of this amendment, albeit by one vote. So I express my appreciation to the Senator from Washington.

Mr. President, I just go on to say, it does not apply to any fees paid to attorneys that are defending tobacco companies. It does not apply to any fees actually remitted and received by an attorney before 6-15-98, nor to reimbursement of actual out-of-pocket expenses approved by a court in such actions.

It applies to all actions brought on behalf of a State or political subdivision, the Castano civil actions, and all tobacco actions brought on behalf of private litigants that are settled or "finally resolved" after June 15, 1998.

It directs the courts to consider the following factors in determining an at-

torney's fee as: likelihood of success; time and labor invested; expenses incurred; novelty of the legal issues involved; skill required to prosecute the action; and results obtained.

It permits the tobacco companies to petition to reduce fees that they had already agreed to pay to plaintiffs' attorneys in the States that have already settled.

Mr. President, I think it is an important amendment. I do believe that my friend from Massachusetts would agree with me that really it is as outstanding as the agricultural issue, the farmers issue.

We can go through iterations—and there are maybe hundreds of amendments filed—but except for the agriculture issue, we have pretty well resolved the outstanding issues that are associated with this legislation. And I would like to first express optimism that we can address that issue. I still hope we can reach a compromise between the two—the LEAF Act and the so-called Lugar Act. But in addition to that, I believe that we can invoke cloture and dispense with this bill this week.

I thank my colleagues for their cooperation, and I yield the floor.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, let me say on behalf of my colleagues, that with respect to the last amendment, their vote was a reflection, I know, of grave concerns on our side of the aisle about the Senate putting its stamp of approval on a \$4,000-per-hour fee.

Some may think that is a fee that they are willing to attach automatically based on a date, but I think a lot of people felt very strongly that the independence of the judiciary and its capacity to be able to analyze according to the very same standards in the Gorton amendment—the Gorton amendment borrowed from our bill each of the categories of evaluation that would be applied by the courts. So in effect, they are really mandating an outcome which may or may not fit for one case or another case.

I know I heard colleague after colleague suggest to me that, as a Senator, they did not want to approve of a \$4,000-an-hour fee. So that is the distinction here. Some were willing to put their approval on it; some were not. But the fact is, the amendment carried by one vote, and that is the will of the Senate.

We now find ourselves—I want to express my agreement with the Senator from Arizona—we have traveled a 3-week journey, and we have waded through the most difficult issues. The closeness of the votes on some of them clearly indicates the difficulty of trying to come to agreement, but nevertheless, the Senate has spoken on those.

We have resolved the most significant issues—the liability issue, the question of look-back amendments.

The bill was strengthened in those regards. We resolved the marriage penalty. Again, for some, the bill was strengthened by providing a certain component of a tax cut and a drug program. So those are the fundamental components of this legislation—together with an FDA regulatory process that is essential to the capacity to deal with tobacco.

Therefore, that brings us to the point now where the Senator from Kentucky is about to tackle the really last tough issue with respect to this legislation. Speaking on behalf of the Senators on our side of the aisle, there are more than 40 Senators that I know of prepared to vote for this legislation now. More than 40 Senators are prepared to vote to end debate now, and more than 40 Senators are prepared to vote for the legislation in order that we can move it to the House and ultimately to a conference.

So the real test before the Senate this week is the test of whether or not the members of the Republican Party are going to join those 40 to create the critical mass necessary to pass tobacco legislation. If we pass it, it will be because we come together as a Senate. If we fail to pass it, it will be because the Republicans decided they did not want to pass it. Given the number of Democrats in our caucus—45—to have more than 40 prepared to vote now on a bill is significant.

So that is where we find ourselves. I hope that in the next hours we will resolve the farm issue satisfactorily. To the degree there are any amendments left on the Democrat side, we are prepared to enter very short time agreements if indeed there will be those amendments. So we have the ability on this side of the aisle to move rapidly; not to tie up the Senate in knots, but to pass competent tobacco legislation. And it is my fervent hope that in the interests of the last 3½ or 3 weeks-plus, and the several years of labor that has been engaged in by a number of different people in the Senate before this bill ever came to the Commerce Committee, that we would be able to do that. I think the Senator from Arizona shares that hope.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I say very briefly that what the Senator from Arizona and the Senator from Massachusetts have said is exactly on point. We really now have one major outstanding issue, and that is the question of how tobacco farmers are treated in this legislation. Hopefully, that could be resolved in a way that would be acceptable to both sides.

We understand discussions are under way, and we hope that they could be concluded. But really that is the one major issue left. Then we get on to a whole series of amendments that many Senators would like to offer. I can say for myself I have a number of amendments pending that I am willing to

withhold in the interest of advancing this legislation.

I have had lots of colleagues come to me this morning and say they, too, would be willing to withhold their amendments if that would advance actually reaching conclusion on this bill. We are in the fourth week. We have dealt with contentious issue after contentious issue. Now is the time to reach conclusion. I urge our colleagues on both sides, if they can, withhold amendments that they have pending so that after the farmer issue is resolved we can move to final passage.

I thank the Chair, and I thank my colleagues who have been so patient.

The PRESIDING OFFICER. The Senator from Kentucky.

AMENDMENT NO. 2707 TO AMENDMENT NO. 2437

Mr. FORD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD] proposes an amendment numbered 2707 to amendment No. 2437.

Mr. FORD. I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the amendment, insert the following:

SEC. . INAPPLICABILITY OF TITLE XV.

The provisions of Title XV shall have no force and effect.

SEC. . ASSISTANCE FOR PRODUCERS EXPERIENCING LOSSES OF FARM INCOME.

(a) IN GENERAL.—Notwithstanding any other provision of this Act, from amounts made available under section 451(d), the Secretary of Agriculture shall use up to \$250,000,000 for each of fiscal years 1999 through 2004 to establish a program to indemnify eligible producers that have experienced, or are experiencing, catastrophic losses in farm income during any of the 1997 through 2004 crop years, as determined by the Secretary.

(b) GROSS INCOME AND PAYMENT LIMITATIONS.—In carrying out this section, the Secretary shall, to the maximum extent practicable, use gross income and payment limitations established for the Disaster Reserve Assistance Program under section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a).

(c) EFFECT ON OTHER PAYMENTS.—None of the payments made under this section shall limit or alter in any manner the payments authorized under section 1021 of this Act.

Mr. FORD. Mr. President, we will discuss this amendment, I am sure, at great length. We have here a system for producers who are experiencing farm income loss which we feel is only fair and will help farmers all across the country.

Members have heard two of our distinguished colleagues and the chairman of the Commerce Committee saying that they hope we can move forward with passage of this bill this week. I do, too.

I also want to say I have a lot to say about this amendment I have just of-

ferred because it goes to the heart of this bill for me and for my constituents and it deals directly, it deals most directly, with how my constituents are treated. Very briefly, if the quota is removed, you make the tobacco companies another \$1 billion a year. If you remove the tobacco quota, the value of the land in Kentucky to my farmers is reduced up to \$7 billion. A farmer could go to bed tonight having a mortgage that was completely covered by the land he owned or had mortgaged, and we take the tobacco quota away from him and he wakes up the next morning and he doesn't have enough value for that land to cover his mortgage, and his mortgage is called.

So I think it is important that we begin to look at the ramifications of losing the tobacco program as we know it. We have tried to put into this amendment the transition from where we are today as it relates to the tobacco program to what might come in the future if we reduce underage smoking. I am very much for the reduction of underage smoking. Let's put that up front. I have no problem with that. But in the fact of reducing teen smoking or underage smoking, it is pretty tough to put people out of business.

So we will be discussing this amendment for some time. My colleague and friend from Virginia, Senator ROBB—and there will be other Senators on our side—will be supporting this amendment, and I think there will be some Senators on the other side of the aisle who may want to speak, who will be supporting this amendment.

What I do under this amendment is to strike title XV, and that is doing away with the tobacco program and using 69 percent of all the moneys in this bill for health programs, for research, and for child care. It is very, very important not only to the farmers of my State but those health groups. We have 24 health groups in this country that have endorsed the LEAF program. The smoke-free kids—there is a letter on your desk that shows that they support the LEAF Act. ENACT supports the LEAF Act. All farmer organizations, practically, that have some longevity to them support the LEAF Act.

Let me summarize the main reasons why title XV must not remain in this bill. Now, title XV is designed, whether on purpose or not, to save tobacco companies \$1 billion a year. So you get down and the vote ultimately will be: Are you going to vote for the farmers? Are you going to vote for the cigarette manufacturers? Are you going to take \$1 billion off the backs of the tobacco farmers and give that saving to the cigarette manufacturers? Make no mistake, title XV forces Senators to choose between the tobacco companies and the tobacco farmers. Unless we want to save tobacco companies \$1 billion per year at the expense of the tobacco farmer, the motion to strike must be supported.

Now, title X, not title XV, is supported overwhelmingly by a majority

of tobacco farm organizations. I have a list of all those and probably will insert those in the RECORD or read them later. Title XV is not supported by the public health community. The public health community supports the LEAF Act. They support retaining the program. They support keeping control over the growth of tobacco and the prices high. So, it is heartening that the health groups and the tobacco groups have gotten together and signed the core principles. Those core principles are to reduce underage smoking, to keep the tobacco program. All these principles are out there.

If this motion passes, the public health programs and health research programs in this bill, if my amendment passes, we save 69 percent of all the moneys that would go into the health research and development. Title XV eats up 47 percent of the funds in the bill over the first 3 years. Title XV, known as the Lugar-McConnell amendment, already has an amendment at the desk, and that amendment says that all the money in this bill, up to 47 percent, will go to that program in the first 3 years. So 40 percent to the States, 47 percent to this program; that is 87 percent of all the money. Where are you going to get the marriage penalty? How are you going to do the drug amendment that Senator COVERDELL put up?

So, we will talk about how title X was developed. I think my colleague from Virginia wishes to make some remarks.

PRIVILEGE OF THE FLOOR

Mr. FORD. Mr. President, I ask unanimous consent that Rob Mangas and Dave Regan be admitted to the floor during debate and vote of this amendment.

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

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, I rise in strong support of the motion to strike the amendment offered by the Senator from Indiana, title XV. I have a very high regard for Senator LUGAR. He and I have worked closely together on the Foreign Relations Committee, and we have fought to open foreign markets and to promote free trade. I share his tenacious belief in the free market. Harnessing the drive that motivates individuals to succeed yields the benefits of a free market. But government has a role in checking the excesses that can flow from an unfettered free market.

The market won't educate children. The market won't protect workers. The market won't check monopolies. And the market won't safeguard our natural resources. Left completely unchecked, the free market will always seek the lowest cost, even at the expense of other social goals. So our charge, as policymakers in a capitalist economy, is to allow individuals and entrepreneurs and businesses the freest rein possible while safeguarding society's other concerns.

Defining those concerns and implementing those safeguards without destroying the benefits we achieve from the free market is one of the most difficult tasks we face. The Lugar-McConnell provision eliminates the Federal program that limits the amount of tobacco that can be produced in the United States.

Arguments advanced for killing the supply-limiting program center on the desire to see a free market in tobacco. Since the argument is to create a free market, we ought to examine just what benefits we would gain from such a system. Economists estimate that going to a system allowing unlimited production of tobacco would likely increase the amount of tobacco grown in the United States by 50 percent.

This increased supply would cause the price of tobacco to decrease by approximately 30 percent. Without a tobacco program, tobacco could be grown anywhere in the United States, so it is likely that tobacco would be grown in many more States than it is grown in today. That production would migrate from where it exists in many areas today with hilly terrain and small farms to larger, flatter farms.

So the benefits to be gained from going to a free market would be cheaper tobacco, more tobacco production, dislocated communities, and unregulated production. The small farmer would not be able to produce enough volume at the lower price to make the farming operation economical. Without some certainty as to price, it is unlikely that any financial institution would extend the credit so necessary for small farming operations to survive. Therefore, if the tobacco program were to be wiped away, the only true beneficiaries would be large corporate farms and tobacco companies, because tobacco would then become cheaper.

The public health community has increasingly focused on what would happen if we eliminated a program to restrict the amount of tobacco production in the United States and has concluded that the benefits are simply not worth the costs. They note that it would be the height of irony if—in the same bill where we increased the regulation of the manufacture, marketing, advertising and retailing of tobacco—we deregulated the production of tobacco, which is why the public health community, including the Campaign for Tobacco-Free Kids, the American Heart Association, the American Cancer Society, the American Public Health Association, and the American College of Preventive Medicine all support retaining a supply-limiting program.

In fact, these public health groups, and a number of tobacco grower associations, have been meeting for a number of years, which has admittedly intensified since June 20 of last year, to see whether they could find common ground.

I am proud to say that these discussions have been under the auspices of

the University of Virginia and involved a number of growers from Virginia.

From these discussions, the groups were able to agree on a set of core principles. The first of these core principles is that a tobacco production control program, which limits supply and which sets minimum purchase prices, is in the best interests of the public health community and the tobacco producer community.

The public health groups support controls on production because they cannot support what would happen without them: Uncontrolled tobacco production, plummeting tobacco prices, devastated farm families and farming communities, and enormous benefits for the tobacco companies.

Despite the opposition of both the grower community and the public health community, there are those who continue to insist that the market in tobacco must be unfettered and uncontrolled.

The argument for eliminating the supply-limiting program is a philosophical one, focusing on the natural benefits of a free market regardless of the consequences. But the aim of a free market system is to insure that the consumer efficiently gets the lowest-cost product.

We want consumers to be able to get the highest quality, lowest-cost products, like cotton shirts and cereal, and anything else you can think of.

The argument for a free market in cotton, wheat, corn, or any other commodity, is to lower cost to benefit consumers and increase exports. This tobacco legislation, however, is seeking exactly the opposite goal. The very heart of this legislation is to have the Government interfere in the free market by raising prices to reduce consumption.

It is highly ironic that some of those calling for a free market for tobacco voted a couple of weeks ago to have the Government add the cost of \$1.50 to the price of a pack of cigarettes. That is not a free market, Mr. President. In fact, the entire aim of the comprehensive tobacco legislation is to increase the cost to consumers, not decrease them.

Eliminating a tobacco program to achieve a free market system would destroy existing communities and the livelihood of existing farmers without realizing the goal of a free market, which is to increase efficiency and lower costs to the consumer.

There is no other agricultural product that faces this unique situation, where the Government's policy is to increase the costs to the consumer, not decrease them.

Tobacco is simply unlike any other commodity covered by the Freedom to Farm Act. The Freedom to Farm Act did not authorize the Government to run advertisements telling people not to use the farmers' products.

The Freedom to Farm Act did not tax cotton shirts, or cereal, or ethanol to raise the revenues that went to

make the payments to farmers. The Freedom to Farm Act did not limit the Government's ability to open foreign markets.

In short, there are few parallels that can be drawn between the commodities covered by the Freedom to Farm and tobacco, other than that the commodities are all grown by decent, hard-working, dedicated people whose lives are profoundly affected by what we do.

Tobacco is also different in another crucial respect, which bears directly on the question of whether eliminating the tobacco program would in fact produce a free market, which is the stated aim of the proponents of the Lugar-McConnell provision.

A market that is dominated by a limited number of buyers, by definition, is not a free market. And that is the situation with tobacco. There are four buyers in the marketplace who purchase 98 percent of the tobacco produced by our Nation's 124,000 tobacco farmers.

The economists, of course, have a name for such a controlled market. It is called an "oligopsony." According to the Encyclopedia of Economics, "oligopsony exists when a few buyers of a commodity or service deal with a large number of sellers." According to this text, this "situation can lead to tacit collusion among buyers to depress their buying prices generally at the expense of the sellers who supply them." One of the examples they give for an oligopsony is "markets for leaf tobacco."

Webster's New Collegiate Dictionary defines oligopsony as "a market situation in which each of a few buyers exerts a disproportionate influence on the market."

So that is the market that these farmers would face if they had to deal individually with each of the four major buyers. This would not be a free market. This would be a market where the buyers would dictate the price to the sellers and reap the rewards.

In fact, the USDA estimates that by "terminating quotas and phasing out price supports, cigarette manufacturers and leaf exporters are projected to have windfall gains of about \$800 million annually . . . The cigarette manufacturers would continue to receive this windfall over time once the price support system is phased out. Over 25 years, this windfall could amount to \$20 billion or more."

The money the companies save would be money that formerly went to tobacco farmers. Eliminating the program would result in a transfer of money from farm families to cigarette manufacturers of about \$800 million annually.

In the face of all this, why do some still want to eliminate a production controlling program?

One of the arguments I have heard is that tobacco is bad and so the Government shouldn't be involved in it.

Mr. President, this whole bill, however, is about Government involvement in tobacco. It makes little sense to

have the Government involved in controlling every aspect of cigarette making and selling except the production of the key ingredient. The Government is not promoting tobacco, it is restricting it.

A supply-limiting program limits supply. That does not promote tobacco. The fact that farm families benefit from that restriction, in my view, is not a reason to abolish the program, because without the program, it is not the public's health that would benefit, it is the companies'.

There are those who advocate reducing the number of tobacco farmers in this country. Under the LEAF Act, we provide a voluntary buyout, which we believe will encourage but not force tobacco farmers to move to other pursuits. We believe that is a sounder and much more humane approach than the one advocated by proponents of the Lugar-McConnell bill which simply pulls the rug out from under farm families after 3 years and forces them to scramble for survival.

In fact, the comprehensive legislation we are considering is likely to be incentive enough for many farmers to make a transition out of tobacco farming. As consumption falls over time, as counteradvertising mounts, and as economic development funds start creating infrastructure in tobacco communities, there will be migration out of the tobacco fields.

Tobacco farming is hard work, and while it is more lucrative than growing other crops, it does not make the average tobacco farmer rich. In fact, the average farm income of a tobacco farmer is less than \$22,000 a year. If we can create opportunities in tobacco growing communities for children to pursue other paths, that is what we need to do. But that cannot be done in 3 years, and I believe it would be cruel to try.

There are those who support the Lugar-McConnell provision because they foresee the death of the tobacco program. Programs, however, do not die of natural causes. They have to be killed. And those who vote for the Lugar-McConnell provision are voting to kill the program. So do not be fooled by those who vote for the Lugar-McConnell provision saying they support the program while voting to kill it.

Finally, I strongly oppose the Lugar-McConnell provision because I believe it holds out false hope. Under the provision, farmer compensation would be paid out over 3 years. Under the LEAF Act, farmer payments would be paid out over 10 years. In order to make the payout over 3 years, we would have to dedicate over 40 percent of the proceeds from the legislation to farmers during those first 3 years. That 40 percent is more than the share to the States, more than the share to medical research, and more than the share to public health. And when you consider that we have already diverted funds away from these accounts, with the ad-

dition of the Coverdell amendment and the Gramm amendment, the addition of a mandatory 3-year buyout under the Lugar-McConnell provision would collapse this bill's budget.

I urge my colleagues to look at the numbers. In the first year after this bill is approved, the National Tobacco Trust Fund would receive total revenues of \$14.4 billion. Yet, to make the payout over 3 years, as the Lugar-McConnell provision mandates, we would have to spend over \$17.2 billion in the first year. And that is without spending a single dime on medical research or public health programs.

Are those who support the Lugar-McConnell provision willing to take away money from medical research and public health programs to finance a 3-year buyout? Are they willing to eliminate the so-called marriage penalty tax cut or the antidrug programs offered by Senator COVERDELL to pay for this plan? Because voting to retain the Lugar-McConnell provision will make it impossible to fund each of these other programs contained in this bill.

The LEAF Act, in contrast, recognizes the funding constraints of the underlying legislation and would not take funds away from the other programs contained in this bill. This is not to say that I wouldn't very much like to be able to pay the growers over 3 years, and, in fact, a number of us tried to figure a way to get compensation to growers in less than 10 years. Unfortunately, there were simply too many other competing demands on the funds.

In conclusion, Mr. President, I oppose in the strongest terms elimination of controls on the production of tobacco. It would destroy small family farms, decrease tobacco prices, increase tobacco production, and transfer wealth from growers to the companies, all without any discernible benefit to the people.

For these reasons, Mr. President, I urge my colleagues to support the motion made by the Senator from Kentucky, Senator FORD, to strike the Lugar-McConnell amendment and to support the LEAF Act.

Mr. President, I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that my name be added as a cosponsor to the Ford amendment striking title XV.

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

Mr. HOLLINGS. Mr. President, let me harken how we began June a year ago and explain my objection to the procedure.

With respect to a year ago, what really occurred was that the tobacco companies were spending a goodly fortune defending class actions and individual causes of action due to tobacco smoking causing certain injury and death.

These are very responsible companies. They have very responsible boards

of directors. Right to the point, they had the urge to try to regain credibility for their overall operation. Philip Morris, for example, sells not only tobacco cigarettes but, of course, it is into Kraft foods and many other allied endeavors. R.J. Reynolds down in North Carolina is in the Ritz cracker business, plus other different businesses. They were getting pilloried, so to speak, in the courtrooms of America. They were successful. They weren't losing. They had won every case. There was not a jury verdict against a tobacco company. But looking at the bottom line, as good businessmen and operators, they were spending around \$500 million to \$600 million a year in legal fees.

This crowd up here in Washington is worried about trial lawyers. If you really want to get taken to the cleaners, get one of these corporate lawyers. I suggest to the distinguished Chair that if he ever gets into trouble, for gosh sakes, don't get General Motors's lawyer or IBM's lawyer. You had better get a real lawyer who is used to getting in the courtrooms.

This crowd sort of works with themselves on billable hours. That is the ailment that has taken over. The billable hours, the defenses, and all were costing them about \$500 million to \$600 million. More than anything else, it was depressing their stock.

The lawyers themselves had not won any cases. They were moving with the States' attorneys general. So, with the States' attorneys general, they got together. They had been meeting on opposite sides of the table in courtrooms all over America. As I understand it, they got together on an agreed settlement. The agreed settlement would, No. 1, increase taxes.

The reason I emphasize this, Mr. President, is if you go home and turn on your television or listen to the radio, the "scoundrel Congress" up here is the one that is trying to increase taxes on poor America, middle America, and whatever America. There is no suggestion that this idea came from the tobacco companies, the ones who are paying for the advertising, and in a luxurious amount. But this is the reality. The idea of increasing taxes originated with the tobacco companies themselves, in the so-called Global Tobacco Settlement.

I worked with the defense appropriations bill. And that amounts to \$250 billion. When I heard on TV and then later read in the newspaper \$368 billion, I still thought it was a mistake—\$368 billion. I said, "Where in the world would they get all of that money?" Well, if you reasoned out 25 years and so much per year as it goes up, yes, you can get to that amount, or get to \$1.10, as the present Commerce Committee bill now envisions. You get around \$500 billion.

But the real initiative of raising taxes was by the companies themselves—not the squealing, crying, moaning, and groaning on national TV

about, "This terrible Congress is going awry." Not so. They came up and said, "All right, we will put this money up, and for you States and States' attorneys general, what we will do is, we will pay in a good 40 percent of it to the States to take care of the Medicaid costs, the health costs, and everything, as an incidence, a result, of tobacco smoking and ailments and death that was caused by tobacco smoking." So that would take care of the States. The States' attorneys general got together and agreed on that.

Another part of the agreement, of course, was to try to control tobacco smoking and discourage young people from smoking. The children, instead of getting Joe Camel, were getting the adverse ads, the warnings, not just on the pack of cigarettes but on national TV—how injurious to health it could be. We found out in the early 1970s that these negative-type ads worked. We tried it before. I don't know whether the price increase would work. They say in downtown London, where they have a pack of cigarettes at \$4.30 and up, it has not worked with respect to deterring children from starting to smoke.

But in any event, it was good intent, a good purpose, and a good provision that they would do it, and do it in all honesty and sincerity. In fact, to back up their pledge, they hit on the unique "look-back provision." I had never heard of that before in all the years I have been up here. But they had a look-back provision whereby they said, "We will measure it each year with the diminution of tobacco smoking with respect to children," and if they don't comply with a certain percentage decrease each year, they will pay more multimillion-dollar, almost billion dollars, or maybe over a billion dollars, in penalties, penalizing themselves.

There was not any question about the sincerity of the purpose. They had it all worked out. The White House agreed to it. The health community was in conference from time to time on this particular agreement. And it was announced. The first thing that hit this Senator when it was announced was not only the \$368 billion, an enormous amount, but what is in there for the man who is making a living—namely, the tobacco farmer. When the Pilgrims landed here in the earliest of days, they found the Indians, who were smoking tobacco. Are we now going to really have prohibition? No. We tried that once before with alcoholic beverages, and it corrupted the entire society and crime went through the roof. So we learned the hard lesson and repealed that 18th amendment.

Certainly with respect to tobacco smoking and everything else of that kind, we realize there are certain realistic considerations: One, that we are not going to have an embargo or prohibit the production itself; two, that when it comes to advertising, there is that First Amendment right and we are not going to be able to force-feed—the companies have to agree with re-

spect to the limitation on advertising or the agreement to negatively advertise against smoking, those kinds of things, and then the allocation of the money to have to come about with respect to the matter of the States, and not only that, but with respect to the health community. Necessarily, we all want to increase the research out at the National Institutes of Health on the injurious effect of tobacco smoking.

I have had hearings over 30-some years now with the doctors out there at the Cancer Institute, not only on how cancer is caused but how a pack-a-day smoker can rejuvenate the health of his lungs after 5 years and really recover from it if he stops.

I might add, Mr. President, that more people have stopped smoking than are smoking today. I repeat: There are more people who have stopped smoking than are smoking today. So when they get to the victims and the matter of habit forming and addictiveness and everything else, that is a jury question that the jurors of America have never gone along with. They have never gone along with it until this recent verdict down here of a little six-man jury in Florida, and we don't know what will happen with that on appeal. But that is a pretty solid record. We have Senators running up and down knocking over the chairs and desks saying, "Why give this industry immunity?"

Well, Mr. President, the jurors of America, far more savvy with respect to the actual facts before them, have given the tobacco companies immunity—not the distinguished Presiding Officer, not this Senator from South Carolina, but over the many, many years, the jurors, the people of America, have given them immunity because for 33 years we have had an advertisement that they are injurious to your health.

Now, I looked in that global tobacco settlement, and I said wait a minute—something is wrong here. We don't have any provision in there for a large segment of the economy of South Carolina. We have over 2,000 tobacco farms in South Carolina involving some 40,000 jobs with the warehousemen, the equipment dealers and everything else of that kind, with a \$1 billion impact on the communities, veritable tobacco towns. If you want to start Tobacco Road, which we have seen in the Depression, pass this title XV that the distinguished Senator from Kentucky, Mr. FORD, wants to strike. I commend his leadership on this score because he has been in the forefront looking out for an important segment of our society and important communities in my State and his and in the several surrounding States.

How they could get together on an agreement and not even consider tobacco farmers is beyond me. But we were told immediately, oh, no, no, no, no, don't worry about that; we will take care of the farmers. I wondered in

October when the distinguished Senator from Indiana put in the Lugar, what he called transition bill, which is a bankruptcy act—an elimination bill is what it was because in just a 3-year period bam, bam, bam, the farmers would be gone. Nothing for the warehousemen, nothing for the fertilizer dealer, nothing for the community with respect to the bank making the loan or the automobile loan, nothing for various other parts of the society itself, the families to adjust and take care of themselves.

Under the leadership of Senator FORD, the LEAF Act was developed when we saw this particular Indiana initiative. I remember recently seeing where the Attorney General of Indiana, who, incidentally, was in on the original agreement, said, "We had no idea of taking care of the farmer."

Well, that is not what they told us. Everybody said, on both sides of the aisle, in a bipartisan fashion, "Of course, we have got to take care of the farmer," and the White House, along with the Congress itself, said, "Yes, we have got to take care of the farmer."

So the LEAF Act was developed in a studied fashion with respect not only to the holder of the particular quota but the actual farmer who farmed the crop. It took care of the warehousemen. It took care of the fertilizer and equipment dealer. It took care of the communities. And we put it out at the very beginning of the year as an amendment, the LEAF Act.

Of course, when the distinguished Senator from Arizona, the chairman of our Commerce Committee, came to me, he said, "Now, the majority leader has suggested that our committee put out the tobacco agreement as a commerce bill. And I would like it to be bipartisan." I told Senator MCCAIN I would like it to be bipartisan also, but, of course, we had to take care of the farmer. Well, that is the first time I really began to doubt about this "take care of the farmer" because the distinguished chairman of the committee turned to me and he said, "No, we can't put that on." I was wondering why. That was the first time I had ever heard that nobody wanted to take care of the farmer.

When he told me that, I said, "Well, it's going to be very partisan, because I am not going to stand by and let this go through committee, without bringing up this important segment of the economy." Yes, we are trying to stop little children from smoking. Yes, we are trying to take care of those who have been injured from smoking. Yes, we are trying to get research. And, yes, we are trying to control the advertising. But everybody, from the word go in June of last year, said, "We are going to take care of the farmer," and the LEAF Act did. The Senator from Arizona said no, he didn't think he could do that. Several days later, he came back and said, "Yes, you are right, we ought to make it bipartisan, and we will take care of the farmer."

As a result, we spent a marathon session with the staffs of all the Senators involved on both sides of the aisle in the Commerce Committee, the White House, Dr. Koop, Dr. Kessler, and the various entities against children smoking, checking back and forth. There is no question that the distinguished Senator from Arizona did an outstanding job to get a bill that we could all agree upon by a vote of 19 to 1. We did agree on the tobacco bill, and it included the LEAF Act.

As we were ready to bring this bill to the floor, we were given notice that what we ought to do in order to get this bill passed was not to spend too much time with respect to amendments; let's see what amendments are going to carry immediate and recognizable weight and see if we can't agree to put those on now, cut the time involved, because the leader wants to handle this in a couple of days, at the most 3 days, and we have to get together with the White House. We don't want to put in a bill without knowing that it will be approved.

So we did. We had five sessions with the White House—Senator MCCAIN and Senator MACK on that side of the aisle and Senator KERREY and myself on our side of the aisle. We kept meeting with them, and I kept checking with them to guarantee the LEAF Act was intact. I kept asking everybody—not to worry, they told me.

We had those five sessions, the last one being in my own office here in the Nation's Capital. At 4 o'clock it broke up, and about an hour or so later, about 6 o'clock, I heard a rumor about the Lugar bill. I said, "Come on, somebody is way off. They might want to put it on, but it can't be on our Commerce bill."

They said, "No; that's what the leader is going to do."

I said, "How does that occur?"

The bill itself, which is title XV, had one hearing, according to the best check I have made on it. It had one hearing last fall and has not had any hearings since that time, has not had any markup, no committee report, no report out of the committee. It was just an individual Senator's bill—we all will agree, one of the most respected Senators and one of the most powerful in that he is the chairman of our Agriculture Committee.

I knew if there was any real intent or force behind it or interest, that he long since would have had that bill reported out of his committee and we could have studied it, and if there had been any differences with the LEAF Act, they could have been reconciled.

But, Mr. President, it was the most dastardly procedure I have ever seen when the majority leader stood up and said, "Oh, no, I'm putting the Lugar bill on your committee bill."

I said, "You can't do that without the committee."

He said, "Well, the committee is on here; we have a majority."

I said, "You can't have a majority without the distinguished Senator from Arizona."

The Senator from Arizona and I had traveled together to Florence, SC. We notified every quota holder, every equipment dealer, and we had around 2,500 or 3,000 who met in the hockey arena there. We both made our little pitches. The Congressmen made their talks. We answered questions for over an hour's time, and we met with the press for over a half-hour and reaffirmed again and again our support for the LEAF Act. We explained it, why it was there, how it was worded, the difference between burley tobacco and flue-cured tobacco and why we worded different things. Because of this effort, and the Senator's sincerity, I just couldn't believe anyone could make representations then changing the tobacco bill, putting the bill just summarily on another bill.

I am not sure that the committee met, but you have to take the majority leader's word. He said they met and that they voted, 11 Senators; it was under the rules. That is the procedure that I object to. If for no other reason, this ought to be voted down. We ought not to sanction this kind of conduct on the working arrangements. Everybody is talking about the confrontational nature and how the club is breaking up and how we are just all politics. We have to trust each other, Mr. President, and we can't endanger that trust by having an understanding throughout 10 days of a heated markup, through five separate sessions with the White House, through a gathering of our tobacco farmers in our backyard, and being assured again and again in explaining the bill was it, and then to put this up and fix the vote on the other side of the aisle. That is what I understand has occurred.

That is my first and foremost reason for opposing the Lugar amendment. My foremost reason was to take care of the farmers. My foremost reason now is to take care of the Senate. If that is the way we are going to conduct business, so be it. We can all play that game, with rule and ruin and trickery and everything else of that kind.

Let me show you exactly where we are now and take stock with respect to this Lugar amendment.

What we have done with this kind of handling of the bill is, we have added on the payments to the States of 40 percent. Of course, that is \$5.76 billion. We have added on the marriage penalty of \$3.1 billion and the Coverdell drug provision—that is \$2 billion—for a total of \$10.86 billion. The cost of the Lugar amendment, title XV—to be stricken, I hope—is \$6.4 billion. That is a sum total of \$17.26 billion the first year, whereas a total estimation for the first year in the bill we have before us—and I raise it for the Senators to see—this S. 1415 allocates \$14.4 billion to the National Tobacco Trust Fund, but we have already spent \$17.26 billion.

Unless you strike—I wish this was a session of the Budget Committee, because we could have a budget point of order. This is totally without the budg-

et, but it has gotten to be a habit where it is getting into all committees now. If you go along with title XV, you have then expended \$2.86 billion—\$2,860,000,000—more than what the bill will bring in. Yet, the tobacco companies are talking about how they are being devastated. They haven't seen anything yet. If they don't adopt this amendment and go forward with ideas on the House side, they will learn just exactly what has happened.

But, of course, the tobacco companies said, "Let the Senator from South Carolina talk along, because here under Senator LUGAR's proposal there's a real winner for us companies," because in 1999 Senator LUGAR's plan cuts the price support for tobacco by 25 percent, from \$1.68 a pound to \$1.22 a pound. "This equates to a savings for us tobacco companies"—now I am posturing myself so you will understand it. If I am a tobacco company, I love this title XV, because the first year I really make \$987 million, just out a billion bucks. So I am a billion bucks to the good with this Lugar amendment.

And then in 2000, this proposal cuts the price support by another 10 percent, from \$1.22 a pound to \$1.10 a pound. "This equates to a savings to us tobacco companies now. We are in business. And we know how to get amendments passed—sneak them on at the last minute. Don't ever debate them. Don't ever have a committee report it out one way or the other. Just forget about the bill last year, but get the majority leader to sneak the bill on"—\$1.276 billion.

And then in the year 2001—a 3-year program—what happens in that third year? This proposal cuts the price support by another 10 percent, from \$1.10 to 99 cents a pound. This equates to a savings by the company of another \$1,543,500,000.

So the total savings—total savings, Mr. President—by the tobacco companies on this title XV, if it is not stricken over the next 3 years, is \$3,804,500,000. I did not realize it was that much—\$3,804,500,000.

Of course, that leaves nothing for health care, not a thing for public health, nothing for health research or anything else of that kind.

To come in with this at the last minute and take all this money is like when they used to organize the insurance companies when I was Governor down there in South Carolina. And they had one company—Capital Life was looking for a new slogan, and they finally came up with the winning slogan, after considering all their friends' suggestions. They said, "Capital Life will surely pay if the small print on the back doesn't take it away."

I know that is exactly what has happened. They said that we are going to have all this money to do the various programs—health care, research, and what-have-you, moneys for the attorneys general, and everything else like that—and the tobacco companies, with a last minute strike, come up with

\$3,804,500,000, and the farmers are left high and dry.

If you want to see the Tobacco Road that we had during the days of the Depression, with the dust and the filth and the desperation and the despair, keep the Lugar amendment in here, and not Senator FORD's LEAF amendment, and we are goners—we are goners. There is no question in my mind.

Now, there has been some confusion. The tobacco companies, like to put the spin that we in the Congress are raising taxes when it was their idea just a year ago—no Congressman was at the table; no Senator was at the table—it was the tobacco companies at the table that came out with this scheme, and now they are putting the twist on that we are raising taxes. They are the ones who raised the tax.

Now they are trying to put on here the twist that the farmers are going to be taken care of, and at the last minute put on the Lugar amendment, fix the vote, and leave them high and dry. I do not like it. And you can tell by the tone of my voice it should not be liked.

I have been around. I have worked with everybody throughout the years here and have had good bipartisan support. We handled the Telecommunications Act, got 95 votes for it. I handled Gramm-Rudman-Hollings on this side of the aisle on 14 votes up and down, and got a majority of the Democrats, over the objection of the leader at that time and the chairman of the Budget Committee. But we got the majority of Democrats to support that particular budget initiative.

I have had success over the years working in a bipartisan fashion. This is in the most treacherous fashion I can possibly think of, to take a matter that had not completed the hearings—yet to be reported, yet to have a vote on, no committee report to read or study, no conversation on the contrary—all conversation, all representations: "Don't worry, the LEAF Act is fine." We go down, even before the farmers, and tell them that, and everything else like that, and then go along at the last minute with this ambush.

This is ambushing my farmers, Mr. President. And we will have more to say about it. But I think that the RECORD ought to show exactly what has occurred here. We have a studied bill. We have the tobacco farmers taken care of with respect through the payments that are made now on the average yield for those in flue-cured tobacco, for the quota holders, because the existing system is eliminated. What we have is a system of permits to do away with the quotas. And, incidentally, they wanted to argue—and you are going to hear this ad infinitum—that with all the other farm programs gone, why should we support this? This is the one crop that has had its production limited. And it is a very sensitive crop, and it was here when we landed over 200-some years ago.

So we have been handling it over the years in a clean, responsible, produc-

tive fashion. And we have created the communities, we have created the fertilizer dealers, we have created the warehouses and the warehousing, as well as the farmers.

So in order to be sure that we do not just turn them over to welfare and say that in 2 years they can come and get retraining, we must not abandon them. Incidentally, Mr. President, let me talk about that retraining just one moment. We had down in my backyard the Oneida knitting mills that made nothing but little T-shirts. Anybody could make them, but at one time they had 487 there. The age average was 47 years. They were a very productive company, complying, if you please, with all the requirements—clean air, clean water, Social Security, Medicare, Medicaid, minimum wage, safe working place, safe machinery, plant closing notice, parental leave, on and on and on—that Republicans and Democrats said before you open up you have to comply with. That goes into the cost of production. So the plant moved to Mexico, for 58 cents an hour and none of those requirements.

So Washington is so keen on how to get things done, they say: "Retrain, global economy, global competition. We're moving into the age of technology, retrain, skills."

Well, don't tell this Senator about it. I am the author of the Advanced Technology Program. I am the author of the manufacturing extension centers known as Hollings Centers. I fought to keep those programs going. I instituted technical colleges and special schools back 38 years ago in my own home State. So I am appreciative of technology and its needs.

But assume the 487 are immediately retrained the Washington way tomorrow morning, and you have 487 computer operators. Are you going to hire the 47-year-old computer operator or the 21-year-old computer operator? It is quite obvious, Mr. President, that their community of Andrews will be high and dry and out of luck. And that has happened all over the U.S. since NAFTA was passed. And we have lost a fell sum of 24,000 textile and apparel jobs in my State alone. So that next sum, while we have gotten in the BMWs, the Fujis, the Hoffmann-La Roches, and the Hondas—and we are proud of it—the net loss is this, that we have lost 12,400 jobs since NAFTA was passed.

Now we are coming up with a very "wise," as they would call it, "assault," I call it, upon the tobacco farmer to put him out of business in a studied fashion over 3 years: take all the money and run with it, devastate the health program and the research program, and the several States are not going to get their money and everything else. And yet it is on there and it hasn't been discussed.

I see now the distinguished Senator from Indiana is with us and I am delighted to hear from him. I yield the floor.

PRIVILEGE OF THE FLOOR

Mr. LUGAR. Mr. President, I ask unanimous consent that Mary Dietrich, a detailee to the Agriculture Committee from the General Accounting Office, be granted privilege of the floor during the pendency of the tobacco farmer amendment.

The PRESIDING OFFICER (Mr. GORTON). Without objection, it is so ordered.

Mr. LUGAR. Mr. President, I rise to support a program that will end tobacco subsidies, give fair compensation to farmers now rather than many years from now, make an extra \$10 billion available for public health and other worthy purposes, and provide some degree of certainty for tobacco farmers, for agricultural America, with regard to our policies that would pertain with greater fairness to all farmers.

Let me simply cite, at the outset my discussion of these issues, what I perceive to be the significant differences between the Lugar amendment, which I favor and which the distinguished senior Senator from Kentucky has chosen through his amendment now to strike from the bill, and, in fact, the amendment provided by the distinguished Senator from Kentucky, the distinguished Senator from South Carolina and others who have supported their point of view.

The basic differences come down to, first of all, should the U.S. Government support tobacco? That is a very fundamental issue. The debate, which now is in its third week on this subject, suggests that the American people are not prepared for their Federal Government to support a crop, a set of products, which they find injurious to health. Indeed, much of our debate has been about how we can protect the health of children, how we can pay for the difficulties in health that citizens of all ages have experienced.

If it were not for these health issues which are serious for tens of millions of Americans and prospectively for many more, this debate would not be so intense; clearly, the remedy suggested would not be so severe. It really begs understanding of this issue as to how the same government that may legislate severely with regard to tobacco, could at the same time decide to support the price of tobacco, to support the industry, the warehousing, the infrastructure, as the current tobacco program does and has done for almost six decades.

That is the first issue. Do we want the U.S. Government to support tobacco? And my judgment is we should not support tobacco. The legislation that I have suggested does not give prioritization to tobacco. Rather, it says that tobacco, so long as it is a legal crop, can be produced in America on the same terms as corn, wheat, soybeans, same freedom to farm that all other farmers have, same tests of the market, same tests of efficiency, of production.

That, it seems to me, is the only way this can be rationalized, with those in

agricultural America asking, Why special treatment for tobacco? Why specific situations that support that price, to support those farmers? There is no good answer to that. I understand the constituency problems of the distinguished Senators who have many tobacco farmers, and I am certainly mindful of approximately 10,000 farms in Indiana, albeit smaller ones than in Kentucky and in North Carolina and some other States, but nevertheless tobacco farmers who are impacted significantly by this debate. I have visited with them extensively. They support my amendment for good reason.

Why would they support my amendment if I am prepared to say the Federal Government ought not to support tobacco? They do so because the Lugar amendment provides payment to those who hold tobacco quota, the certificates distributed principally in the 1930s, that allow people in this country to produce tobacco. We are prepared in my amendment to purchase those rights in a 3-year period of time.

My amendment is attractive because the money comes to the tobacco farmers, but even more importantly, to the holders of quota certificates who are frequently elderly people, people no longer involved in production. They lease and rent the certificates to others. They really have no desire to continue in the tobacco business. On a one-time basis they can receive capital for pensions, for scholarships, money in the communities that are impacted—substantial money—and they can receive it quickly in a 3-year period of time. That is why tobacco growers in most States have indicated through their organizations that they support the Lugar approach.

The Senate as a whole has to ask which of the two approaches, the Ford-Hollings or the Lugar approach, costs more. Clearly, the Ford-Hollings costs at least \$10 billion more than the Lugar approach. It has a great deal more in it in terms of community development for States and localities that have tobacco farmers over the years. It is simply a very different approach which retains the tobacco program and some of the apparatus that has been associated with it over the years.

I make that point because in the course of these remarks the statement has been made that somehow or other the Lugar approach will subtract money from health causes or other important objectives of the legislation, but in fact it will subtract \$10 billion less than the Ford-Hollings amendment. There is no getting around that.

I simply say, finally, that to argue—I believe almost disingenuously—that health groups would prefer a situation where \$10 billion less is left in the general fund of this bill for health or anything else is to, I suppose, deny common sense. Many health groups perhaps were misled by the thought that in the event we went to freedom-to-farm tobacco, the price of tobacco

would go down. The price of tobacco probably will go down.

We have had testimony before the Senate Agriculture Committee and we have had extensive hearings, as a matter of fact, on tobacco issues from which the Lugar amendment came. Essentially, the testimony was that the price of tobacco might fall by as much as 25 percent, perhaps more, depending upon how competitive American tobacco is in the world markets, and competitive abilities have been in decline. Most Americans are not aware that 40 percent of the tobacco now used in the production of American cigarettes comes from abroad, not from here. It comes from abroad because of questions of price and quality, normal economic questions. That deterioration of the American tobacco demand has been continuing at a fairly rapid pace.

So, Mr. President, let me just state it fairly simply. If a pack of cigarettes now costs \$2 before this bill, it will cost a great deal more after this bill. Approximately 6 cents of that \$2 might be attributed to the tobacco in the package. If in fact that goes down by a quarter, maybe a cent or a cent and a half is at stake. To suggest that somehow this brings either unconscionable profits to tobacco companies or enormous new demands by young people taking up smoking is, I think, to defy both economics and logic in the midst of our raising the price of a pack of cigarettes by at least \$1 or \$2, or whatever the bill finally comes out to be with the overhead and all the economic costs associated.

As a matter of fact, Mr. President, health groups for a long time have centered in on the fundamental issue I began with: Should the Federal Government be supporting tobacco at all? What kind of a signal does that give when we give official sponsorship and economic support to the price and warehousing and infrastructure of tobacco? I don't think the signal is very good. As a matter of fact, it is so ambiguous that it borders upon hypocrisy. At some stage, we will have to make a choice as to which of these two general thrusts in life we are for—health or support of tobacco.

Mr. President, let me just say, finally, that we are going to have to come to grips with the issue that is posed by the distinguished Senator from Kentucky in his striking of my amendment. I appreciate that. The parliamentary situation is that the Ford-Hollings approach and the Lugar approach are both in the bill. I suggested that one or the other of us might, at some point in this debate, move to strike the other, and the Senator from Kentucky, my good friend, has decided he would move to strike my situation.

So that is the issue before us. Members have to make a choice. I simply say to the distinguished Senator from Kentucky, who is on the floor, that it would not be my purpose to delay the choice. My feeling is, essentially, by this time, if Members are not aware of

the issues, they never will be. My feeling is that we ought to get on with it and resolve it. I stated up front that this will not be a long speech and, if there are not many more, we might come to a conclusion.

Let me say that in defense of what we have been doing in the Agriculture Committee, in my own point of view, I rise to affirmatively support the Lugar approach, which has been moved by the Senator from Kentucky to be stricken. I believe that it is important to adopt my approach, to keep it alive by voting "no" on the motion to strike, because we will end tobacco subsidies, we will end the tobacco program.

Mr. President, to be quite frank, this is the major point that I make, the reason I am in this debate. I believe that agricultural policy ought to be based upon supply and demand. I believe that all farmers producing crops in this country ought to be treated equally. We had a revolution in agriculture in 1996 in which we said freedom to farm means that a farmer may decide to plant whatever he or she wants to plant on their land, have full control of that, without the Federal Government dictating how many pounds, how many acres, how many bushels. The only signals would be market signals, and they are now world market signals. They are important to America because agriculture is the thing we do best, and our surplus and balance of trade is the greatest in that area.

But freedom to farm also means taking risks. It means there is no warehouse for wheat, or for corn, or for soybeans, no props, no passing on from one generation to the next the right to grow corn or wheat. We really have to get over that, Mr. President. I understand why it came about in the 1930s because essentially people felt that if you let farmers have freedom, they would inevitably plant too much, they would do too much, they would be too ingenious, and, as a result, supplies would be horrendous, prices would fall, agricultural communities would fail. The New Deal policy was one of killing little pigs, knocking out rows of corn, to dramatically change the supply and to bring the price up. Whatever may have been the rationalization in those days, it was convenient to carry this on for about six more decades.

Many people in America would still like the idea of being guaranteed a price for a bushel of whatever they are producing. They would like to be guaranteed that their neighbor could not do more. But at the same time, most farmers in agricultural America resent the Federal Government's control. They resent the fly-overs, the measurement of fields, the endless sign-ups—and rightly so. So we came to a revolution of sorts, Mr. President, and we went to freedom to farm, except in the area of tobacco, for example, where persons in that industry said that, "Notwithstanding everything else going on in agricultural America, we want to retain the same program we have had."

Now, Mr. President, my own view is that the program is deteriorating. I am not one who would predict the month, the year, or even the decade where it will finally collapse. I just say that tobacco farmers coming to my office from my State, and also from Kentucky, North Carolina, Georgia, and from South Carolina, I have said during the past year, although we had quota and the right to produce tobacco and to sell it and to have a price, we were cut back 10 percent in what we could do. Furthermore, they believe they are going to be cut back 15 percent this coming year regardless of what we do on this bill. That is a big cut. That is a deteriorating program. No wonder they were attracted by my thought that they might receive \$8 per pound for quota, so many of them could get out of the business altogether. Now, a good number said they want to stay in the business, but they realize they are going to have to do so on the basis of supply and demand. That is the way the world works—without all the apparatus, the warehousemen, and so forth. That is fair enough.

My bill provides that you continue right on producing, if you want to, and take money for quota, if you had it. If you are renting, fair enough, you have a transition of 3 years with some payments in support, the same as do corn farmers, wheat farmers, rice and cotton farmers, in the freedom to farm bill. It is a transition period. I think that is important, Mr. President. But at least we bring to an end an era that, I think, is coming to an end anyway.

Now, what if we don't pass the tobacco bill? What if, in fact, the idea of the Senator from Kentucky, or mine—either one—is not a part of the final picture? That is a real problem for tobacco farmers. It is a problem that should have been contemplated by the attorneys general when they were working this situation out last year. But, as a matter of fact, at that time they left the whole grower issue aside. That is why we had hearings in the Agriculture Committee and why Senator FORD and others have been working in the Commerce Committee—to say, what do we do about this very important group of people; namely, growers, holders of quota, holders of equity property out there in at least 10 States in substantial numbers?

Now, Mr. President, my guess is that one or the other of our amendments may prevail, but I am not confident of that. It could very well be that the Senate will decide they don't want either one. It could be that if we argue this long enough, people will begin to raise questions. What is an acre of tobacco worth? In some cases, 10 times what an acre of corn might be worth on this same farm, as is the case in my home State of Indiana. One reason is because it is a very special privilege. And as Americans take a look at this, they won't like what they have to see.

In the Agriculture Committee for years, I witnessed—at least during the

21-plus years that I have been a member of the committee—people protecting each other. There were a lot of special deals. People got on the committee often to make certain they protected their deal and their farmers in their State. I understand that. Most did a good job of it. Now there are fewer special deals. There really is a very short list of situations that need to be tidied up, and this is one of them.

So I come, Mr. President, to the floor to suggest that this is a good time, while there is a general settlement going on, money on the table, lots of money. The question has been raised, Does the grower money subtract from health? No. The Senate doesn't want to subtract. They simply provided any sequence of years we wanted. But when Members come to the floor and they talk about \$300 billion, \$400 billion, \$500 billion, \$600 billion, the \$18 billion I am talking about in the Lugar bill is a very small part of that money. If people are worried about whether it comes upfront, my advice would be to provide money upfront. If you want to provide more money for health at the same time, do it. This bill is as fluid as any piece of legislation I have ever seen. Nothing is engraved in stone as to which dollar comes where.

All I am saying is if you are serious about tobacco farmers and their plight, you give them their money upfront. You do it promptly, and those that want to leave, leave. Those that want to stay, stay, and react like farmers in almost any other sphere, including sometime the same farmers are producing corn as well as tobacco on the same farm.

Mr. President, that is the first big issue: The end of the tobacco program, the end of official U.S. Government sponsorship of all of this.

Let me say, secondly, that my plan costs less. One could argue that in the course of all of this we have banded about these hundreds of billions of dollars that perhaps we have lost track altogether as to how money is going to be spent. But I hope not. If there are any Members who are interested in cost, they will vote for an \$18 billion bill, the Lugar bill, as opposed to a \$28 billion Ford bill.

In addition, I am advised that the bill of the Senator from Kentucky now includes special relief for problems in North Dakota, or perhaps other States that have been afflicted by unusual weather problems. I am hopeful that in the course of the debate all of that will be explained. But it is another unusual addition to an already belabored situation.

All I am saying is that if you are interested in cost, you will be for the Lugar alternative. It is less. Obviously, Mr. President, the money gets to the tobacco farmers sooner. If you are a tobacco farmer, the Lugar bill gets money to you more rapidly. Time is money—money upfront, money that could be used for capital for other farming, for pension, for scholarships,

for other things that people have a quota for, or who are farmers where that quota can be utilized, and I think that is an important issue.

Finally, let's be very clear on the health issues. I go back over that again.

The fact is that the health groups of the United States—major proponents of this legislation—have analyzed these bills, and some have come out one way and some another. But I would just say simply that the money for health is finally going to be the determination of this Senate in this bill in whatever amounts that we want to provide for.

Some have accused the President of the United States for asking for a number of things in the health area. He cited some in the State of the Union Address, and on this side of the aisle many of us have said we ought not to be funding the State of the Union Address in the tobacco bill. But having said that, we are funding a good number of proposals that the President or the administration and its various Secretaries have made at some point. We do so because the problems of health attributed to tobacco have badly afflicted tens of millions of Americans. These problems have created enormous public costs in the Medicare Program, Medicaid, and various other ways, and compounded black lung disease and other difficult health problems in our country.

Mr. President, the logic has been that if we are going to have a tobacco bill, there ought to be some compensation to States. In fact, some States have not waited for compensation. Lawsuits have been proposed and some have been successful. Thus, the attorneys general came together and said perhaps we can have a comprehensive settlement. Many in the Congress found that to be intriguing. It would have been helpful if the President of the United States, last fall, had offered a bill as opposed to general guidelines. It might have been helpful, as a matter of fact, if there had been a comprehensive bill here that had embraced at least what I know have been seemingly contradictory strains on occasion. I certainly do not fault the managers of the bill. They have had a difficult time.

But we have come now to a point where the one item, one significant item mentioned by everybody that was omitted—namely the growers, the farmers—has to be addressed. I believe it should be addressed. I don't believe it should be omitted. It is not specifically a health issue, and one can argue it competes with health issues. But inequity to farmers in these 10 States, and to tobacco farmers in particular, my intent and that of the Senators from Kentucky and South Carolina has been to take that very seriously. Although we may differ upon the amounts of money and the continuation of the tobacco program and various particulars in terms of expenditures in the States for community development and other aspects, we do not

differ on very serious equity problems for farmers and for holders of quota.

So we must address that issue. I am simply hopeful that this issue will not be seen as a subtraction or addition to health per se. It is a narrow issue of compensation to farmers and to their communities.

I hope the Senate will accept the fact that there is equity in doing that. The so-called narrow version of the tobacco legislation—that principle—might not be accepted.

So we are expanding today what the attorneys general and the State governments in their wisdom tried to negotiate last year. We are doing it so deliberately. Testimony before the Senate Agriculture Committee said essentially the attorneys general, health groups, and everyone else anticipated the Senate at some point would act in behalf of growers, as we are doing, and, in fact, explicitly or implicitly endorsed that activity.

Mr. President, I will rest my case for the time simply on the basis that I believe I have outlined why the Lugar approach is the best. Members will have a choice, either shortly or in the long term, depending upon how much debate Members wish to hear or endure on this subject. But I will not stymie progress of the bill. This is an issue that needs to be resolved. Members will have to make an overall judgment, I believe, on the bill on the basis of all factors, this one included.

I hope at least in the course of this debate that we eliminate those issues that Members want to grasp, want to hear, and will be helpful in reaching a conclusion.

I thank the Chair.

Mr. CLELAND addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. CLELAND. Mr. President, I rise in support of Senator FORD's amendment to strike title XV of the Lugar-McConnell tobacco farming provision and to express my support for the Long-term Economic Assistance for Farmers Act, or LEAF Act.

First, I would like to thank my distinguished colleagues, the chairman, Senator MCCAIN, and ranking member, Senator HOLLINGS, for their superb leadership of this bill, the principal aim of which is the vitally important objective of curbing youth smoking. Also, I would like to extend my sincerest appreciation to Senator FORD for his time and energy in crafting a bill that effectively looks out for the interests of the tobacco farmers and their communities' interests, which were all ignored until he spoke out so forcefully and effectively. Senator FORD's integrity and honesty and courage will be sorely missed when he leaves this Chamber, and I, like many of my Senate colleagues, will deeply miss the opportunity to seek his counsel on the important issues about which the Senator has tremendous knowledge and passion. Certainly there has been no finer, more consistent friend of family tobacco farmers than the distinguished senior Senator from

Kentucky. I ask my colleagues to remember this fact as we debate on this matter.

In my personal review of the tobacco settlement legislation, I have had two main objectives—to prevent our children from smoking and to ensure that tobacco farmers and their communities are taken care of.

Now, I am sure that all of my colleagues are committed to this first objective, but I want to make sure that the second objective of promoting and protecting tobacco farmers is actually provided for in this bill. I fully support the LEAF Act and, indeed, was an original cosponsor, and I want to state my reasons for favoring the LEAF approach over the proposal offered by the distinguished Senator from Indiana, Mr. Lugar.

First, I do not support Senator Lugar's proposal, because I think it provides for quick termination of the Federal tobacco program. I have a concern about who the actual beneficiaries of this action will be. Is it tobacco farmers, is it the taxpayer, or is it the tobacco industry?

According to an Agriculture Department analysis, if the tobacco price support program ends, as it would under the Lugar plan, the price of flue-cured tobacco would drop from \$1.72 per pound to \$1.15 while burley tobacco would drop from \$1.89 to \$1.15. Accordingly, if these estimates prove to be accurate, this would save cigarette companies approximately \$1 billion every year; that is, \$1 billion annually, Mr. President.

Considering the fact that the tobacco program is a no-net-cost program to taxpayers and tobacco farmers will be receiving a 35 percent reduction in farm income, I think it is pretty obvious who will be benefiting under Senator Lugar's proposal—the tobacco industry, period. Then where are we? What have we accomplished? What good will be our efforts to eliminate underage smoking by raising the price of cigarettes if the tobacco companies receive a \$1 billion windfall every year at the expense of tobacco farmers? This is a crucial question that I believe must be answered before the Senate contemplates letting the Lugar proposal remain in the legislation.

Second, while it provides more in buyout payments over a shorter timeframe, the Lugar proposal provides for substantially less in assistance for farm families and community assistance than the LEAF bill. Senator Lugar's proposal eliminates nearly \$10 billion in funds for this type of transitional aid. It eliminates funding earmarked to provide higher education opportunities for tobacco farmers and their families, for transition payments to tobacco industry workers who lose jobs, as well as billions of dollars in funds to provide grants to communities for agricultural and economic development in tobacco-producing counties.

I can understand the appeal that a quick buyout for tobacco quota might have for a tobacco farmer, but I am extremely concerned that the buyout

proposal included in the Lugar bill is actually nonattainable. The funding level contemplated in Senator Lugar's bill is \$18 billion over 3 years. At this level, it would require Congress to provide \$6 billion a year for this one purpose, which is three times—three times—the amount available under this bill during this period.

So what happens if this money is not fully delivered? I will tell you, Mr. President, what I think could happen. We will have left the tobacco farmer and their communities with an unfulfilled promise. In my home State of Georgia, farmers, including those who grow tobacco, have experienced extremely hard times over the last few years and are anxious to hear any good news. Then they hear about something called a buyout with large payments over 3 years, and understandably some get excited. But in order to deliver this amount of funds in this timeframe, we would have to cut the amount of funds available for public health programs and research by almost 75 percent.

Now, I ask you, Mr. President, is this likely? Can we legitimately expect that we are going to eliminate 75 percent of the funding for counteradvertising, child care, NIH research, and cancer clinical trials? Can we honestly believe that these buyout funds will be available? In this Senator's opinion, the answer is clearly no. Let us not make false promises to tobacco farmers and their communities. Let us be honest. I implore my colleagues to carefully review the impact of each of these proposals as well as our ability to achieve them.

I urge you to oppose the proposal offered by Senator LUGAR and support the LEAF Act.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I thank my friend from Georgia for his eloquent remarks and hope that our colleagues were listening and they understand well what drives us who are more familiar maybe with the tobacco farmer, the small farmer.

The distinguished Senator from Indiana laid out how he arrived at where he is as it relates to his position on the tobacco farmer. It is ideology with him more than it is fact for the farmer. He just does not believe that Government ought to help people, and so therefore he thinks everybody ought to be out there scratching on their own. And maybe that is the correct way. But I have always thought that government is here to serve people, and if it does not serve people, then we do not need government.

I guess the Senator from Indiana understands that what he is about to do is just put people out of business. Under the Freedom to Farm Act, we are paying for millions of acres—millions of acres—and under the tobacco program there are less than a million total.

Under the Freedom to Farm Act, the purpose there was to increase production. What Senator LUGAR will do, if his amendment is agreed to, will be to put people out of business.

I have sat on a good many front porches, Mr. President; I have been in many kitchens having a cup of coffee with the farmer, his wife, and family; I have been in seven States talking to farmers—as we would say, to the people who put the tobacco on the stick. I think I understand their hopes and their dreams and their aspirations, and all have been based on history and what they expect the future to bring.

I have a statement here from the National Commission on Small Farms. The National Commission on Small Farms said:

The tobacco program for more than 50 years has cushioned small farmers, African American farmers, new and beginning farmers, by providing them a degree of economic certainty. It's not the tobacco crop for which there is no alternative but the tobacco program itself.

There is a strange thing in the Lugar amendment that was put on after the committee had met and sent the bill to the floor. The Lugar amendment does away with the program. That means the tobacco farmer can grow all the tobacco he wants to grow from year 1, but the Lugar amendment keeps the price support in for 3 years.

Now, think about that. Here I am, a farmer growing 10,000 pounds of tobacco. They do away with the program. I can grow all the tobacco I want, as we would say at home, fencerow to fencerow. They keep the tobacco support program in place for 3 years, and so I grow twice the amount of tobacco, get the price support, and nobody wants my tobacco, so it goes to the so-called pool or into surplus. You do that for 3 years. At the end of 3 years, it is all gone. The pool is lying there with hundreds of millions of pounds of tobacco. Then what happens? The general fund will pick up that tab. Oh, there is a provision in here that says we will pay so much to try to offset that, but it doesn't work.

And you know something that didn't happen as a result of the Freedom to Farm Act that we hear Senator LUGAR was a strong supporter of. In my State, if we lose the tobacco program, it will reduce the value of the farmland up to \$7 billion.

If you take the program away from the farmers, you have four companies that control 98 percent of tobacco, and the farmers don't have a thing to fight with, other than the program. What do you think the price of tobacco is going to do? It is going to decline rapidly, and it will make a minimum, under this bill—well, beginning the first year—a minimum average to the tobacco manufacturers of \$1 billion a year off the backs of a few farmers. All we are talking about is 124,000.

So the vote comes down to: Are you going to vote to support the farmer, or are you going to support Senator

LUGAR's bill that gives \$1 billion a year to the tobacco manufacturers?

(Mr. HAGEL assumed the Chair.)

Mr. FORD. Mr. President, it is pretty tough when you have gone to the bank and borrowed money based on the value of your property, your farm, and overnight—overnight—the value of your property is reduced several hundred dollars per acre because you have lost your tobacco program that is of value.

You go to bed tonight with a loan from the bank and your property will cover that loan, and in the morning, you have no program; the price of your property has been reduced and your mortgage is called. This is what I call a taking, Mr. President. We hear a lot about takings around here, about taking property, but you are taking the value of the land of this small farmer.

As we say down in West Kentucky where I come from, "Something about that ain't right."

What do we do? We hear a lot about the buyout and money upfront and the older people who would like to sell out. Under the LEAF Act, that occurs. Anyone who wants to buy out at \$8 a pound, the tenant, the lessee can sell. They can offer their crop for a buyout, and it will be done. It also says that one quota holder can sell to another quota holder. But it also says that if you want to continue under the present program, you can't.

All agricultural economies—and I am sure a lot of folks here understands it—agribusiness says that it takes 10 to 15 years, and leans toward the 15 years, for a community to transform from one economic aspect to the other.

We see under Senator LUGAR's amendment—which was never voted on by the committee while the hearings were going on or when we had the regular markup; it was done here on the Senate floor by checking the majority on the Commerce Committee and the majority leader putting it in. I thought I had helped the chairman, Senator HOLLINGS, and others get this bill out of the Commerce, Science and Transportation Committee and on to the Senate floor.

If you wonder how much money the Lugar amendment will take, they have submitted an amendment which is at the desk which will take 47 percent of all the money. If that amendment to this bill, which is at the desk and has not been called up yet, is adopted, I believe it is 47 percent, maybe 48 percent of all the money will go to this one project. If 40 percent of the money goes to the States, that is 88 percent of all the money. What we find is that those health programs that we want to fund have become discretionary. They are not part of the budget process; they are not part of the estimated amount coming in under this bill. They will be discretionary, and they will be subject to appropriations.

When you live with these people, having been one of them, having been a farmer, and you see them every day, it

seems a little bit ironic that we are telling them what is good for them, because this year they voted 97 and 98 percent to keep the program. Yet, we are saying to them, "You don't know what you are talking about; you don't know what you voted for; we're going to change it; we're going to do away with that program that 98 percent of the farmers said they want to keep."

We say to them, "You don't know, we know better than you do," and that is what I said earlier. One of the reasons this place isn't liked is because we get 98 percent of a group of people who say we want to keep this, and we say, "No, we know better than you do, so we're going to take it away from you."

Oh, you can go out there and get all kinds of polls. You can get the fellow who grows 600,000 pounds of tobacco a year, and he sure would like to have 4.8 million. They say under the Lugar bill you can keep growing. Sure, but at what price?

My Agriculture Department estimates that the 65,000 farm families in Kentucky will be reduced to less than 10 percent. Only the big farmers can contract with the manufacturers who will be getting \$1 billion more a year. Do you want to vote for the farmer, or do you want to vote for the tobacco manufacturers? It comes down to that.

Just think, you will be reducing farm values in my State by up to \$7 billion. I have heard a lot from the other side of the aisle and some on this side about property rights. I have talked to my home builders and others who worry about takings. Under this one amendment, if this one amendment is adopted, up to \$7 billion in farm value will be lost. That is almost one-third of the farm value in my State. Approximately \$20 billion is the assessed value of the farm property in Kentucky. So we are reducing the value of that land and the ability of that farmer to secure a loan.

It doesn't make any difference how much money you give him. Our average is about 3,000 pounds, and you want to pay it over 3 years. That is \$24,000. Then, you are going to pay tax on it. Boy, that is really going to be great. Only the large farmers are the ones who have the voice. The small farmer down there working depends on others. But Hamilton said in these Halls, meaning the House and the Senate, "The people's voice shall be heard by their immediate representative." I am that immediate representative. And I am trying to bring the voice of the small farmer to the attention of my colleagues here in the Senate.

Is this emotional for me? Of course it is. In my last few months here in the Senate, I ought to be over there taking care of constituents, packing up my papers, getting them to the university, getting ready to go home and spend some time with my family. But, no; the worst political question of my career, the toughest one I have ever had, is now in the last 6 months of my service in the U.S. Senate.

You sit on the front porch with these farmers. You sit in the kitchen and

drink coffee with them and their families. From back in June of 1997, last year, June 20, the farmers have been on a roller coaster ever since.

Let me try to describe a little better where I come from with my LEAF Act. Tobacco farmers tried to get in on the negotiations between the Attorney General, the tobacco companies, and public health groups. They were not let in the room. They were not even let in the room. I tried to find out what was going on. It was private. It was quiet. It was closed. But the White House was there. The health groups were there. The attorneys general were there. The tobacco companies were there. But the ones who are going to get hurt the most were not there. Now we are trying to hurt them even more.

The June 20 settlement did not include one dime for the tobacco farmer. But there is \$750 million in there for NASCAR and rodeos. And I didn't hear anybody say, "Take that out." No. "Take it away from the farmer. Don't take it away from NASCAR. Don't take it away from rodeos. Let them advertise at rodeos. Let them advertise at NASCAR."

I am for the Winston 500. I do not have any problem with that. But I have not heard a word in here, or from the other side, that they gave too much to NASCAR, that they gave too much to rodeos. But, boy, you sure are taking away from the farmer down there who has labored all his life and has produced a superior product.

Alben Barkley, on this floor in 1939, put in the tobacco program. It took him 3 years—1936 through 1939. Alben Barkley was a pretty good legislator. He was a mighty fine Vice President. I think he understood his people as well as anybody. And it hasn't changed. I wish I had the ability that Alben Barkley had to speak and to convince people that what I am trying to do is right.

But sitting on those front porches, sitting in the kitchens and talking to the farm families, I told them to get to work and come up with something that they felt would be acceptable. And to work they went. They developed a comprehensive plan not just for individual tobacco farms but for their communities as well. We have not thought about Russellville or Horse Cave or Glasgow or Springfield or Carrollton. They are small farm communities that depend on tobacco. And their banks depend on tobacco. Their businesses depend on tobacco. Fifty percent of their income comes from tobacco.

The average, in my State, is 25 percent is farm income. There are loans because the value of the property is there. The banker understands as long as the program is there, it gives them financial stability.

And so last October, after months and weeks of work, we introduced the Long-Term Economic Assistance for Farmers Act, what we call the LEAF Act. And, you know, even the night before I introduced that—and we all sat

around, made one change—we all shook hands and got up and left, that this is what we are going to support. And it was cosponsored by nine tobacco State Senators—myself, Senator HELMS, Senator FAIRCLOTH, Senator MCCONNELL, Senator HOLLINGS, Senator THURMOND, Senator FRIST, Senator CLELAND, and Senator COVERDELL. All of us agreed that this was in the best interest of the tobacco farmers and the communities and the welfare of our States.

Since that time, we have worked hard to broaden our consensus, including changes sought by Senators ROBB and WARNER of Virginia and their tobacco growers. We made those changes. We accepted a broader consensus. This modified version of the LEAF Act is now included in the bill before the Senate in title X. Title XV, on the other hand, was inserted into the bill at the last minute after we got to the floor. It was never debated in the Commerce Committee. It was never debated during the markup. And all of a sudden here it comes—after we had an agreement. And the chairman went and explained the bill to farmers and what was in it.

It provides buyout payments for tobacco farmers who want to leave the program. And they keep using, against this bill, that, "You take our money and you can keep on growing." Well, if you keep the program and you sell out, that reduces—you no longer can grow, you don't want to grow. It may be the widow who has the quota. It may be the elderly couple who can no longer perform. But remember this: 69 percent of all the farmers in Kentucky, 69 percent of all the quota holders in Kentucky, have another job. This is a husband, wife, and family operation; 3,000 pounds, 3,100 pounds. Instead of hiring help, they do it themselves. And that money is theirs. They buy a major appliance. They paint the house. They get a new truck, pay on the mortgage, help send the kids to school.

What are we saying to those families now? "In 36 months you're gone." Three thousand pounds is the average. That is \$24,000; \$8,000 a year. And you are going to pay tax on it. Hasn't anybody said whether there is going to be capital gains or regular taxes? If it is capital gains, it is 20 percent. So you take \$1,600 out of that right off the top. I have not heard whether it is going to be capital gains or regular taxes. Maybe some people who understand the tax program better than I do can come up here and say how great it is going to be, and they will not have to pay any.

There are buyout payments for tobacco farmers who want to leave the program. But under the Lugar amendment, the program is gone. And for 3 years you still pay them so much per pound, and they can grow all they want to. So it costs the taxpayers lots and lots of money, and nothing will go to the farmer, it will go to the pool. And then after the 3 years, there is nothing. And who owns it? Who is going to pay for it? I think I know, and I think the Senator from Indiana knows.

It reforms and maintains a tobacco-supplied management program. We have a core principle statement by about 24 health groups and the tobacco groups that they support—whatever—to reduce youth smoking. But they also support keeping the program. It maintains a tobacco-supplied management program. Without a tobacco-supplied management program, the 124,000 tobacco farm families in this country—which their average tobacco growing in various States varies, the amounts—have absolutely no bargaining power to deal with the four largest tobacco corporations.

We are getting to a point where everybody is getting down to just a small group controlling everything. Four tobacco manufacturers control 98 percent of the tobacco grown in this country. The Senator from Indiana says about 40 percent of the tobacco in cigarettes now are foreign. I think that is a little high. Of course, if you are for something it is less, and if you are against something it is higher. I find somewhere in the middle might be about right. We do have GATT and GATT limits the amount of tobacco that can be imported into this country. I know that was about 150,000 metric tons and the tobacco companies have first choice.

So when you are going up against the small group of companies that control the 98 percent of everything, you don't have much bargaining power unless you have a program. So we say as you reduce the quota based on 1995, 1996 and 1997, that we will take the difference in that as we transition out into the future. Most agricultural economists say that it takes 10 to 15 years, and closer to 15 years, to transition into a new economic stream.

So as we look here at the bill itself we are under what the bill says will go to agriculture. What the Senator from Indiana has to do with his amendment, if passed and accepted, he has to correct the bill to say he will get almost 48 percent of all money for the next 4 years, where we will only get 16. At the end of 10, we only get 4. Talk about saving money—it costs \$10 billion more. The bill is for 25 years. My amendment is for 25 years. If you want to shorten it some, that is all right. If you are willing to talk, I am willing to talk, too, but I am not willing to give up what the farmers have earned.

The Campaign for Tobacco-Free Kids—they have been very active in this—supports a continuation of the tobacco program. They said the following:

Legitimate concerns have been raised that in the absence of some sort of a program, tobacco production may, in fact, increase; that tobacco will be grown in other States that presently do not produce tobacco and the tobacco companies and the tobacco leaf dealer will gain control over the production and move to contract production, keeping tobacco farmers and their communities at risk.

The Senator from Indiana knows that. He knows that. But no, he wants to say here is the money, you get it up front, you pay your taxes on it, you get

it over 3 years and I will only get 48 percent of all money for the next 3 years. I am not sure he can get that. When you have the marriage penalty in here, you have Senator COVERDELL and his drugs, vouchers and the veterans—we have done a lot of work here. To do everything but take care of the farmer and to try to stop underage smoking does not make sense. What is going to stop underage smoking in this act?

I think you lose control of the production of tobacco under the Lugar amendment. You have no way of controlling it except by price. When prices go down and tobacco companies make \$1 billion more a year, you will vote for the farmer; you will vote for the manufacturer. I hope you will vote for that hard-working family, hard-working, God-fearing family.

Under the LEAF Act, it requires that tobacco companies pay all the administrative costs associated with the tobacco program, assuring that no general taxpayer funds will be used for the tobacco program. Right now, the only cost to the Federal Government under the tobacco program is the administration of the program and the poor old tobacco farmer out there pays a deficit budget fee. I doubt if anybody here has ever heard of a deficit budget fee paid by a farmer who grows a legitimate crop. Last season they paid in over \$30 million, about \$32–34 million.

The tobacco farmer pays a deficit reduction fee before he gets his check from the warehouse. Think about that now. You have assessed him out there about everything you can assess him for and he has paid everything but the administrative fee, and now we are willing to take care of that. Somehow or another that poor tobacco farmer down there has been beat on and beat on and beat on. Somebody has got to stand up for him against the big manufacturers.

Whether Senator LUGAR knows it or not, he is playing into the hands of the tobacco manufacturers by saving them \$1 billion a year. When you take the controls off, they are then in control of how much tobacco they want and what they will pay for it. If we don't deal with this, if we want to get around GATT, I am sure that will be the next one—they want to increase the amount of imports from 150,000 metric tons to whatever so they can bring foreign tobacco in here that has no control over pesticides or anything else, no environmental control and bring those on in, so it will be 100 percent. You are going to get it coming up from Mexico, you are going to get it coming down from Canada. I understand Marlboro Lights in Mexico are around 90 cents. We have tens of thousands of cartons of cigarettes being made every month on Indian reservations. This is playing into their hands—they don't want to pay State taxes. All these things are happening, but there is no control under Senator LUGAR's amendment of the growth of tobacco.

The LEAF Act, or title X of the bill provides economic development funding to tobacco-growing States which must deal with the impact of settlement legislation. We understand that if this bill ever becomes law, and the way it is going now and what the House says and Speaker GINGRICH says, we are just flipping our lips here because it isn't going anywhere when it gets there. We are spinning our wheels. There hasn't been anything added to this piece of legislation to stop underage smoking—maybe \$1.10. But you get a \$185 pair of Nike shoes and some kind of jacket with all the designs on it and all that, and \$3 or \$4 for a pack of cigarettes, I don't think it bothers anybody too much. But then you ruin the farmer. You ruin the farmer.

So we try somehow as we reduce the use of tobacco, and hopefully we do, we just try to say to that community—and I can go down community after community and say to them that we are going to try to help you with infrastructure, with economic development, with loans for new business, to try to make up for the loss. And it all comes out of the tobacco company. It is not a taxpayer fund. It is not coming out of the general fund anyhow, but it comes out of the money developed from the tobacco companies.

One thing I found, that the love of the tobacco farmer or the farmer for his family is hard to improve upon. They are out there in the country and they get up early, work hard, go to school, come back, work hard, study.

One thing that a farm family wants is to see that their children have a good education. If we put him out of business—and 90 percent of them, my university estimates, will be—and there is no income, how do they do it? We keep the program and we say, then, that as the time goes by, and in a certain period, in a certain amount, we will give the tobacco-growing families who wish to provide our* education assistance for their children. What is wrong with that? I don't see anything wrong with it. Others may. They say, well, you are trying to do too much. Well, if you are going to put somebody out of business and that is not his or her choice, something has to be done.

Everybody around here voted for NAFTA—I didn't, but most of them did. What do you do about dislocated workers? I had about 25,000 in my State in the textile industry, and all of those jobs have gone to Mexico after NAFTA. What do you do with 25,000 idle workers? Under the law, you try to train them and get them prepared for another job. That is what we said here. We provide assistance for dislocated workers from tobacco warehouses, processing and manufacturing facilities, who lose their jobs as a result of this tobacco legislation. What is wrong with that? We do it every place else. You say you don't want to do it for this industry. Well, not a farmer had a document, not a farmer was in on the advertising, and not a farmer did any-

thing except try to support the tobacco program.

I think that we have developed an approach that looks not just at the farmer, but at the entire community that will be impacted by this legislation. This approach is included in title X of what we call the McCain bill. I can understand the large farmers wanting their money and then being allowed to grow all they want. They will be the only ones that can contract with the manufacturers. They will be the ones that will get the big money and membership on the board of some outfit down there. Not one of them grow less than 200,000 pounds of tobacco a year, and so they get anywhere from \$1.6 million to around \$4.8 million—just those four people. So they will get around maybe \$10 million, \$11 million, or \$12 million. No wonder. Those four who raised about 1.2 million pounds are big enough. They are big enough to deal with the manufacturers. But we have just paid them a good deal of money and told them “you are out on your own.” They like that. They have money. But you are going to pay it over 3 years, and they are going to have to pay tax on it, so it is going to stick them a little bit.

Title XV, on the other hand, promises tobacco farmers the same amount of money, but over 3 years instead of 9. It would allow for the unlimited and largely unregulated production of tobacco. Title XV saves tobacco companies \$1 billion per year for the next 25 years. Title XV requires somewhere between 46—I wanted to look at the amendment, and I am sure the Senator will correct me. It is 46 or 48 percent of all the money—that is in the amendment at the desk—to pay for the Lugar amendment in the next 3 years, where under the bill it says it can only have 16 percent. At the end of 9 years, we only get 4 percent. Something about that in the transition, it seems to me, ought to be done.

So let's remember that title XV is a billion dollars per year windfall for the tobacco companies. It is \$1 billion a year windfall for the tobacco companies. Are you going to vote for the farmer or the tobacco companies? I think that question is pretty clear. Each year, tobacco companies pay based on the program. Most of the time, they pay above the average. So we take the average and knock 70 cents a pound off. That is going in. You can't pay people to grow it, fertilize it, for the equipment and all that, and come out as a small farmer. So roughly one-third will be reduced. Over the course of 25 years, the Lugar amendment saves the tobacco manufacturers a minimum of \$25 billion. Do you want to take the manufacturers over the farmers? I hope not.

And the Lugar amendment takes away the money that the Leaf Act would spend to try to spur economic development, to try to give them technical advice, to go from one crop to the other, which is not in the Lugar

amendment. It takes away the education. It doesn't even talk about educating kids. We are just going to put you out of business and give you some money and let you go on your own. We are going to reduce the value of your land—in my State, \$7 billion. How is that going to reflect on the taxes that are paid in the counties and the cities and the State? Are they going to raise taxes on a smaller amount of value? You know, this thing has ripples.

I don't believe the Senator from Indiana has thought all these through. If he has, I don't believe he would be this harsh on tobacco farmers. I am sure there would be a rebuttal, but you can't rebut if you take the quota away and it reduces the value of the land. That is a taking. You go to bed with the value of the land, and you wake up and the program is gone; tomorrow the value of your land is gone. They can foreclose on you because you don't have enough value to cover your mortgage.

Mr. LUGAR. Will the Senator yield for a question?

Mr. FORD. I will be glad to yield. I wondered how long you were going to sit there and take all this.

Mr. LUGAR. I respect the Senator from Kentucky. I wanted to inquire of the Senator. The discussion is very important.

Mr. FORD. I respect the Senator from Indiana, also.

Mr. LUGAR. I wonder if the Senator planned to continue his discussion until the end of the session, or whether at some point I might seek recognition to speak.

Mr. FORD. I will be glad to give the Senator an opportunity to speak as long as he doesn't make a motion. When we get to a vote on this, I would like to have some agreement, if we could, as it relates to a vote.

Mr. LUGAR. If the Senator would consider allowing me to speak, I pledge to the Senator not to make a motion with regard to disposition of this bill during today's session.

Mr. FORD. The Senator's word is as good as gold. I have no problem with that. All I want to do is, after you get through, I imagine I will have something else to say, and then it will probably be dinnertime.

I yield the floor, Mr. President.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I hope the Senator will understand this observation. Clearly, the strongest thing going for the Ford amendment is the Senator himself. As he has pointed out, he has long service to the people of Kentucky and his arguments on behalf of farm families with whom he has visited, and clearly all Senators have affection for the distinguished senior Senator from Kentucky. It is my hope and had been my hope that I could persuade him that it is in the best interest of these farmers—the people with whom he has visited on the porches,

who really have very real needs—and that is true of any tobacco farmers in the communities—and we want to support them.

I know they are not as numerous as those in the Senator's State, but it is still very important to me. Our argument is really over what the future holds for them. I come into this business having conducted hearings, not claiming extensive knowledge like the Senator from Kentucky, but nevertheless understanding the predicament, it seems to me, of the tobacco program. I believe that it is a deteriorating and failing program. To give any other impression is not to give a very good forecast of the future. I hope the Senator from Kentucky agrees with me that, given that predicament, this particular piece of comprehensive legislation is almost a heaven-sent opportunity and has a lot to do with farmers who are tobacco farmers and those in those communities. I believe that if the opportunity passes, so will the opportunity for many of those families. That concerns both of us.

Let me just say for the record that the Senator from Kentucky mentioned that an amendment I had planned to offer at the desk would provide for 46 percent of the farmers' money coming in the first year. That is correct. Let me point out, this is 46 percent of the money dedicated to farmers, not 46 percent of all of the money in the bill.

Mr. FORD. Will the Senator yield for a question at that point?

Mr. LUGAR. Certainly.

Mr. FORD. Is that 46 percent of 16 percent?

Mr. LUGAR. Yes.

Mr. FORD. You only take 8 percent of the tobacco money.

Mr. LUGAR. No. The amount of money in the Lugar bill for farmers is about, as I recall, \$16 billion or \$17 billion. And 46 percent of that would come in the first year.

Mr. FORD. Then you have to get the money from somewhere. As I read the amendment, I say to my friend, that would take 46 percent of the money raised by the tobacco bill. So the States get 40 percent and you get 46 percent. That is 86 percent of all the money.

Mr. LUGAR. I will not argue with the Senator's arithmetic. I suggest there is even a worse predicament; namely, as the Senator has pointed out, a marriage penalty, and the drug program. Other things have been added in since we started the argument. My thought—this was at least in the working with the health community—was to try to stake out the farmers' claims before various other claims of the health community and various others that might come along. Clearly, the amounts of money in the amendment of the Senator from Kentucky in this bill will have to be expanded. And in conference they surely will be expanded. It appeared to me to stake out the farmers' interest in this way was prudent. The amendment has not been offered. The

Senator has an amendment on the floor to strike my section which is the pending business. So we may never come to that point.

Mr. FORD. I hope.

Mr. LUGAR. That was my motivation. My general logic still is about the same—that we have a very crowded situation up front. But that is not precluding either one of us from arguing for the farmers' interests up front as opposed to downstream, and a long way down the stream in the case of the Senator's amendment.

Let me just try to clarify another point that has arisen along the way; namely, that the Lugar plan would be of great benefit to cigarette companies. The distinguished Senator from Kentucky has frequently said, "Are you for the companies, or the farmers?" I am for the farmer. I have made no mistake about that for years. The distinguished Senator from Kentucky will recall that I have been attempting to wrap up the tobacco program for many years—it is not a new endeavor—because I don't believe it is good agricultural policy. But leaving that aside, the charge is made that under the Lugar plan the tobacco prices would drop dramatically and the companies would, therefore, make more profit on each pack of cigarettes. Let me try to address that as carefully as I can.

Dr. Blake Brown of North Carolina State University, one of the Nation's most respected tobacco economists, studied what would happen if cigarette prices rose \$1.50 cents a pack and the tobacco program were ended. As we know, the amendment to raise the price to \$1.50 a pack failed. It is \$1.10 a pack. So, to that extent, we have a problem with Dr. Brown's analysis. But, nevertheless, follow me if you will. He said that prices would not fall as much as opponents of the Lugar amendment assert. He projected a decline of 20 percent to 25 percent at around 35 cents to 40 cents, not the 60 cents or 70 cents claimed by some. Notwithstanding that, he said the price would fall but production would increase.

The Senator from Kentucky has made that point—and he is correct, according to Dr. Brown—that, in fact, a more efficient tobacco industry is likely to arise under the Lugar amendment. This should not be surprising.

Essentially, the tobacco program now brings about a very inefficient tobacco situation in the United States. I am not a proponent of tobacco, but I would say freedom to farm would be good for tobacco. In essence, the price will fall, more will be produced, exports will increase because price-wise—I would argue quality-wise—and it would be more competitive. Revenue is not simply price; it is price multiplied by volume. As a matter of fact, Dr. Brown estimates the total dollar value of tobacco sales would fall by just 2.8 percent, or \$74 million, a year. By contrast, the Commerce Committee bill raises about \$500 billion from the tobacco companies.

Mr. President, it is my analysis that, in fact, the tobacco companies conceivably have \$74 million of economy a year, not a billion a year that the Senator from Kentucky has mentioned. You multiply that by 25—I am asserting it is more like \$74 million perhaps, and conceivably less than that, as a matter of fact.

That is a very different ball park to argue the situation one way or another for the tobacco companies. But I would simply say that the tobacco companies are more likely to buy American tobacco under this situation. It is unlikely to lead to a GATT crisis, simply because the market works. One reason the tobacco companies do not buy as much American tobacco now is that normally the quality of much of it is not very good. The price of it is abnormally high. They have substituted purchases from abroad.

There are so many mixed motivations in this bill that some Senators might argue we do not want a more efficient tobacco industry. As a matter of fact, we want to make it as inefficient as possible, as few sales as possible of American tobacco, the least rationalization economically of it all. But you can't carry water on both shoulders on this issue.

I am suggesting that this is a good time simply to get the governmental apparatus out of it, which, in my judgment, is not very helpful either to the tobacco farmers, or the tobacco companies, or to anybody involved, and clearly it leads to a balance of trade problem for America generally.

Let me get into the health and research question again, because some Senators may be tempted to support the amendment of the Senator from Kentucky because they believe that health programs might be disturbed in the redistribution of these funds.

Let me just point out that the technical details of Senator FORD's proposal are important to know. For example, in the amendment that he has presented—and it is part of this bill now—the Ford plan costs will immediately explode by design, because payments are accelerated if the tobacco program ends. These costs could be over \$10 billion in a single year.

Why do I mention this? I mention it because I would guess, having witnessed action on the floor for several years, that in some year some Senator is going to propose the end of the tobacco program. That may not occur tonight or tomorrow. It could, if the Senate passes my amendment. But for some reason, because of sentiment for the distinguished Senator from Kentucky to continue this process, after the distinguished Senator has left the floor and left the Senate, my prediction is that some Senator will say this doesn't make sense, for the Federal Government to be prescriptive with regard to tobacco and here we are supporting tobacco in this way by governmental fiat.

So at some point in a farm bill, or without a farm bill, my guess is the

program will come to an end. The Senator has thought of that and says if that should be the case, immediately payments of all sorts come to tobacco farmers. In other words, there is a ticking time bomb there to suggest it is very expensive for anybody to try to end the tobacco program. Members need to understand that. They are buying not only a continuation of the tobacco program but a rather huge payment, if anyone should dare to tamper with the program.

The health community people need to understand that. This is not a benign amendment with regard to the health of the American people.

Let me point out, Mr. President, that the charge that we will give a \$1 billion gift to cigarette manufacturers, taking it out of the farmers' pockets, just simply does not hold water. We have cited Dr. Brown of North Carolina State before. I cite Dr. Brown again. He estimates, as we have suggested, that farmers' total revenue might decline by 15 percent. He said this decline assumed a \$1.50-a-pack price, but even at the \$1.10 we finally adopted, the increase in their loss of revenue could still be severe—maybe not 15 percent but something in that neighborhood. Keeping the current program means lower total revenues for American tobacco farmers because noncompetitive U.S. prices well encourage a continued uptrend in imports and reduce exports while domestic demand is stagnant or falling.

I made the point, Mr. President, that it is conceivable through protectionist legislation on top of this that Senators might decide to try to keep foreign tobacco out of the country, might try to amend the GATT at the World Trade Organization meetings when they come along next year. That would add, I suppose, double jeopardy to the whole situation—Federal sponsorship of tobacco, compounded by protectionist legislation enveloping even that.

That does not make sense. This is not the way the world works. It is not the way the policies of this country are headed. Why in the particular instance of tobacco is there a blind spot with regard to the successful economic operation of our country including this specific industry? In fact, I would suggest that the families who, under the Lugar amendment, will be collecting \$8 a pound for quota will use that money, many of them, to make investments and to earn money on them that are substantially more sound and more lucrative than the investments they have in tobacco. The tobacco industry is not a winner in terms of current investment either as a farmer, warehouseman or a manufacturing concern. It is not a winner because this legislation is in the Chamber and the impact of this legislation is going to be very depressing to tobacco people wherever they are.

The intent of the distinguished Senator from Kentucky and myself is to not only cushion that blow for farmers

and those communities, but it is to provide, upfront and quickly, capital for those farmers to have a pension or money to invest in other operations, agricultural or otherwise, or money for scholarships. And I share the enthusiasm of the distinguished Senator from Kentucky for education of young people in those areas where tobacco is produced, as well as elsewhere. But I would seriously question whether the educational opportunities of those students are going to be enhanced by continuation of the tobacco program, a program that will mean less income for their families annually as far as the eye can see, from an industry and a general area, that of tobacco, in which demand will be depressed, in which sales and the amount of quota given annually will be depressed and in which, one after another, these families will in fact leave the business.

I am not trying to legislate anyone out of business. I am as sensitive as the distinguished Senator from Kentucky that in a deteriorating situation people are leaving farming in general, but they are leaving tobacco farming in particular because it is particularly depressed and does not have even the liberation of freedom to farm, the ability to farm or to plant what he wants to maximize his or her production in this country.

If, in fact, we are talking about the health and welfare of tobacco farmers—and that is our intent today—and the distinguished Senator from Kentucky is correct, that we were not at the table when the attorneys general of the various States met with the tobacco companies—and, in fact, testimony before the Agriculture Committee by at least one witness was that settlement for growers was deliberately left out. It was, to quote one of them, a deal breaker. Others have said that all along they expected Congress would act, and, indeed, we are attempting to do that.

Mr. President, if we do not act or if we had not acted by bringing these amendments to the floor, I think it is clear to the tobacco farmers in my State they will be on a losing course with tobacco for the rest of their lives without any recourse or any particular funds.

Finally, Mr. President, I would suggest as to the critical issue that has been suggested; namely, is there credible evidence that farmers will receive their money, the distinguished Senator from Kentucky has pointed out that certainly my plan looks attractive to farmers who anticipate receiving \$8 per pound of quota in the first 3 years after enactment; that my plan looks attractive to farmers who want to continue on and receive transition payments comparable to those of freedom to farm for corn and beans and wheat and cotton and rice, and my plan looks attractive, as a matter of fact, to communities that receive at least modest amounts of community development funds. The Senator from Kentucky has pointed out the value of these funds.

I believe my amendment is attractive for all of these reasons, and this is why it is attractive to grower organizations in most States that have a lot of tobacco—a great deal of support, resolutions of support directly, editorial support in newspapers. It is not because people in those States necessarily favored my desire to end the tobacco program. It is because they came to a recognition the program is ending. It will be gone. This is the one opportunity in which some compensation might occur. It is an opportunity not to be missed.

Now, if it is to be ceased in terms of the family, the money upfront makes sense. It is very important to understand that and to understand why that injection of capital and expenditure and buying power into tobacco communities is important in the short run. It is important to understand why, when a conference occurs with the House, if they pass a bill, growers need to have a strong position at the table, which our bill gives them. I think it is very important, as a matter of fact, to the success of this legislation as a whole that there be a provision such as the one I have suggested and which the distinguished Senator from Kentucky has now moved to strike—that my provision be there. It is a strong reason for Senators to vote for the overall legislation.

I would say correspondingly, if in fact the tobacco program is to continue on forever, and if the expenditures the distinguished Senator from Kentucky has pointed out are very generous to his State and a few others are to be a part of that, many Senators will raise the question as to why the rest of the United States of America ought to subsidize these few States or these few counties. What equity is there, as a matter of fact, in such a transfer of money over the course of time? And Americans will clearly ask, Is it not hypocritical to maintain that entire apparatus if the point of tobacco legislation is to discourage smoking, discourage consumption, to help improve the health of the American people and the desire of young people to become committed to smoking at all.

For these reasons, I am hopeful that as Members ponder their decision—and it may be a decision they will have to ponder throughout the evening or will make at some point in the morning, because I have pledged to the distinguished Senator now to make a motion. I had indicated earlier in the afternoon I was perfectly willing for a quick vote, and that situation did not materialize.

There is no one here stopping progress. I will just simply say, at some point this has to be resolved, and I hope the Senators will resolve it in favor of the Lugar amendment, because I believe this is the best course for tobacco farmers, for tobacco communities, and for our national policy.

I thank the Chair, and I yield the floor.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, it has been a good debate, and I have enjoyed it. I am not learned in debate. Whatever skills I might have come from experience. I have been around here a little longer than the Senator from Indiana. This is my 24th year, and I believe this is maybe his 21st or 22nd. Of course, he was mayor of Indianapolis; I believe, one of the favorite mayors at that time. He said after I leave the Senate, the tobacco program is gone. Can you believe one Senator can be that strong? The first thing I learned when I came here was that every Senator is independent. Every Senator has one vote. He controls that out here and nobody controls him. I just can't believe it, but it is in the RECORD, and I might cut it out of the RECORD and frame that statement from a Member of the other side.

I was sitting here thinking about the money and how much is available. If the Senator's amendment stays in, this amendment will have to go beyond the 16 percent. But, if you get 46 percent in the first year, that is where you need 60 percent of the first year's money. That is \$8 billion that you will have to pay out the first year. That is 60 percent. I suggest it will be close to 60 percent in the second year and the third year. If the Senator wins, he might want to change the percentage on that amendment.

The Senator says that public health groups say regulation of tobacco will be less efficient. I believe that is his statement. On the one hand, he says funding is not important; on the other hand, he says there is a ticking time bomb of explosion. I don't quite understand that money is not important. He says funding is not important but, on the other hand, there is a ticking time bomb.

Senators should know that Senator LUGAR is promoting his proposal because it would increase tobacco production. He said that—increase tobacco production, going to make it more efficient, all those good things. But he is promoting the increase in tobacco production.

Ask the public health groups what they think about that. Ask a small farmer what he thinks about that: a production increase for big farmers, fine, while the small ones are out of business. I don't believe the Senator would like it if he was back in his home in Indiana, and he has value of land—they talk about the money up front and they can make an investment, but when you lose hundreds of dollars per acre in value of your farm, I am not sure how well you come out in this, and they put them out of business. At least 90 percent of my small farmers in Kentucky are gone, and that is a conservative estimate, not a liberal estimate, but a conservative estimate.

We are getting to the point where it is very difficult for me to understand,

and I think the Senator is having a hard time defending his position when he is wanting to increase the growth of tobacco, reduce the price and save the tobacco companies a billion dollars. I say to the Senator, that is true, and it may be even more than that, because four companies control 98 percent of the growth of tobacco. We have a hard time exporting tobacco because other countries are growing it, and companies have promoted some of that. So we limit it. Like everybody else, we limit it, and it is a pretty large limit on imports, to 150,000 metric tons or more.

Somebody has to be thinking through all of this as much as we are, and those people who are thinking through this are the health groups that have been fighting so long as it relates to reducing the use of tobacco by underage children.

Something quite remarkable, I say to the Senator from Indiana, occurred on March 16 of this year. Remember that date, March 16. On that day, March 16, 16 tobacco farming groups and 24 public health groups came together to agree on a common set of core principles. You talk about health groups now. Here are 16 tobacco farm groups and 24 public health groups that came together to agree on a common set of core principles to guide the debate—to guide the debate—on tobacco legislation. Both sides and all 40 groups agreed that “a tobacco control program which limits supply and which sets a minimum purchase price is in the best interest of the public health community.”

That is a pretty strong statement by the health groups, and in conjunction with the tobacco interests. According to the Campaign for Tobacco-Free Kids in a letter dated May 13, “those public health groups who signed the core principles remain committed to the principles outlined in them, including maintenance of a supply limiting tobacco program.”

What we are doing here is—I believe it is under title IV of the bill, and I am sure the Senator knows what title IV is, but that limits the amount of money that can be spent for agricultural purposes under this bill. The LEAF Act is under that limit. The Senator's amendment is about three times or four times over that limit. But we are within that limit. This is approved by the health groups. Instead of cutting them off at the knees in 36 months, we give them a little more time to phaseout. They can sell out, they can buy out.

I have a list of all of the groups that signed the core principles, such as the American Heart Association, the American Cancer Society, Americans for Nonsmokers Rights, American College of Chest Physicians, Association of Schools of Public Health, the Oncology Nursing Society, Partnership for Prevention, National Hispanic Medical Association—I can go down all these groups that think keeping the program is the right thing to do and saving \$18

billion. I might say to my colleagues, saving \$18 billion for the use for research and health care and all these other things.

Mr. President, I ask unanimous consent that a list of the public health groups that signed the core principles be printed in the RECORD.

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

The following public health groups signed the "Core Principles":

American Heart Association
 American Public Health Association
 American Cancer Society
 Americans for Nonsmokers Rights
 American Association for Respiratory Care
 American College of Cardiology
 American College of Chest Physicians
 American School Health Association
 American College of Preventative Medicine
 Association of Schools of Public Health
 Interreligious Coalition on Smoking OR Health
 Campaign for Tobacco Free Kids
 Oncology Nursing Society
 Family Voices
 Partnership for Prevention
 National Hispanic Medical Association
 Coalition for Health and Agriculture Development (KY)
 Kentucky Action
 American Cancer Society (KY)
 American Heart Association (KY)
 American Lung Association (KY)
 Kentucky Dental Association (KY)
 Kentucky Medical Association
 Kentucky Parent Teachers Association
 Kentucky Society for Respiratory Care
 American Heart Association
 American Lung Association
 Kentucky Smokeless States Project
 Albermarle County (VA) Medical Society
 Virginia Public Health Association
 Georgia Public Health Association

Mr. FORD. I thank the Chair.

Mr. President, I understand that the distinguished Senator from South Carolina wishes to make a statement. And I am more than willing to yield to him.

Mr. THURMOND. Thank you.

Mr. FORD. I understand he needs about 5 minutes.

Mr. THURMOND. About 6 or 7.

Mr. FORD. Well, that is pretty close. So, Mr. President, I ask unanimous consent that the distinguished President pro tempore be recognized for what time is necessary, and that after he has completed his statement, that I be recognized.

The PRESIDING OFFICER (Mr. BROWNBACK). Without objection, it is so ordered.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from South Carolina.

Mr. THURMOND. I wish to thank the distinguished Senator for his courtesy.

Mr. FORD. I appreciate you being a cosponsor on my LEAF Act, too.

Mr. THURMOND. Mr. President, thank you.

(The remarks of Mr. THURMOND pertaining to the introduction of S. 2176 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. THURMOND. Mr. President, I yield the floor.

Again, I wish to thank the able Senator from Kentucky.

Mr. FORD. I thank the Senator.

The PRESIDING OFFICER. Under the previous order, the Senator from Kentucky is recognized.

Mr. FORD. I do not know that there are a great deal of additional thoughts that we need to discuss. I could go down—one of the things that I want people to understand is that we are not just doing away with the tobacco quota. Oh, we are paying them some money, but the average, I don't think, is going to be much over \$20,000, divided by 3 years. And the taxes are paid.

Anywhere from 15 to 20 percent of the value of Kentucky farmland is based on the tobacco quota. In rural Kentucky, banks will not lend to farmers unless they know the value of their tobacco quota. Real estate does not sell without disclosing the amount of tobacco quota on a farm. You can't sell a farm without disclosing that. That is an important feature.

If you read the real estate section of the Kentucky newspapers, you will see the amount of tobacco quota advertised with the sale of the farmland. So if the program is done away with, then the value of the land is reduced anywhere from 15 to 20 percent, and that is up to \$7 billion. So we are not only taking away the livelihood, we are also reducing the value of the product this farmer has worked all his life to hold.

There is something here that I believe is fundamental—fairness. And under the Lugar bill, that is not fair. So this will have major, devastating consequences on the tax base in rural Kentucky—all because of the hostility of title XV toward the small tobacco farm.

The Lugar alternative is really no alternative at all when you look at what happens to that tobacco farmer. It gives him a little money, and he is out. And we reduce the value of his land. He pays big sums of tax on it. If it is 20 percent, fine, but he has to figure some way.

So, Mr. President, I do not know what the majority leader or the Democratic leader would like to do. I understand we have a joint meeting tonight, with both sides, beginning at 6:30. We are getting reasonably close to that. So in order to find out if it is all right with the Senator from Indiana, 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. LUGAR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

MORNING BUSINESS

Mr. LUGAR. Mr. President, I ask unanimous consent that there now be a

period for the transaction of routine morning business, with Senators permitted to speak for up to 10 minutes each.

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

WHITE HOUSE SIGNING CEREMONY FOR THE BULLETPROOF VEST PARTNERSHIP GRANT ACT OF 1998

Mr. CAMPBELL. Mr. President, today is a very special day for both our nation's serving law enforcement officers and myself.

At 3:00 this afternoon, Arapahoe County Sheriff Pat Sullivan and I were at the White House attending a ceremony where the President signed into law the Bulletproof Vest Partnership Grant Act of 1998. The enactment of this bill is near and dear to my heart.

During the years I served as a Deputy Sheriff in Sacramento County, California, I gained a first-hand understanding of the dangers our law enforcement officers face in the line of duty. Our brave men and women wearing a badge simply never know what life threatening dangers each new day may bring. We must do everything we can to help these officers acquire the equipment they need to stay alive while they are going about the job of protecting the American people and preserving the peace.

The Bulletproof Vest Partnership Grant Act will help get one of the most critical and effective pieces of life saving equipment, namely body armor, into the hands of thousands of cops who would not otherwise have the resources to access it. Simply put, this bill will save many, many lives. This bill will help prevent wives from becoming widows, husbands from becoming widowers, and children from being raised without their father or mother.

On this special day, it is fitting to pay a tribute to one very special law enforcement officer who was killed recently while serving in the line of duty. Officer Bruce VanderJagt was killed by a hail of bullets in Denver, Colorado in November, 1997. His untimely death left his wife, Anna Marie, without her husband, and his two-year-old daughter, Hayley Louise, without her devoted father. Officer Bruce VanderJagt is remembered for his charm, his exceptional humility, his wit and intelligence as exemplified by the two master's degrees he earned, and the courage that earned him two distinguished service crosses. He will be missed.

We must do all we can to protect law enforcement officers like Bruce VanderJagt. If even one law enforcement officer's life is saved by a bullet proof vest that would not have been available without this law, all of our hard work that went into getting this bill through Congress and today enacted into law, will have been well worth it.