The most egregious example of that was what happened with the sugar program. Let us first understand what the sugar program is in this country. It is basically a ripoff of the consumers of America to the tune of $1.4 billion every year. It is the last vestiges of a Marxist economic system in, probably, the world. Well, maybe they still have it in Cuba, a Marxist economic system. But the last real strong vestiges of it is right here in the United States in our sugar program.

What does the sugar program do? It basically, arbitrarily, without any relationship to the market forces of the economy, fixes the price of sugar at a price which is 50 percent higher—30 to 50 percent higher than what sugar should cost Americans. In the open market today you can buy sugar at 10 cents. Under our system of farm subsidy and price control, we pay 22 cents, 23 cents. This is an outrage, but it is a cartel in this country that has a grip on the economics of the issue of sugar and, unfortunately, on this Congress, because it uses vehicles like the reconciliation bill to abuse the process.

So, in this reconciliation bill there was not a 1-year, not 2-year, but a 7-year extension of this outrage, of this program which is the ultimate example of the former East European market approach to economics. It was extended because these folks were able to slip this in. And the irony of it, of course, is that it was put in by people who on most days are the greatest supporters of capitalism, and some of the strongest supporters of conservative thought on this floor. They slipped it in here, for whatever reasons I cannot imagine, because they could not justify it, I am sure, under any intellectual basis. But it got slipped in here for the purposes of raiding the pocketbooks of Americans, for the purposes of benefiting a very small group of people.

The GAO did a study of this and 17 farms—17 cane farmers in this country get 58 percent of the benefit, 58 percent of the benefit. That is a huge amount of dollars on a $1.4 billion subsidy. That is a huge amount of dollars to one small group of individuals in this country who happen to have the capacity to have put their idea into this reconciliation.

Now, there are many of us on our side—on both sides of the aisle, this is a bipartisan outrage at this—who find this to be an inexcusable event, who think the idea that an attempt to balance the budget should have in it a plan which essentially affronts the sensibilities of everything that Adam Smith ever stood for, and that the market economy ever stood for, that capitalism ever stood for, that our country's basic economic structure stands for—that that program should be in this bill is not only ironic, it is an outrage. However, due to the rules of this Senate, we were not able to remove it from this bill. But we all understand this bill, unfortunately, because it has a huge amount of good in it, unfortunately it will end up vetoed. It will come back to us.

I want to put folks on notice. When it comes back, in whatever form it comes back, this sugar debate is not going to be allowed to be shoved into the back corner. This sugar debate is going to be out there, it is going to be on the front burner. Because the American people can no longer be subject to this outrage of having $1.4 billion transferred out of their pockets into the pockets of a few cane growers and a few processors, simply because somebody used the parliamentary rules around here to protect a program that is absolutely indefensible under any other circumstances.

So, this issue shall be revisited when this bill is revisited and it shall be revisited with much more intensity than the last go-around. Because of the fact it was necessary, because of the overriding strength of this bill in the area of getting under control entitlement spending generally, on such things as Medicare, Medicaid, and welfare, and the overriding desire to address that, we had to unfortunately—we ended up, unfortunately, being gamed on the issue of sugar.

But in the next go-around, I simply put people on notice that game will be joined with much more intensity because the consumers of this country do not deserve to have to pay $1.4 billion simply because a bunch of cane growers want to make money.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

THE BUDGET CRISIS

Mr. EXON. Mr. President, we are having a rather unusual Saturday session today for the very obvious and specific reason that, indeed, the Government of the United States and the United States is in a crisis situation today because of the failure of the legislative and executive branches—regardless of their political affiliations and political attitudes—meaning simply that we have to come to some kind of an agreement, some kind of an understanding, some kind of a lowering of the testing of wills with regard to a compromise that can be reached at this time to at least establish the basis or the framework to get on with the more important and more difficult task down the road, and coming to an agreement to balance the budget as quickly as we can. But I think we should keep this all in perspective.

I would simply say, Mr. President, that heated rhetoric, charges, and countercharges of what this Senator will do or what that Senator will do, the pretense of standing up for what is right above everything else, of what I think is right regardless of what my colleagues on this side of the aisle and my colleagues on the other side of the aisle think might be a workable solution, a solution to the crisis that faces the United States today and toning down our rhetoric, toning down our demands, toning down our individual wills, is the only mixture that is going to provide a measure of success in the future that none of us individually might be totally satisfied with, but one that gets this Government moving and allows democracy to function as it has successfully functioned for many, many years.

THE SUGAR PROGRAM

Mr. EXON. Mr. President, I was absolutely astonished at the remarks made by my colleague from New Hampshire a few moments ago, when, if I heard him correctly, he said that the sugar program of the United States was Marxist in nature. I will with some restraint tone down my rhetoric on that, except to say that the Senator from New Hampshire is wrong.

Coming on the floor of the U.S. Senate at a time when very delicate negotiations are going on and assailing one part of the agricultural bill—in this instance, the sugar program—I think is not helpful. It is not constructive. It is not good Government, especially in that it would further impair the delicate negotiations that are now ongoing.

Let me speak a little bit about the sugar program. If we would follow the recommendations, as I understand it, that were just made on the Senate floor by the Senator from New Hampshire, we would in effect be eliminating the production of sugar in the United States of America for all time to come. The sugar program does not cost the taxpayers anything. It is true that it does prop up prices to a very reasonable level so that we can continue to have such a fundamental ingredient as sugar as a part of the American production system.

If we would follow the recommendations, as I understand them, from the Senator from New Hampshire, we would, in effect, eliminate the sugar program in the United States of America. All of our industries that rely on sugar as a key ingredient of our diet would go down the tube, and the United States of America would be totally reliant on imported sugar for as far as we can see into the future.

I would simply say to my colleague from New Hampshire that maybe we should follow that same program with regard to milk production. I do not know how much sugar production there is in New Hampshire, but there is a great deal of milk production. There is both sugar and milk production in my State of Nebraska. I would simply say that, if we are going to destroy the sugar program, it would only follow that we would destroy the milk program. If we are to logically follow the recommendations by the Senator from New Hampshire, I do not know what the milk producers in New Hampshire

would think of that, but I would suspect that they might not be very much impressed.

Mr. GREGG. Will the Senator yield?

Mr. EXON. I will yield at an appropriate time.

I simply say to the President, and to the Senate, that if we are going to try to work things out here, I think it is not proper, and it is not accurate, to come to the floor of the U.S. Senate and indicate that the sugar program is Marxist in its concept when it clearly is not.

I happen to feel that if we could tone down our rhetoric, if we could recognize and realize that there are differing points of view from people who are basically well-intentioned, then we can come together. I happen to feel that the Republican plan on the farm bill that was originated in the House of Representatives is a total disaster for America. Not only is it a disaster for America in our food production industry, but I think it turns the farm program—good, bad, or indifferent —into a welfare program. And few understand that if we accept the agricultural program announced and endorsed by the House of Representatives, we would be turning the farm program into welfare.

Why do I say that? Mr. President, a key ingredient of the so-called Roberts farm plan is to pay farmers even if they do not plant anything. Can you imagine anything that smacks of ill-advised welfare, if we would start paying farmers for not doing anything or producing anything?

That part of the Roberts farm bill that I refer to as farm welfare pure and simple is so revolting and so illogical that I think it should be rejected out of hand. Yet, that program is alive and well today and was given editorial support this morning in the Washington Post.

The Washington Post has been historically against farm programs. That is well known, and that is very right. They are an Eastern newspaper that does not understand at all the needs of rural America and have had no pretense whatsoever of understanding the problems of rural America. I think their editorial writers down there in the Washington Post think that food is something that you go down to the supermarket and buy off the shelf.

I simply say in returning that I understood the arguments of the Senator from New Hampshire would be that we should junk the sugar program because it is Marxist. That would be another step down that road that we have gone a long distance in traveling with regard to nearly 60 percent of the fuel that we use in the United States today, oil-based fuels, comes from overseas.

We have been down that path before when we recognized that a few foreign oil cartels can literally, if they want to, get together and set the prices for oil. That is bad enough, and we are not taking enough steps, in the view of this Senator, to correct that. But to follow the same road by eliminating sugar production in the United States of America, which would surely come if we would follow the recommendations of the Senator from New Hampshire, we would simply say, in addition to being solely dependent in the future for the major part, if not all, of oil production, we would be also following down the line which would be even worse with regard to a basic part of our food supply and distribution system.

Mr. President, I simply say that this is a time for all of us to maybe control, rein in our rhetoric at a time when the leadership of both the Democrat and Republican Parties is at this very moment trying to institute some kind of a compromise and agreement, if you will, that will eliminate the crisis that we have today and have some kind of a framework understanding of what we are going to do in the future, to come to some agreement with regard to the future budget of the United States and how we are reasonably going to balance it.

With that, I yield the floor, and I certainly yield to my colleague from New Hampshire for any questions he would like to ask the Senator. If I did misinterpret his remarks, I would appreciate his explanation.

Mr. GREGG. Mr. President, I ask unanimous consent for an additional 5 minutes so we might have a colloquy between myself and the Senator from Nebraska.

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

Mr. GREGG. No, the Senator did not misinterpret my remarks. Karl Marx was an economist first. He became affiliated with communism, of course, but his basic theory of economics was that you should essentially, through controlling the marketplace from the top down, move dollars from one segment to another as the state determined appropriate. That was the basic theme of Marxism, that the state should use the power of the state to move dollars from one group to another and manage the marketplace both through transfer of wealth through income-related activities and also transfer wealth through pricing activities. That was the basic theme of Marxism.

If you look at the sugar program, the open market price for sugar today is 10 cents a pound. That is what it was quoted at on CNBC just yesterday. The price support is set at 18 cents a pound, but the target price that is used, which is outrageous to begin with, the target price which is used by the Agriculture Department is somewhere around 21, 22, 23 cents a pound. I am not sure. It is right in that range. The basic reason, of course, being under the structure they do not want anybody to end up having to pay back their loan. So they make it possible for the price to be so much higher than even the support price that no loans ever end up going into default.

Maybe there is some other term you use for this that is appropriate, but when there is no market force of any nature involved in pricing the product, that is certainly not capitalism. It is certainly not an Adam Smith approach to managing a commodity. It is a management by the state of the price of the commodity to benefit the producers of the commodity, and in this case it happens to be that 42 percent of the benefit runs to sugar growers who represent 1 percent of all the sugar farmers, happening to be the cane growers in this instance, not the sugar beet growers, who would happen to be from Nebraska.

I happen to think we could restructure this program where your sugar beet growers have a much better opportunity to get some of that 42 percent of the benefit and not have the consumers pick up the $1.4 billion subsidy which is incurred as a result of setting the price arbitrarily at the number which has no relationship and which is almost 100 percent higher than at what the free market sets the price.

So did I use the term Marxist economics to characterize it? Yes, because it is a state-run, state-dominated, state-controlled price-setting mechanism, which is the classic definition of Marxist economics. If it were a free market or if it were a quasi-free market, you might use some other term. If it were a quasi-free market, I suppose you could characterize it as a farm subsidy program. But it is even beyond that. So that is why I used that term. I think it is an accurate characterization. I do not deem it pejorative in the sense it is inaccurate. It may be pejorative because that form of economics has been so rejected by the world now. But it is a fact that exists.

Now, as to the dairy program, I would be willing to make a deal right here with the Senator that we put all products on the basis of market economics, we have no subsidies underlying any commodities. I will vote for it. If you want to take the dairy program out of any subsidy program, I will vote for that, if it is part of a package to take everything out. In fact, I would probably vote for it if it were not a part of a package to take everything out. Dairy is an issue in which I am not a great defender of the price supports either.

I think the issue here that I raised with sugar is a legitimate issue and the characterization is accurate. So I yield to the Senator from Nebraska for his comment.

Mr. EXON. Mr. President, for clarification purposes, if I might ask my colleague from New Hampshire whether he would so characterize the dairy programs that we have in the United States as Marxist, as he has clearly indicated he feels the sugar programs also are?

Mr. GREGG. I do not think the dairy program is an egregious example of price controls, because the dairy prices are much closer to a market-driven event than the sugar prices. So I would say we are somewhere in between. It is

clearly not a capitalist system. It is clearly not a market system that we have in dairy, which it should be, and I strongly support moving to a market system. But it is nowhere near the egregious price-support levels that we have in the sugar system.

So, no, I do not think I would say it is a purely state-dominated system, but it has clearly got too much state domination in it. I wish we would correct it.

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

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, I appreciate the last discussion. Clearly the issue of sugar subsidy and maintaining the price that is substantially above the market price has been detrimental to consumers in this country. It is true it has no direct effect or impact on the Federal budget. That is simply because we have shifted the entire impact to the consumers of this country.

But that is not why I am here to speak. I think that subject has been adequately debated between the Senator from New Hampshire and the Senator from Nebraska.

THE BUDGET IMPASSE

Mr. COATS. Mr. President, I am here to talk about the current budget impasse in which we find ourselves. There clearly are a number of compelling reasons to support a balanced budget: lower interest rates, higher economic growth. These have all been discussed in detail on this floor over the last several days. But I do not believe that economic facts fully explain the urgency of the issue and why the lines have been drawn so sharply between these two competing philosophies.

There is a moral aspect to this debate, a moral imperative that I think is important we understand because those of us who are holding firm for a commitment to a balanced budget in a fixed amount of time with honest numbers are doing so because we are convinced that not only are the deficits imposed year after year after year on the American public unwise but they are unprincipled.

They are not just a drag on the economy, not just an impact on interest rates, but a burden on our national conscience. It was Thomas Jefferson who said nearly 200 years ago—in arguing the question of whether one generation has the right to impose on another generation a debt burden which is the obligation of those that are currently enacting that burden, currently supporting that spending—Jefferson said, ''The question of whether one generation has the right to bend another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and be morally bound to pay them ourselves.''

So what we have been debating are not just the numbers to compromise between the White House and this Congress, what we have been debating is a fundamental principle of Government, and I think a fundamental principle of society. I doubt that there is anyone on this floor or a Member of the Senate that has not at some time in their life sat down with their children and explained the principle of deficit spending, and whether it deals with a $1 or $2 allowance or whether it deals with setting aside money necessary to pay expenses while they are away at college, the principle is the same, and, I think, what we all try to pass on to the next generation, that is, that we cannot keep spending more than we make.

If you spend more money than you earn, you are going to have only one of two recourses: You are going to quickly run yourself unto insolvency, or you are going to roll up a debt that will become such a burden in terms of payment of interest to maintain that debt that other items of expenditures, necessary expenditures, are going to be squeezed.

Many young people have learned the hard way through receipt, as soon as they are independent from their family, of a Visa, Master Card, or other credit card, how easy and how attempting it is to run to the mall and roll up and use that card to purchase items for the moment. And then the bills start rolling in, and they notice that they are paying a 17, 18 percent interest rate on the mounting debt.

What has happened on a national basis is that debt has been mounting at a staggering rate. It took more than 200 years to reach the first $1 trillion of debt. Now, in just the space of 15 years, we have quintupled that $1 trillion debt to the point where this Nation now stands at $4.9 trillion of national debt. It is a staggering burden. It is a burden that is imposed, I would suggest, on the next generation. And therefore, that moral tradition that we have held at the highest level in this country of sacrificing for the benefit of future generations so that our children might enjoy at least an equal but hopefully a better standard of living, better quality of life than we have been privileged to enjoy, which was transferred to us by the previous generation, this generation has become the first generation to violate that trust.

Every child born in America today inherits $19,000 in public debt, and it is going up at a staggering rate. That is a destructive legacy of a government without courage. True, it has caused a budgetary crisis, but it has done more than that. It has betrayed a moral responsibility.

Now, this moral imperative clashes with a political imperative. The political imperative says deficit spending makes sense because it allows elected officials and allows Government to please people in the present by placing burdens on the future. Interestingly enough, the future has no vote in the next election. And so the temptation has always been to fund for the moment, to spend for the moment, because it impacts positively on those who will go to the polls at the next election to perpetuate our existence in this elected body. That is the prime reason why I strongly believe in term limits, because term limits are the only device that I know of, as imperfect as they are, that changes the dynamic of the way we make decisions.

It is human nature to obviously want to keep your job. It is human nature to want to be reelected, to be favored by the people. And the political imperative, particularly over the last 30 or 40 years, has been to accomplish that purpose essentially by spending money but not having the courage to go forth and ask taxpayers to pay for that expenditure, but simply to float the debt and pass that payment on to a future generation, which, by the way, does not go to the polls at the next election.

So we see these two imperatives, the political imperative and the moral imperative, clashing against and struggling against each other. I believe the moment has come that that titanic struggle is at issue and needs to be decided, where the choice is clear before us. On one side, unfortunately, we are dealing with a President supported by many, not all, members of his party who seem to be pursuing the political imperative; and on the other, I believe we are seeing a commitment to the moral imperative.

The problem that we face is that we have defined a commitment to the principle of not imposing additional burdens on future generations through an act called the Balanced Budget Act of 1995, accomplished in a defined time period and accomplished with numbers on which we can both agree. After all, it was the President—it was the President—who called on us to agree on how these numbers would be determined and derived so that we would not be arguing over differing assumptions and differing sets of numbers.

Frankly, it was the President who essentially put in play the fixed period of time with which to reach the goal of a balanced budget. He campaigned on that basis. He said, ''There's a way for me to meet the stated objectives, which is a balanced budget in 7 years, with a family tax cut * * *'' That is exactly what Republicans have offered the President: a balanced budget in 7 years with a family tax cut. It is what the President called for. We responded to that. But now the President said, ''No, those are not my priorities.''

This Republican budget has the courage to confront the political imperative because we believe that we have a moral duty to the next generation.

Now, my concern, Mr. President, is that as the Senator from Nebraska has said, we have allowed rhetoric to get ahead of the facts of the situation. I am concerned that the American public is focusing on our rhetoric and not the facts.