

That is a tobacco industry paper.

There is little doubt if it were not for the nicotine in tobacco smoke, people would be less inclined to smoke than they are to blow bubbles or to light sparklers.

M.A.H. Russell, 1974.

1983, Brown & Williamson:

Nicotine is the addicting agent in cigarettes.

1983, Brown & Williamson:

Raleigh and Belair smokers are addicted to smoking. . . . They smoke primarily to reduce negative feeling states rather than for pleasure. Given their low income, smoking represents a financial drain on family resources. Saving coupons for household items helps reduce guilt associated with smoking.

How about the health effects of tobacco? What do the tobacco companies know about that?

The vice president of a tobacco company, in 1963, said:

At best, the probabilities are that some combination of constituents of smoke will be found conducive to the onset of cancer or to create an environment in which cancer is more likely to occur.

That is "at best," he says. That is a fellow who helps run a tobacco company.

1970, lung cancer experiments that were done by the general manager of research prepared for the managing director of Gallaher Electronic Telegraph:

One of the striking features of the Auerbach experiment was that practically every dog which smoked suffered significantly from the effects of the smoke either in terms of severe irritation and bronchitis, pre-cancerous changes or cancer.

A top research official for the American Tobacco Company, 1970:

[W]e believe the Auerbach work proves beyond reasonable doubt that fresh whole cigarette smoke is carcinogenic to dog lungs and therefore it is highly likely that it is carcinogenic to human beings.

[T]he results of the research would appear to us to remove the controversy regarding the causation of human lung cancer. . . .

How about tobacco companies targeting kids?

1981, Philip Morris, a report from a researcher to the Vice President of Research and Development at Philip Morris. He says:

Today's teenager is tomorrow's potential regular customer, and the overwhelming majority of smokers first begin to smoke while in their teens. At least a part of the success of Marlboro Red during its most rapid growth period was because it became the brand of choice among teenagers who then stuck with it as they grew older.

Teenage smokers. A memorandum from the tobacco industry:

To improve our ability to forecast future trends, this report examines the demographics and smoking behavior of 14-17 year old smokers.

This is a company now that is doing detailed research on 14- to 17-year-old smokers. "Forecasting future trends," that means "they're our customers. We're interested in them. We want to keep them smoking."

One company was concerned because their share of teenage smokers de-

clined while the share of teenagers who purchased a competitive brand increased. That concerned the company a great deal.

Another tobacco industry statement:

It is important to know as much as possible about teenage smoking patterns and attitudes. Today's teenager is tomorrow's potential regular customer. . . . it is during the teenage years that the initial brand choice is made.

And that is the statement from a tobacco company.

Now, the consequences of tobacco smoking are quite clear. Tobacco is a legal product, and in my judgment shall and will be legal in the future. But it is not a legal product for children. An industry that has record profits and has targeted children, because it believes that children are its future customers, is an industry that, in my judgment, is sadly out of touch with its responsibilities.

The U.S. Senate and the Congress has a responsibility to take up the tobacco bill. We passed it out of the Senate Commerce Committee now nearly a month ago under the leadership of Senator MCCAIN. I noted today in the newspapers that Senator MCCAIN indicated that, I believe he said \$50 to \$100 million is to be spent by the tobacco industry to defeat efforts in Congress to pass a comprehensive tobacco bill.

I hope the American people take note that this industry is the same industry which said tobacco is not addictive when in fact they knew it was addictive. They were saying we are not targeting children when in fact they were targeting children.

I hope the American people understand, as well, that when the tobacco industry launches a massive effort to try to derail the efforts of the Congress to pass a comprehensive tobacco bill, the American people have the capability in this system of ours to make the difference. They can weigh in. They can make their views known about whether or not they believe this Congress shall pass a piece of legislation to stop this industry from targeting America's children and from trying to addict America's children to cigarettes.

Mr. President, my colleague from North Dakota, Senator CONRAD, is on the floor. I would like to yield to him as much time as he consumes to discuss another issue, and at the conclusion of his remarks, it is my intention to follow up on the issue he is going to discuss. Let me yield the time that he consumes to Senator CONRAD.

The PRESIDING OFFICER. The Senator is recognized.

Mr. CONRAD. I thank you very much, and my colleague from North Dakota, Senator DORGAN, for this time.

AGRICULTURE DISASTER IN NORTH DAKOTA

Mr. CONRAD. I have come to the floor this morning to talk about a disaster that is happening in my home

State, but it is receiving very little attention. People who are watching and my colleagues might recall that last year we had a set of disasters in North Dakota that had tremendous national publicity and national attention.

We had the worst winter in our history, followed by the most powerful winter storm in 50 years, followed by the worst flood in 500 years; and in the midst of that, fire broke out that destroyed much of downtown Grand Forks, ND. It was really almost apocalyptic. But this year we have another disaster occurring, and it is receiving very little attention. I call it the "stealth disaster," because it is really flying below the radar screen. There are almost no national stories, no national attention. In fact, I believe very few people know this disaster is occurring. But it is occurring and it is an extraordinary disaster that is hurting the farmers of my State.

We are in a wet cycle. This wet cycle has bred disease, disease that cost us about a third of our crop last year. That, coupled with very low prices, has meant that our farmers are not cash-flowing.

I was just home during a series of farm meetings and in each and every stop was told we will lose perhaps 3,000 farmers this year in North Dakota. We only have 30,000. So losing 3,000 in 1 year would really be quite extraordinary.

But these farmers are facing a cash-flow crunch as a result of bad policy, as a result of low prices, as a result of this incredible disease that has broken out. And again, this is a disaster of really staggering proportions in that it gets very little attention, and there is very little the Federal Government is prepared to do.

It is very interesting, if you have a disaster like this. Last year when this disaster occurred, or these sets of disasters occurred in North Dakota, and we searched to find if there was Federal help, we found that indeed there was. The SBA rushed to help. The Federal Emergency Management Agency was there. The Housing and Urban Development Program was there with CDBG funds. There was a marvelous, marvelous response that has helped the devastated communities recover.

But now we have a different kind of crisis and a different kind of disaster. And when we look for assistance, we find there is virtually none. What you will find is, about the only thing that is available is low-interest loans.

Now, additional debt for those who can't cash flow because of a terrible outbreak of disease and because of low prices and because of weak farm policy, saying "Take on more debt," doesn't sound like a very good deal. But that is exactly what we are faced with, because we no longer have a disaster program for farmers; it doesn't exist. The only thing we have is low-interest loans; that is it. When farmers experience a disaster, the Federal response is to help them go further into debt. It doesn't make much sense.

We have a circumstance that is, as I described, dramatic. I brought this chart to show what has happened to North Dakota farm income. I say it was washed away in 1997. In 1996, this chart shows the farm income of our State, \$764 million; but in 1997, farm income in our State was reduced to \$15 million. That is divided among 30,000 farmers. That means the average net income per farm in North Dakota in 1997 was only \$500. That is a reduction in income of 98 percent from 1996 to 1997. That is a disaster.

Let me go to the next chart that shows farm income from 1996 to 1997, quarter by quarter, so that my colleagues can see the pattern. In 1996, you could see it was about equivalent from quarter to quarter, but, boy, we came to the end of the year, 1996, and look what happened to farm income. It fell off the table. I guess in this case we can say it fell off the chart. That is a 98 percent reduction, a farm income of only \$15 million in the entire State for the entire year, divided among 30,000 farmers. As I say, that is only \$500 apiece.

It is no wonder everywhere I go farmers are saying to me, "We have a disaster." It is not just farmers. In community after community, the bankers are taking me aside and saying, "Senator, there is something radically wrong with farm policy." There is something radically wrong with our disaster programs when farmers can go through these 5 bad years of this incredible wet cycle, and disease develops, and low prices come on to the market, and there is nothing to help these producers. They are going to be washed away every bit as much as the residents of Grand Forks were washed away by the flood waters last year.

Some will say North Dakota is a marginal area; when you have bad weather, you will get hurt. I brought this chart to show the Red River Valley. The Red River Valley has the richest farmland in the world. The Red River Valley used to be the bottom of a great lake, Lake Agassiz. Thousands of years ago, when the lake was there, it built up extraordinarily rich soil. When you come to the Red River Valley of North Dakota, you see the richest farmland anywhere in the world. In places it is 8 feet thick, an incredible lode that is so rich.

When I was growing up, we were told there had never been a farm failure; there had never been a crop failure in the Red River Valley, ever. These last 5 years have seen extraordinary developments, because even in the Red River Valley, the richest farmland in the world, farm income is down precipitously. You can see from 1996 to 1997 farm income, the richest farming area in the world, down 62 percent.

Now the next chart, North Dakota is a place that produces wheat. Indeed we do. We are typically the No. 1 or No. 2 wheat-producing State. Look what happened to the total value of the spring wheat crop. This shows from

1993 to 1997, the crop was about \$1 billion in value; in 1993, it declined somewhat; in 1994, came up handsomely; in 1996, it was approaching \$1.3 billion. Look what happened last year—a 41 percent decline.

It wasn't just the wheat crop. The No. 2 crop in North Dakota is barley. Of course, those who are listening probably know that barley is used to feed animals. It is also used to brew beer. The barley crop, same pattern: You saw a pretty good increase from 1993 to 1996, and then a steep decline in 1997.

Some have said this is just a blip, this is just a blip in terms of prices. Yes, you have the disease problem. Hopefully, that will pass at some point. But it is disastrous when you lose a third to 40 percent of the crop in one year because of disease and then, on top of that, you have very low prices. That leaves farmers in an incredibly vulnerable position. Some have said, on the price front that is just a blip.

I thought I would bring along this chart that shows prices from 1996 through 1997, month by month, because if you look at that chart, it doesn't look like a blip. In fact, the only blip that occurs is right here, a period of high prices when we were debating the farm bill. At that point, people were told, "We have reached an era of permanently high farm prices because of export demand; farmers can count on a period going forward of high prices." You can see how long that lasted. That lasted about 90 days. Instead, prices started coming down. Both wheat and barley—you can see the wheat prices in blue, the barley prices in red, on the chart, and both of them, from the time we debated the farm bill, have gone down, down, down.

This represents a disaster to the thousands of producers in North Dakota who rely on agricultural income to sustain themselves. We have a disaster occurring, and there needs to be a response. I don't think we want to see washed away 10 percent of the farmers in 1 year—and that is this year. I can tell you, Mr. President, next year is going to be far worse unless conditions change, unless prices firm up, unless there is a Federal response, unless the disease problem changes. And, unfortunately, once you get into a wet cycle, these diseases continue as long as the wet cycle does. The result is devastating, absolutely devastating. I fear that we will face a true calamity next year unless there is a Federal response.

In closing, Mr. President, a troubled agricultural economy is dangerous for rural communities and for our entire Nation. The importance of a strong agricultural economy and the maintenance of a rural infrastructure was perhaps best summed up by William Jennings Bryan when he said, "Burn down your cities and leave our farms, and your cities will spring up again as if by magic, but destroy our farms and the grass will grow in the streets of every city in the country."

William Jennings Bryan was right. Agriculture is right at the core of the

strength of the American economy. North Dakota is in the first trench. We are the first ones to experience the defects of a national policy that was put in place in 1996. But I alert my colleagues that unless we take action, others will follow. When they have a disease problem, when they face low prices, they will see enormous economic pressure on farm producers, and they, too, will be in a position to lose a significant chunk of their farm families.

That is a tragedy for our State. I believe it is a tragedy for our Nation. I hope very much my colleagues are listening and will understand, just as we responded to a more visible disaster last year, we must fashion a Federal response to this stealth disaster that is occurring this year.

I alert my colleagues that I will be coming to the floor on a regular basis to bring this matter to their attention in the hopes that we can fashion a stronger national policy. So while North Dakota is suffering this year, we might prevent other States from experiencing what we are facing in 1998.

I thank the Chair and yield the floor. Mr. MOYNIHAN. Mr. President, I rise simply to congratulate the Senator from North Dakota on a clear and persuasive presentation of what is not just a North Dakota problem, but a national problem. The United States is blessed beyond the imaginings of William Jennings Bryan by the degree to which a very small farm population provides the most ample diet the world has ever known for a global nation.

I might say—and it won't come as a surprise to my friend from North Dakota, but not everybody would know—that New York State is a wheat-growing region. In 62 counties, I think we have commercial wheat grown in 50. There are parts of the western areas of the State where if you travel along the Erie Canal, at the level where it is raised above the surrounding land looking north and south, you could be in North Dakota looking at the wheat fields. Those prices affect ours, too. The Senator is right to think that the '96 legislation should be revisited in terms of the economic realities facing those farmers, upon whom we all depend, because we eat that bread and drink that beer.

I thank the Chair.

Mr. CONRAD. Mr. President, I thank my colleague from New York. I am honored to serve with him on the Senate Finance Committee. My wife and I were just telling a colleague the other night that sometimes we have a chance to have dinner with the Senator from New York, and we always feel that it is a privilege because it is like a seminar. There are very few people that have the knowledge bank of the senior Senator from New York. It is an honor to be able to serve with him on the Finance Committee. He has reminded me on more than one occasion that New York is a major agricultural, producing State as well.

I just say to my colleague that our experience with the changes that were made, in terms of eliminating a disaster program for agriculture, is a very bitter pill because now we are experiencing the disaster. The only assistance is low-interest loans. When you have persons that aren't cash flowing, to say that the only help we can extend to you is for you to go deeper into debt, that doesn't seem like much in the way of a helping hand. And it is so totally opposite to what we experienced last year with those extraordinary natural disasters that I think it is important to bring it to the attention of my colleagues. This year we are about to lose—in North Dakota alone—10 percent of the farmers. In one year. And next year will be far worse, unless we take action.

I thank my colleague from New York.

Mr. MOYNIHAN. Mr. President, I will add a historical note here because it suggests the global reach of what might seem to be local problems. I think it is widely agreed that it was the arrival of wheat from western New York in Liverpool through the Erie Canal that led to the repeal of what the British called the "corn laws"—the British use the term "corn"; we use the term "wheat"—which kept the tariffs on wheat so that the vast landlords could remain the vast landlords. American wheat was so much less expensive that the British decided to cease all that and become an industrial nation. And then two generations later, it was the arrival in the Baltic of wheat from North Dakota, South Dakota, and Kansas. The prices were such that the local, aristocratic, landed gentry of Prussia simply could not compete. The next thing you know, you have enormous emigration from that part of the world to the United States through Ellis Island. These are not small events.

The price of food is a very important matter. It is a tribute to American farmers that we don't think much about it any longer because it has become relatively stable. I can speak to the fact that when we began the War on Poverty, under President Johnson, we used as a measure the "city workers food basket", which was designed by the Department of Agriculture and measured what is necessary to raise a family of 4 in the city. We said a family needed 3 times that number. Well, this quickly became hopelessly out of date because the price of food kept going down. Now the price will go up. If those prices crash now, prices will rise later. The Senator is on to something important, and I thank him, as one Member of this body.

Mr. CONRAD. I thank the Senator from New York. Mr. President, I might conclude by saying that I was looking at the chart here. While North Dakota suffered a 98 percent reduction in farm income from 1996 to 1997, New York suffered a 44 percent reduction in farm income from 1996 to 1997, one of the worst

hit in the country. So North Dakota, unfortunately, leads the pack. We are at the top of the chart in terms of States losing farm income. Unfortunately, the State of New York is also in that top tier. In fact, they ranked fourth in terms of reduction and tied for third, actually, with 44 percent reduction in farm income. So I am certain the producers in your State are suffering as well. We have had the double whammy—not only of low prices, but low prices coupled with this unprecedented outbreak of disease. That is creating a crisis and we simply must respond. I thank the Chair and yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ENZI). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed for debate only to the consideration of H.R. 2676, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2676) to amend the Internal Revenue Code of 1986 to restructure and reform the Internal Revenue Service, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Finance, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) *SHORT TITLE.*—This Act may be cited as the "Internal Revenue Service Restructuring and Reform Act of 1998".

(b) *AMENDMENT OF 1986 CODE.*—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) *TABLE OF CONTENTS.*—The table of contents for this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.

TITLE I—REORGANIZATION OF STRUCTURE AND MANAGEMENT OF THE INTERNAL REVENUE SERVICE

Subtitle A—Reorganization of the Internal Revenue Service

Sec. 1001. Reorganization of the Internal Revenue Service.

Sec. 1002. IRS mission to focus on taxpayers' needs.

Subtitle B—Executive Branch Governance and Senior Management

Sec. 1101. Internal Revenue Service Oversight Board.

Sec. 1102. Commissioner of Internal Revenue; other officials.

Sec. 1103. Treasury Inspector General for Tax Administration.

Sec. 1104. Other personnel.

Sec. 1105. Prohibition on executive branch influence over taxpayer audits and other investigations.

Subtitle C—Personnel Flexibilities

Sec. 1201. Improvements in personnel flexibilities.

Sec. 1202. Voluntary separation incentive payments.

Sec. 1203. Termination of employment for misconduct.

Sec. 1204. Basis for evaluation of Internal Revenue Service employees.

Sec. 1205. Employee training program.

TITLE II—ELECTRONIC FILING

Sec. 2001. Electronic filing of tax and information returns.

Sec. 2002. Due date for certain information returns.

Sec. 2003. Paperless electronic filing.

Sec. 2004. Return-free tax system.

Sec. 2005. Access to account information.

TITLE III—TAXPAYER PROTECTION AND RIGHTS

Sec. 3000. Short title.

Subtitle A—Burden of Proof

Sec. 3001. Burden of proof.

Subtitle B—Proceedings by Taxpayers

Sec. 3101. Expansion of authority to award costs and certain fees.

Sec. 3102. Civil damages for collection actions.

Sec. 3103. Increase in size of cases permitted on small case calendar.

Sec. 3104. Expansion of Tax Court jurisdiction to responsible person penalties.

Sec. 3105. Actions for refund with respect to certain estates which have elected the installment method of payment.

Sec. 3106. Tax Court jurisdiction to review adverse IRS determination of tax-exempt status of bond issue.

Sec. 3107. Civil action for release of erroneous lien.

Subtitle C—Relief for Innocent Spouses and for Taxpayers Unable To Manage Their Financial Affairs Due to Disabilities

Sec. 3201. Spousal election to limit joint and several liability on joint return.

Sec. 3202. Suspension of statute of limitations on filing refund claims during periods of disability.

Subtitle D—Provisions Relating to Interest and Penalties

Sec. 3301. Elimination of interest rate differential on overlapping periods of interest on income tax overpayments and underpayments.

Sec. 3302. Increase in overpayment rate payable to taxpayers other than corporations.

Sec. 3303. Elimination of penalty on individual's failure to pay for months during period of installment agreement.

Sec. 3304. Mitigation of failure to deposit penalty.

Sec. 3305. Suspension of interest and certain penalties where Secretary fails to contact individual taxpayer.

Sec. 3306. Procedural requirements for imposition of penalties and additions to tax.

Sec. 3307. Personal delivery of notice of penalty under section 6672.

Sec. 3308. Notice of interest charges.

Subtitle E—Protections for Taxpayers Subject to Audit or Collection Activities

PART I—DUE PROCESS

Sec. 3401. Due process in IRS collection actions.

PART II—EXAMINATION ACTIVITIES

Sec. 3411. Uniform application of confidentiality privilege to taxpayer communications with federally authorized practitioners.