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*131 Cong Rec H 8114*

**REFERENCE:** Vol. 131 No. 127

**MESSAGE:** The TEXT of this document exceeds 10,000 lines.

**TITLE:** FOOD SECURITY ACT OF 1985

**SPEAKER:** Mr. ANDERSON; Mr. BEDELL; Mr. BENNETT; Mrs. BENTLEY; Mr. BEREUTER; Mr. BIAGGI; Mrs. BOGGS; Mr. BONKER; Mr. BORSKI; Mrs. BOXER; Mr. BROWN of California; Mr. BROWN of Colorado; Mr. BROYHILL; Mr. CHAIRMAN; Mr. COELHO; Mr. COLEMAN of Missouri; Mr. COMBEST; Mr. CONTE; Mr. DAUB; Mr. de la GARZA; Mr. de le GARZA; Mr. DICKINSON; Mr. DORGAN of North Dakota; Mr. DURBIN; Mr. EMERSON; Mr. ENGLISH; Mr. FIELDS; Mr. FOLEY; Mr. FOWLER; Mr. FRANKLIN; Mr. FUQUA; Mr. GAYDOS; Mr. GILMAN; Mr. GLICKMAN; Mr. HATCHER; Mr. HEFNER; Mr. HOPKINS; Mr. HUCKABY; Mr. HUNTER; Mr. KOLTER; Mr. LATTA; Mr. LEACH of Iowa; Mr. LENT; MR. LEWIS OF CALIFORNIA; Mr. LEWIS of Florida; Mr. LIGHTFOOT; Mr. LUNDINE; Mr. MADIGAN; MR. MANTON; Mr. McCURDY; Ms. MIKULSKI; Mr. MILLER of Washington; Mr. NIELSON of Utah; Ms. OAKAR; Mr. OBERSTAR; Mr. PANETTA; Mr. PARRIS; Mr. PENNY; Mr. PEPPER; Mr. QUILLEN; Mr. RAY; Mr. ROBERTS; Mr. ROGERS; Mr. ROSE; Mr. ROTH; Mrs. ROUKEMA; Mr. ROWLAND of Georgia; Mr. SCHUETTE; Mr. SHELBY; Mr. SISISKY; Mr. SMITH of Iowa; Mrs. SMITH of Nebraska; Mr. SNYDER; Mr. STALLINGS; Mr. STANGELAND; Mr. STENHOLM; Mr. VALENTINE; Mr. VENTO; Mr. VOLKMER; Mr. WATKINS; Mr. WEAVER; Mr. YOUNG of Alaska

**TEXT:** Text that appears in UPPER CASE identifies statements or insertions which are not spoken by a Member of the House on the floor.

The SPEAKER. Pursuant to House Resolution 267 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 2100.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, with Mr. Bonior of Michigan in the chair.

The Clerk read the title of the bill.

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The CHAIRMAN. When the Committee of the Whole House rose on Wednesday, October 2, title VA was open for amendment at any point to amendments printed in the Congressional Record before September 24, 1985, and pending was an amendment offered by the gentleman from Illinois [Mr. Madigan] on which debate had been limited to 1 hour, to be equally divided and controlled by the gentleman from Texas [Mr. de la Garza] and the gentleman from Illinois [Mr. Madigan].

The Chair recognizes the gentleman from Texas [Mr. de la Garza].

Mr. de la GARZA Mr. Chairman, I yield 4 minutes to the gentleman from Minnesota [Mr. Penny].

(Mr. PENNY asked and was given permission to revise and extend his remarks.)

Mr. PENNY. Mr. Chairman, this is our last opportunity to vote for a better price for farm commodities. If we adopt the Madigan amendment, we are telling farmers across America that this farm bill will not give you an opportunity to improve farm commodity prices. For those who argue that we ought to strike the Bedell provision what they are really arguing is for us to continue the same farm program for the next several years. What they are really arguing is for us to lower farm income. What they are really arguing is for us to say that there is nothing we are going to do to stop the departure from agriculture of 200,000 to 500,000 farmers across the United States of America.

The Bedell referendum plan is the last element in this farm bill that gives grain producers a chance to vote for a better price for their grain commodities. If we vote this down, there is no alternative. Keep that in mind.

Those who are asking us to strike this provision from the bill are not offering an alternative that does a better job of providing a price for agriculture. They are here to tell us that we should strike this and then leave the same old stuff in place for the next 5 years. If the same old stuff was working, we would not have monumental farm debt out there in farm country! It is not working. If we strike the Bedell program, we tell folks that deterioration of our farm economy is going to continue for the next several years.

Mr. BROWN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. PENNY. I yield to the gentleman from Colorado.

Mr. BROWN of Colorado. The gentleman might want to look at the other amendments that are in the Record, because there are alternatives offered that do not run into the major problems that I think this amendment offers.

Mr. PENNY. The amendment would provide for a better farm price. I think I might concur that there are alternatives available to us. But to my knowledge the amendments do not improve farm income as this amendment would. They do not improve farm income as the Stangeland-Glickman approach would have. Any alternative that is left to us if we strike Bedell from the bill leaves us with a lower income for farmers, a lower price.

Mr. BROWN of Colorado. I would just submit to the gentleman that the way this bill is structured now, it would eliminate most livestock feeding in the gentleman's State and transfer it across the border to Canada. If that is an assistance to agriculture in anybody's book, I cannot believe it.

I ask the gentleman to take a look at the economics of this bill, because it will significantly reduce livestock feeding in his State. The bill will reduce the price of feeder cattle and calves. Farmer-feeders will face much higher cost for feed ground or mixed off the farm.

Mr. PENNY. If I might respond, livestock producers in my State would have an opportunity under this approach to continue to grow their grain and to feed it to their livestock. They are not, as some livestock producers are in other regions of the Nation, buying large quantities of grain or feed for consumption on their farm. We do not have major livestock factories in southern Minnesota. We are not there with such a large herd that we have to go out and buy our

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grain, for the most part, to feed our livestock. Our farmers could, under the provisions of this program, produce for consumption on the farm, and that is not going to be a detriment to them. So livestock producers in Minnesota are going to find that this program will get better grain prices but will not be a detriment to the livestock industry. It may be a detriment to the biggest livestock operations in America, but I do not think we ought to be about the business of promoting that kind of agriculture.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. Latta].

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Chairman, I had the extreme pleasure of serving on the Committee on Agriculture when I first came to this Congress, and that was before the chairman or the ranking minority member came to the committee. I have heard this two-price system that we now have before us debated many, many times, and it was always turned down, for the very same reasons. So I take this time to point them out, with an inquiry and a colloquy with the ranking minority member, whose amendment must pass -- and I emphasize that: whose amendment must pass -- or we could very conceivably have a two-price system for agriculture in this country that we have not adopted these many years.

Let me start by asking the gentleman who proposes the amendment, the ranking minority member on the committee, what this two-price system actually means to, say, U.S. consumers versus foreign consumers of our U.S.-produced corn and feed grains? Does it mean higher prices for American consumers versus lower prices for, say, a consumer in the Soviet Union?

Mr. MADIGAN. The gentleman is correct that our grain exports would be subsidized so as to sell lower in the world market, whether that was the Soviet Union, Canada, Mexico, wherever. The price of our subsidized grain selling in those markets would be less than the mandated price in the domestic market.

Mr. LATTA. So the gentleman is saying that even though we are going to be producing this grain, that our consumers across the country would have to pay a higher price than the people who would be purchasing it offshore?

Mr. MADIGAN. That is correct.

Mr. LATTA. Well, that is going to be very hard to explain, and it was pretty hard to explain when I was on the Committee on Agriculture when these things came up, that we would have a situation like this.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. LATTA. No, I cannot yield now. The gentleman knows what is in his amendment, and so do I.

Mr. BEDELL. I do not think the gentleman does.

Mr. LATTA. I do not yield to the gentleman at this time. I will be happy to yield to him if he has something to say, but not at this time.

Let me proceed. I can remember when I was on the Committee on Agriculture that we had a wheat program my farmers could not and did not support. Incidentally, I happen to represent what I think is the best agricultural district in the State of Ohio, we have a lot of farmers, and they are hurting financially and we must do something about it. Whether or not this is what we want to do about it is the question. Back in those days farmers had to carry a little card around in their pockets to indicate he was authorized to sell his own wheat. There was a great deal of aggravation and unhappiness with this program. It was so restrictive that a chicken farmer in Michigan sold out and went to Australia because of it.

Now, I am going to ask the gentleman whether or not we are going to have a certificate-type plan where you have to have certificates to sell grain in our domestic market versus the foreign market which we will be subsidizing?

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Mr. MADIGAN. If the gentleman will yield, if a person participates in the program, they would get a marketing certificate which would allow them to sell in the domestic market. If they choose not to participate in the program, they could still grow a commodity but they could not sell it in the United States. They would either have to consume it on their farm or find a way to sell it outside the United States themselves.

Mr. LATTA. So they would still have to produce a certificate in order to sell their grain domestically.

Let me just ask another question, because it has been brought up here by the previous speaker that you could still produce if this bill passed as is, without the gentleman's amendment, they could still produce for livestock raised on your own land to feed to your own livestock.

But let me ask the gentleman whether or not these large cattle yards would be able to purchase the lower-priced feed to feed to their cattle that foreign competitors would be able to purchase?

Mr. MADIGAN. No. The gentleman is touching on the objection of the gentleman from Colorado [Mr. Brown] and others, that if you were not able to grow as much as you needed for your hogs or your cattle or whatever, you would be obliged to buy the higher priced U.S. grain which would be selling to your Canadian competitor for less money in Canada than you would have to pay for it in the United States. The gentleman is correct.

Mr. LATTA. Everybody knows that we have had a problem with the importation of pork from Canada. Does the gentleman mean to tell me that under this program Canadians would be able to buy the cheaper exported grain to feed to their hogs and ship these hogs produced with cheaper feed into the United States.

Mr. MADIGAN. If the gentleman will yield, I will soon have to reclaim the time for other speakers, but the gentleman is correct, and that is one of the objections being raised by the Department of Agriculture, one of the objections being raised by the pork producers, by the livestock industry and by others, and it is also an objection that was raised yesterday in a letter addressed to me from the U.S. Trade Representative.

Mr. LATTA. I have one further question. May I ask the gentleman about the vote by which this amendment came out of the committee? Was it a close vote, or was it overwhelming, after members had studied it?

Mr. MADIGAN. It was at one point in the committee defeated as a mandatory provision. It was brought back as a referendum provision, adopted by a 22 to 18 vote, with Members of both parties voting on both sides of the question.

Mr. LATTA. Was the vote 20 to 18?

Mr. MADIGAN. 22 to 18.

Mr. LATTA. 22 to 18. So it was not overwhelming. There was quite a split, politically, within the committee after members had studied it.

Mr. MADIGAN. On both sides.

Mr. LATTA. I thank the gentleman and in conclusion, I believe the committee should look at other ways to raise farm income. A good ethanol program would help. The Department of Agriculture estimates the export subsidies to be paid under this plan could reach \$10 billion. They could consider giving this export subsidy to the farmer rather than to an exporter.

Mr. MADIGAN. I thank the gentleman from Ohio.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. English].

(Mr. ENGLISH asked and was given permission to revise and extend his remarks.)

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Mr. ENGLISH. Mr. Chairman, I think that we probably have gone through the Bedell amendment to the point where most people have a good understanding of what the issues are that face us. There have been those who are opposed to this amendment and would seek to strike it from the legislation that have cited various instances as to why they do not think this legislation should be included and approved.

I would simply say that the place to make those arguments are to the farmers of this Nation. Let the farmers determine whether or not they feel that this particular approach is one that should be followed. That is the reason that the bill as it stands today provides the farmers with the options. It allows the farmers to decide. It allows the farmers to determine their own fate.

That is where those who do not favor this approach for one reason or another should be making the arguments.

I think that for this body to deny those farmers the opportunity to vote particularly during the times in which we are facing the most serious financial crisis since the Great Depression, I think would do a disservice to American agriculture, certainly to the American farmer, and I would dare say to the economy of this Nation in total. Because if the agriculture situation continues to deteriorate, and if we find ourselves in a position in which farmer income is reduced year after year through the life of this bill, there is no way that other segments of this Nation's economy are going to escape.

I would urge that this particular amendment be defeated.

Mr. MADIGAN. Mr. Chairman, I yield 4 minutes to the gentleman from Mississippi [Mr. Franklin].

(Mr. FRANKLIN asked and was given permission to revise and extend his remarks.)

Mr. FRANKLIN. I thank the ranking member on the committee for yielding me this time.

Mr. Chairman, I want to commend the chairman of the committee and all others for extending this debate on what I consider to be the most crucial issue of the 1985 farm bill.

Make no mistake about it, my colleagues, this vote that we will take very shortly is the crucial vote because it determines the philosophical approach that the United States of America is going to take toward agriculture for the next 5 years. That philosophical question boils down, really, to this: Are the farmers of this country going to be able to choose for themselves what they can plant on their land, how productive they need to be, or are they going to rely on the U.S. Government to mandate to them what they can and what they cannot do? That is the Bedell provisions that the Madigan amendment attacks, and I rise in strong support of the Madigan amendment.

I have heard it argued here throughout this debate that we need to take those farmers out in this country who are causing a problem and mandate that they come into the Government program and comply with that program. Now what that means, my fellow colleagues, is that to be efficient and to be productive in this country has now been termed to be bad, and that we have got to do something about that. Because there are those who argue that there are farmers in this country who by their efficiency of production are causing a problem and have to be reined in and mandated and controlled by the Government. That is what this amendment actually does.

I have to say to you, my colleagues, that we will change the philosophy toward ownership on the farm; we will change our philosophy toward the decision that individual farmer makes when he decides what he is going to do with the resources he has if we allow this particular provision to remain in the agriculture bill.

It has also been argued that we need higher farm income. I do not think that there is one Member of the Agriculture Committee or one Member of this great body who does not agree with that statement that we do need to have a higher farm income. The question is how do we do that?

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I do not think that we ought to bite into the shiny apple that the serpent offered to Eve and to allow that to happen through a referendum that promises all would be devastating in the outyears. You have heard the arguments over and over again that in the first year the amount of land that has to be set aside is somewhat limited. But in the outyears, 1987, 1988, 1989, the amount of land that would have to be set aside by the American farmer, mandatorily, where he would have no choice, is left to the discretion of the Secretary of Agriculture and would have to come into line with the amount of production we need in this country.

The Members also heard that the Department of Agriculture estimates in order to get that production in line that the set-asides would have to be upward of 40 or 50 percent in those outyears. My friends, the district that I represent is a rural district. It is 268 miles long and 150 miles wide. It does not have a big city in it. It is all rural, small town communities. Those rural, small town communities depend on agriculture almost totally for their survival. Not only the people who participate directly in agriculture, but all the subsidiary input industries, the feed, the seed suppliers, the fertilizer dealers, and the agricultural aviators. Even the barbers have to depend on the farm economy for their survival.

I urge my colleagues to vote for the Madigan amendment so that we can hopefully restore higher income to our American farmers.

Mr. de le GARZA. Mr. Chairman, I yield 5 minutes to the author of the amendment as it appears in the bill, the gentleman from Iowa [Mr. Bedell].

(Mr. BEDELL asked and was given permission to revise and extend his remarks.)

Mr. BEDELL. I thank the gentleman for yielding me this time.

Mr. Chairman, first of all, I want to commend the chairman and I want to commend the committee for the work they have done. I even want to commend the other side of the aisle. We do not agree on these issues, but thank God we live in a country where we can debate what we believe. I do not question their sincerity one bit.

Yesterday, the Governor of Iowa declared an economic emergency in Iowa. That is the first time that has been done since the Great Depression. Our committee has worked long and hard to try to fashion the best farm bill that we possibly could under the budget restraints that we face, and it has not been easy. I would like to see a better farm bill.

One of the provisions in that farm bill is the referendum. There are some misconceptions that I think need to be straightened out a little bit in regard to what that would do. One of them is that we would lose our exports. It is admitted by the Department that our exports will increase under the Bedell amendment if we keep it in the bill, compared to if we lose it.

It is said that we would cause tremendous set-asides. The fact is that your set-asides are primarily dependent upon your exports, and if we are going to have the strongest export program we possibly can have, certainly we are doing everything we can to limit our exports.

It is said that it would be devastating to livestock producers. Actually, we are going to have corn at \$3.25. The average price in next year's dollars of corn over the past 10 years has been \$3.51. Somebody tell me how by lowering the price from what it has been over the last 10 years, we are going to devastate an industry. My people would tell you that cheap corn is cheap cattle. I believe that. I believe that is correct. We have got a chart here to show what has generally happened with corn prices and cattle prices. Clearly, as corn prices have gone up, cattle prices have gone up.

Sure, the gentleman from California represents a tremendously big commercial feedlot; they are taking the work away from our farmers because the cattle are moving there. They are moving there partly because of the special tax breaks we have given them, and they are moving there partly because we are selling them corn cheaper than it costs our own feeders to raise that corn. I do not think that is what we want to do for our farmers.

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Mr. BROWN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I will not yield. I only have a limited amount of time.

Mr. Chairman, there are three sources farmers have for income. One of them is the domestic market. Another is the foreign market. Another one is the Government. We are going to give them less money from the Government; we said that in our budget. Foreign markets are in a disaster. Farmers are going to get less money from the foreign markets -- no question. The only thing that is left is the domestic market. All the provisions we have say we are going to lower loan rates and lower domestic prices and lower that source of income.

Now, it may be all right to do that in some areas of the country, but let me tell you, in Iowa, for us to come out of this body saying we are going to lower farm income of all three sources of income to farmers is not what I think they expect this Congress to do.

Mr. Chairman, whenever anybody proposes something different, there are always those people who say it will not work, and it will not work for this reason; they can always find a million reasons why it will not work. I understand that and I do not doubt the sincerity of those people.

But, Mr. Chairman, I think we need to look at the alternative. Agriculture is in trouble today. Without the referendum, the bill would simply continue the present program except that it would lower farm income from where it is under the present program.

Somebody said that this is a philosophical approach. That is exactly right. This is a philosophical approach, and the question is, Are we going to continue with the program we have had, with the problems we have in agriculture, or are we going to say that we think maybe farmers ought to have a chance to vote to try to help themselves have a program that would cost the taxpayers less money and would help us to solve our problem?

Let us not forget that it still would not take effect unless 60 percent of the farmers said that is what they want. When New York City was in trouble, I voted to help them out even though it might cost us some money. The same with Chrysler.

Mr. Chairman, we are one Nation. We are now simply asking to give farmers a chance to vote on whether or not they prefer a different farm policy -- one, I repeat, that would reduce Government cost. I plead with the Members at this time, with the problems that we have in our rural areas, not to turn their backs. Give farmers this one opportunity to at least have an opportunity to vote as to whether or not we will have a better program for farmers.

Mr. Chairman, I urge Members to stay with the committee bill. I urge them not to turn their backs on the farmers and knock out the one opportunity we have to try to help agriculture in these most difficult times.

Mr. BROWN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Colorado.

Mr. BROWN of Colorado. The gentleman made reference to whom I represent. I do not have time yet, and I hope to get some, but very briefly the gentleman's representation of who I represent is not accurate, and I would be glad to fill the gentleman in on that.

Mr. BEDELL. Does the gentleman not represent the Monford feeders?

Mr. BROWN of California. I represent the eastern part of Colorado, not California, and if the gentleman would grant me time, I would be happy to explain why his bill harms Iowa livestockmen and hurts his farmers.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. Bedell] has expired.

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Mr. MADIGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. Roberts]

(Mr. ROBERTS asked and was given permission to revise and extend his remarks.)

Mr. ROBERTS. Mr. Chairman, first, if New York City or the State of Massachusetts were in the kind of trouble that we are experiencing in farm country we would be debating this issue for months. I must tell my colleagues that I bitterly resent this farm bill being debated under strict time limits. My people are going through extreme hardship and adversity, and I have 5 minutes to debate the bill that will affect their daily lives and pocketbooks perhaps more than any other provision. I bitterly resent that.

Throughout this effort I have felt that a referendum on a workable policy alternative was a goal we should explore fully. But I also believe it is absolutely crucial that farmers and ranchers know what we have to live with once the speeches are over. The times are such in farm country we cannot afford a stump speech or cotton candy referendum. We have to determine as best we can what the producer has to live with in black and white when he signs up at the local ASCS office. If we are to have a mandatory program of supply management, it cannot in my judgment be mandatory for some and voluntary for others. Given the interrelationship between cotton, rice, and especially soybeans, a mandatory program on only two commodities -- wheat and feed grains -- will eventually lead to all sorts of planting and cropping aberrations.

Now I know the gentleman from Iowa has frozen the current acreage base so that that will not happen. That too will lead to distortions and the loss of individual cropping freedom, not to mention the complete undoing of acreage base reform as sponsored by the gentleman from Texas [Mr. Stenhom] and myself.

This program provides for a loan rate for wheat at \$4.50 a bushel. Now that is only 12 cents above the current target price. We are asking producers to live with an entirely different marketing system for only 12 cents. And if you discount the storage cost, it goes down from \$4.50 to \$4.30; that is 8 cents below the current target price. If we are going to embrace a program of strict supply management in order to guarantee a fair price, then we should be paying farmers some parity prices. That loan should be at 90 percent of parity if we go down this road.

Now the amount of ground that the farmer would have to set aside in order to qualify for that \$4.50 loan is 30 percent the first year, and then up to the discretion of the Secretary in the remaining years. And the Secretary tells me that that set-aside in order to balance the supply and demand would be near 50 percent of the farmer's acreage base. The gentleman from Iowa [Mr. Bedell] says that is not true, he disagrees, it is not that much, that with mandated export subsidies that the USDA is wrong. I would only point out that if export demand follows our current projections, we will be taking under loan mountains of grain, more mountains of grain, with a corresponding cost. In this case we have a real difference of opinion to say the least.

A real problem occurs in allowing one sector of our agriculture economy to impose burdens on another sector. Farmer feeders who cannot feed their own grain on the farm are in a much different situation than anyone else in the feeding business who will have to purchase their feed at the higher price. I suspect that, really given the comparative advantage our feedlots in Kansas have gained in recent years, in comparison to the gentleman's home State, this bill could be called the Iowa Feedlot Restoration Act of 1985.

The USDA estimates that if this provision becomes law, there will be a 14-percent decline in the red meat industry. Again I know that the gentleman from Iowa [Mr. Bedell] disagrees, but that is the estimate. If that is the case, then this bill's theme song will be "Mamas, Don't Let Your Babies Grow Up To Be Cowboys."

Now, suppose in a farm family we have one youngster working down at the commercial feedlot, another is in the local implement dealership, and another is on the home place. One youngster would be getting a \$4.50 loan -- he deserves more than that really -- minus the storage. But that legislated price may be at the expense of his other two brothers. If this legislation has a pocketbook impact on the livestock industry, then our cowboys at least ought to have a right to vote.

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In this provision we mandate the Secretary of Agriculture to match unfair trading practices with our surplus grain or with payments. How does the Secretary do this? Well, we do not tell him how or at what cost; we just say, "Do it, Mr. Secretary." And we have the CBO, the Congressional Budget Office, to say that it will cost less money.

Now, the gentleman from Iowa [Mr. Bedell] has emphasized that the USDA is wrong, and others have said CBO is vague to say the least. Let us try "PRE" -- that is the Pat Roberts estimate. We have 1.8 billion bushels of wheat in surplus. The world price is estimated to be as low as \$2 a bushel. Take the difference between that price and the \$4.50 loan rate, and we have a subsidy cost of at least \$2.6 billion for wheat. The "PRE" does not include corn. What we have proposed, then, is to take that \$4.50 grain under loan in the front door and then mandate to the Secretary of Agriculture to kick that same surplus out the back door.

I have not even touched on the proposition that we can somehow impose section 22 authority to impose a 50-percent tariff on imports of all grain products coming into this country. But even those sanctions would not be sufficient. If the world price for wheat stood at \$2.50, a 50-percent tariff would price foreign wheat at \$3.75, and that is still below the loan level in this bill.

Let's talk about something not mentioned before during the debate, enforcement. These certificates will have to be handled by every processor, flour miller, baker, or anyone who buys grain domestically. Keeping track and making sure that fraud and abuse is kept to a minimum will be a real burden to the USDA.

Say you are a farmer feeder and you generally purchase grain from your neighbor to guarantee your feed supply. Home grown is your cost of production. More than home grown is \$4.50. Haul a load of grain at a handshake price with your neighbor and you are subject to a civil penalty in an amount three times the loan rate and your acreage base is reduced for next year. Who enforces this and at what cost? It's not spelled out.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. Roberts] has expired.

Mr. ROBERTS. Mr. Chairman, I would ask my leader for 1 additional minute.

Mr. MADIGAN. Mr. Chairman, I have very little time remaining, but since the gentleman from Missouri [Mr. Emerson] has indicated he will not need all of his time, I do yield 1 additional minute to the gentleman from Kansas [Mr. Roberts].

Mr. ROBERTS. Mr. Chairman, I thank the gentleman, and I thank my colleague, the gentleman from Missouri.

I will not have time to go into all the additional points in regard to what I think the farmer would face at the ASCS office, but I want to talk a little bit about this referendum, or farmers and ranchers having a voice in their destiny. They did that when they elected us to do this job. If this is a good idea because we have not done our job well or late or because of differences of opinion, then it should also be a good idea in regard to the deficit or the proposed tax bill. Let the taxpayer decide every 2 years how much in taxes he is going to pay.

In earlier debate, the chairman of the committee, the gentleman from Texas [Mr. de la Garza] said the situation in farm country is so serious we cannot afford to gamble, that my marketing loan concept was too risky. The gentleman from Washington [Mr. Foley], the recognized godfather of the very best farm program legislation we have on the books, underscored the need for stability and predictability. If the marketing loan was unpredictable, this program is a virtual land mine. Where are those voices today?

It is not predictable. This referendum occurs every 2 years. Can we see a referendum every 2 years, given the adversity we are going through and the strong differences of opinion all throughout farm country on what we need to do?

At least, if the farmer would vote the program in we should keep it intact for 4 years. But that is not the point. The

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point is that every Member of this House knows full well the President is going to veto this bill if Mr. Bedell's referendum is included. Democrat members have stated in public, that different agriculture interests need not worry, that the referendum will be dropped in conference.

So, you see you don't have to answer the tough questions I have raised. But the farmer would have to live with them. We don't even have to vote on the proposed program. We only vote on the referendum. Why not a truth in referendum. Vote on the program, up or down. But, that will not be the case.

In closing, I thank the gentleman from Iowa. He has offered his program in good faith. We both share concern and fear regarding what is happening to our people. But, in the case of the gentleman's proposition, I fear this is not an expedition that will open up new frontiers of price and profit but a referendum that will lead us into a box canyon with no way out.

Mr. Chairman, I urge my colleagues to vote for the Madigan motion.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. Roberts] has expired.

Mr. de la GARZA. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. Rose].

Mr. ROSE. Mr. Chairman, I thank the gentleman for yielding me this time.

We have just heard two of the most sincere and intelligent Members of this body express entirely opposing views on a very controversial piece of legislation. As a member of the Committee on Agriculture, I watched the Bedell amendment take effect and shape and finally come to be marginally adopted by the Agriculture Committee. It did not win by any landslide, nobody has been here to say that, but it did represent the hard work and the thinking of a great number of our colleagues who thought this was something that was worth trying.

I am always saying, "If it ain't broke, don't fix it." I say that about the programs from my area. But something is clearly broke in the area that this amendment addresses, and I would in all sincerity urge that my colleagues in the House give the Bedell provision a chance and vote down the Madigan amendment.

Mr. MADIGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. Emerson].

(Mr. EMERSON asked and was given permission to revise and extend his remarks.)

Mr. EMERSON. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois [Mr. Madigan] to strike the Bedell mandatory certificate program. I also want to associate myself with the remarks of the able ranking minority member of the Committee on Agriculture and all that he has said about this proposal. The gentleman is absolutely correct, in my view.

This particular option of the Bedell language, however attractive it might appear at first glance, would be devastating to the agriculture economy. Now, that is what my farmers tell me. Sure, it will increase income to producers on the acres they produce, but they will be planting on a greatly reduced number of acres. More money on a smaller production base is not the answer and really does not provide more income overall, as the proponents of Bedell argue.

Additionally, the farm community, quite realistically, includes more than just wheat and corn farmers. Seed, fertilizer, and implement dealers are a part of that community, too. So are red meat producers. So are the producers of a myriad of other commodities.

If this program is enacted, the large reductions in corn and wheat production necessary to make this program work would be financially disastrous to this other group that is so affected by farm policy. If these businesses leave the rural community, they take with them jobs, tax bases, and services vital to rural America.

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If Members do not want to believe me on that subject or if they do not want to believe my farmers, the Des Moines Register, a highly respected newspaper in the State of Iowa, from whence comes the author of the language we are seeking to strike, says so itself, and I wish to quote from an editorial in that newspaper. Granted this newspaper is referring to the proposal offered by the gentleman from Iowa who serves in the other body. The gentleman from Iowa who serves in this body says that they are two different proposals, but there are great similarities in the two proposals, and in that regard I wish to include a comparison of the two proposals:

#### SIMILARITIES BETWEEN BEDELL AND HARKIN/ALEXANDER

Both mandatory control programs. The Bedell provisions are a back-door mandatory control program. The name may be different -- National Marketing Certificate Program -- but the intent is the same: anyone who doesn't comply with its "mandatory controls" could not sell in the U.S.

Both include producer referendums. A producer regardless of size gets one vote. Some producers have a much greater stake in this mandatory/voluntary control decision than other producers and this degree of interest is not reflected in the referendum in Bedell.

Both harm the export market for agricultural commodities. Neither program contains any export promotion programs. This is not surprising because it would be impossible to promote the sale of \$4.50 or \$5.00 wheat in export markets.

Both would require subsidies of \$5-\$7 billion each year to maintain exports at a constant level.

Given the level of the loan rates in both proposals, there is little question that the government will eventually assume ownership of all output which can't be sold domestically.

Similar implications for the livestock industry -- the other half of agriculture: Feed costs will rise, livestock producers (beef, pork, poultry) have no vote in either referendum.

I will quote from the editorial in the Des Moines Register, as follows:

Psst. Hey, you on the combine. How about a guaranteed price for corn of \$3.60 a bushel? How about almost \$7 for soybeans. And it won't cost the taxpayers a thing.

Such a deal! No wonder Senator Tom Harkin's proposed farm bill is a hit among country singers. It's a quick, simple answer to farm problems, and it's temptingly different from existing law, which hasn't exactly brought prosperity to the Corn Belt.

Unfortunately, in concentrating on the single goal of raising commodity prices, some other things are sort of brushed over -- the rights of land owners, higher food prices, possible devastation of the livestock industry, the withdrawal of U.S. agriculture from world markets.

The proposal is to raise commodity prices by limiting production. That would be done with mandatory acreage reductions, if a 60-percent majority of producers approved in a referendum. For the minority whose operations might be imperiled by acreage reductions -- too bad.

To maintain the price levels envisioned, the legislation would necessitate that about 30 percent of the corn acreage and 40 percent of the soybean acreage be idled. It would be like PIK every year. A third of rural America would be shut down, permanently.

Not many farmers would be content operating at 30 percent under capacity for long. The legislation would be an incentive for farms to get bigger.

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The most basic problem is the difficulty in maintaining a domestic price for commodities that is substantially above the world market price.

Aside from forfeiting the export market and destroying export-related jobs, there would be a tendency for livestock and poultry production to shift abroad, where feed costs would be lower.

Either that or the domestic livestock industry would have to be protected. One protectionist measure would lead to another.

There also would be an incentive for livestock producers to switch to alternative feed sources, just as the soft-drink industry switched from sugar to corn syrup when price supports forced U.S. sugar prices substantially above world prices. What would high corn price supports do to the economics of corn syrup? Of corn-based ethanol?

Along with the question of freedom of choice vs. mandatory production controls, the plan has too many unexplored side effects. It could create as many problems as it solved.

The clincher is to look at existing programs, such as those for sugar and tobacco, that feature high price supports and mandatory production controls.

Harkin's legislation is billed as the way to save the family farm, but existing programs like it tend to work mostly to the advantage of landlords or big operators.

There aren't any easy solutions to big, complex problems.

Mr. de la GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. Volkmer].

(Mr. VOLKMER asked and was given permission to revise and extend his remarks.)

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I think it ought to be pointed out that that same Des Moines Register to which the gentleman referred ran a poll, and their poll in the State of Iowa showed that by a 2-to-1 margin Iowa farmers preferred a mandatory program as compared to what is now in the bill.

Mr. VOLKMER. Mr. Chairman, I thank the gentleman from Iowa for that observation.

I would just like to say to the House that it has been my pleasure to work with the gentleman from Iowa [Mr. Bedell] on the incorporation of this provision in the farm bill, and I strongly urge all Members to vote against the Madigan amendment. I, for one, would have much preferred to have the mandatory program that I had offered as an amendment. The program of the gentleman from Iowa that is in the bill is really a compromise. It is a compromise between what is in the bill as present law and what some of us feel would have been much better for agriculture, that is, higher prices for reduced production.

We were unable to get that. This is something that perhaps we can take back to our farmers and say, "Look, we have at least got you a little bit higher price."

The provisions in the present bill do not provide for higher income; in fact, they are lower cash prices each year for the next 4 years. The Bedell amendment would provide a stabilized higher income for farmers.

I say let the farmers decide. Let them have a choice. That is all we are asking, that the farmers have a choice whether they want to go for reduced production and higher income -- higher net income, if you figure it out -- or all-out

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production, as the administration has proposed, at lower prices.

Now the gentleman who has offered the amendment to strike is the same gentleman who offered H.R. 1420 to the House Agriculture Committee which was the administration proposal. Under that proposal, which is basically the Barney Frank amendment on target prices that this House overwhelmingly rejected, the administration had proposed that farm income go down each year dramatically, at least 10 percent a year, until by the end of 4 years we had a market clearing price. What is a market clearing price? Four dollars for beans is what they want. How much for corn? Less than \$2 is what they want. How much for wheat? Around \$2.25.

How many farmers will we have? We will clear the market maybe of some of our commodities, but we are going to clear this country of a lot more farmers unless we have the Bedell amendment and give the option to the farmers to vote on it.

If we had followed this administration, and if we follow the gentleman from Illinois, we are going to have about 50 percent fewer farmers in this country at the end of the next 4-year period.

Mr. Chairman, before I yield back the balance of my time, I would like to emphasize that for those who are budget conscious, the Bedell amendment saves more on the budget than what is in the bill than any other program.

Mr. Chairman, I yield back the balance of my time.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota [Mr. Stangeland].

(Mr. STANGELAND asked and was given permission to revise and extend his remarks.)

Mr. STANGELAND. Mr. Chairman, I rise in support of the Madigan amendment.

First, let me say that no Member is more aware of the current agricultural crisis because I am one of the few Members of this body who came to Congress as a hands-on, practicing family farmer.

I have good friends who I know are just as sincere in their convictions and who support a mandatory controls referendum. Many of them worked very closely with me and strongly supported my "marketing loan" amendment with deficiency payments "targeted" to family-sized farms -- Mr. Dorgan of North Dakota, Mr. Penny of Minnesota, Mr. Daschle of South Dakota, and Mr. Glickman of Kansas, just to name a few.

I deeply respect each of these Members' convictions and intentions. But I must sincerely disagree with them that the answer to our problems rests with mandatory Government controls.

We must not seek what may seem a tempting, short-term fix that in truth will destroy all future hope and opportunity for America's family farmers.

The debate on the 1985 farm bill was launched over 6 months ago with the release of the administration's proposed farm plan. I have vehemently opposed the administration's 1985 farm bill proposals because I believe they would be disastrous for my Minnesota producers and all of American agriculture.

But those who actually believe that we can turn our backs completely on the export market by implementing mandatory Government controls are pursuing just as narrow and shortsighted a course as the Reagan plan which assumes all of our problems can be solved by the export market.

Either one of these plans -- the administration's naive "free market" ideology and the mandatory control advocates' "no market" ideology -- would most certainly put American agriculture on a sure fire course for self-destruction.

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There is no question that strict mandatory production controls would ultimately raise farm prices. But would it be worth permanently retiring 50 percent of the richest cropland in the world? Saying goodbye to our hard-earned export markets? Dashing any hopes for significant market growth in the future? Adding American agriculture to the list of slowly dying U.S. industries that have already conceded defeat to foreign competition? I don't think so.

I wish I knew for sure just what these proposed mandatory controls would mean for our farmers. For instance, I have seen conservative estimates showing that 5 years of 40 to 45 percent mandatory set-asides for wheat would still not permit us to reach a desired level of ending stocks. Yet the authors of mandatory control programs in the House Agriculture Committee argue that 35 percent set-asides will be sufficient. And believe it or not, I've got people back in my home State of Minnesota who actually tell farmers they will only have 15 percent set-asides.

Who am I to believe? More to the point, who should my farmers believe? Is it 15, 35, or more than 50 percent of their farmland that my producers are going to be forced, by law, to lay idle for the next 5 years and beyond?

Regarding exports, the mandatory controls approach raises even more questions. On the one hand, I hear the authors in the Agriculture Committee admit that mandatory controls would guarantee our farmers the role of residual supplier in the world market. In other words, every foreign buyer would first go to Argentina, Australia, Canada, France, and anyone else with grain to sell, and only then -- after they had exhausted every other possible source -- would they turn to the United States to satisfy any remaining grain needs. Yet even though some are forthcoming enough to admit their proposal would make America's farmers the world's residual supplier, there are people in Minnesota telling my farmers that -- believe it or not -- our exports would not be affected due to Government subsidies.

Don't they realize we already have a "bonus bushel" program in place that, so far, has proven more of an embarrassment than a cureall? Even if it could be made to work, how long will the American people put up with the Government subsidizing grain so it is cheaper in Moscow than Minneapolis? How long will farmers be content to see the Government operate a farm program that devotes billions of dollars in subsidies for Cargill, or the Soviet Union, or any other exporter or foreign buyer?

The fact of the matter is that once we go the route of mandatory Government controls in agriculture there is no turning back. There are hundreds of millions of acres of potential cropland in Argentina and Brazil that is just waiting to go into production should we foolishly try to artificially price ourselves out of the export market. Once these acres begin to be cropped they will be permanent, and this additional production from Argentina, Brazil, and other countries will perpetually displace our farmer's exports for decades into the future.

Make no mistake about it -- going the route of mandatory controls for just 1 year would do more damage to our farmers' future export opportunities than all past agricultural embargoes combined. Members of both political parties have often spoke about the long-term damage previous embargoes have done to our reputation as a reliable supplier. We repeatedly cite the historical evidence showing how the Soviet Union, Japan, and others channeled their purchases and agricultural investments to other food-selling nations for one reason -- because our credibility as a reliable supplier had been impaired. What do the proponents of mandatory controls honestly think our export customers will do when we deliberately step away from the export market and convert American agriculture into a strictly domestic industry? By the time we calculate the amount of foreign capital that will begin flowing into the cultivation of additional land in Argentina, Brazil, and our other export competitors, our present share of the world export market will be an irretrievable memory of the past.

And to those who claim that the referendum contained in the committee bill is not mandatory, that sort of ridiculous analogy is like saying Jimmy Carter would have merely imposed a "voluntary" Soviet grain embargo had he allowed farmers to sell in the Soviet market but not in our own. There is no choice to be made by farmers under this program. As important as the export market is to U.S. grain farmers, by preventing them from selling one kernel in our own country if they choose to export, you have left them with no alternative but to abide by the mandatory restrictions handed down from Washington.

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I realize that much of the disagreement over the mandatory controls issue boils down to personal philosophy -- but I find it difficult to understand how the proponents of mandatory Government controls can place their total confidence in "pointy headed bureaucrats" in Washington dictating how farmers, by law, must manage their farming operations. In other words, do they really believe that the same Government which in the past has imposed embargoes, put foreign policy considerations ahead of agriculture, pursued high interest rate Federal Reserve Board policies, run up \$200 billion deficits, and created a burdensome overvalued dollar is now going to be trusted to solve all of agriculture's problems by dictating to Farmers: First, what crops they can plant; second, how much they can plant; third, the amount they can harvest; and fourth, where and to whom they can sell. To sincerely believe that the same Government responsible for screwing up American agriculture is now going to be suddenly transformed into the total salvation of our farmers is almost laughable, except that the true result of running American agriculture by Government fiat is enough to make all of us cry.

I am convinced that the imposition of mandatory Government controls would permanently condemn American agriculture to the same plight as the slowly dying U.S. industries that have already withdrawn and conceded defeat to foreign competition.

Farmers are not quitters. Most have had to fight for everything they've got. But they want to see our Government start implementing policies like the "marketing loan" that work for them when competing in the world market, instead of embargoes, an overvalued dollar, or mandatory controls, which only further jeopardize farm exports and work against the interest of family farmers and all of rural America.

Mr. MADIGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. Lightfoot].

(Mr. LIGHTFOOT asked and was given permission to revise and extend his remarks.)

Mr. LIGHTFOOT. Mr. Chairman, for a week now this body has been debating the merits of a variety of proposals for a new farm bill. This is by no means the beginning of the debate, but a culmination of months of sometimes agonizing negotiation, compromise and soul searching. This has been a long road where the continued problems on the farm serve as a constant reminder that the action we take here today, this week, must realistically and responsibly address these concerns. As happens with any attempt to respond to major problems, there are delays and there is the inertia of the system which prolongs a final decision. While this process has dragged on, the emotionalism of the issue has built along with it. In the past few weeks, we've seen people from the entertainment industry and others far removed from agriculture espouse the merits of this or that farm plan. Though I respect and appreciate the vital role they have played in getting the message across that this country's farm problems are real and widespread, they are simply not qualified to set the agenda for this farm bill debate. I would suggest to those entertainers who advocate a mandatory farm program to apply the same standards to their industry. How would it be if the United States dictated what bookings could be accepted, dictated that next year those bookings will be decreased by 40 percent and dictated what price they would receive for their work? I suggest that all the amplifiers at the Farmaid Concert would have clicked off.

I think, more than anything else, the strong emotions surrounding the farm crisis brings into sharp focus our responsibilities here -- to keep a cool head, and not to make bad decisions in the face of bad times. I think we're seeing a congressional response fueled by that emotion and I'm not convinced that this response is in the best interest of this country's farmers.

As a part of the Agriculture Committee's farm bill, we're being asked to approve a referendum where the country's farmers would be voting on mandatory controls in exchange for a guaranteed price for their feed grains. My first problem with this part of the bill -- and I have several -- is the contention that it is a voluntary program. I have to wonder how voluntary a decision it is when a choice not to participate would in effect be a choice to forfeit the ability to sell on the domestic market. A farmer couldn't even sell to his next door neighbor. I object not to the idea of a referendum, but to the consequences of this particular referendum. In the past, I've supported a number of referendums for corn, soybeans, beef, and pork. I will support more in the future.

The proposal also leaves a series of unanswered questions. For example, there is the suggestion that the plan will increase the value of our exports by some 15 percent. With many nations in the world already underselling us at current prices, I have heard no convincing argument to lead me to believe that this portion of the bill would do anything but aggravate this situation. By the same token, I challenge you to show me how American agriculture is to survive without a strong export market. This is not a risk we should be willing to take in times where our balance of trade stands at record deficits.

Nor do I believe that we should stand up here and pit one segment of the agricultural economy against the other. As we watch beef producers taking losses of over \$100 per head and more, we're seriously considering a plan which would guarantee a substantial increase in their production costs. Also, the Congressional Budget Office estimates that set-asides of corn acreage would have to reach 40 percent to maintain the prices in the Bedell section of the bill, seriously affecting farm equipment and fertilizer dealers, and the countless other rural business that are so essential to the agricultural equation.

On the issue of increased farm income, I've seen reports that on a 100-acre corn base at the average Iowa per acre land cost, this plan will actually yield less net income than our present program. Tell me this is an improvement. Even if there were to be a net gain in the first year of the program, as we continue in the succeeding years to cut back our production to meet the commodity surplus cap, how many farmers do you know that can survive on a 40-percent reduction of their productive capacity?

As I told you at the outset, I have listened to and participated in this debate for months. I have met regularly with every conceivable farm and commodity group and have heard their stories and positions. Some of them supported this proposal, many did not. I have the greatest respect and admiration for my colleague from Iowa, Mr. Bedell, and I know that he is doing what he feels is the best thing for the farmer in Iowa and in this country. I also appreciate the dedication and sincerity of the various groups participating in this debate. What I hear from them, what I hear from the Agriculture Committee, and what I hear from the farmers and mainstreet businesses in my district -- regardless of their position -- is do something, anything. They are absolutely right, and we must heed that call. But our responsibility is to do what is right, what most likely will create the circumstances under which our agricultural economy and the farmer who turns its giant wheel, will survive. For the reasons I've stated, I do not feel that the Bedell proposal offers the likelihood that we will accomplish those ends. The agricultural industry is not an island off by itself, unaffected by the forces of national or world economies. We know that now more than ever. Just as I know that agriculture does not exist in a free world market and could not survive if stripped totally and immediately of Government support, I am equally convinced that a dramatic increase in Government intervention is not the solution.

Agriculture's problems will not be solved by the consequences of a single farm bill, but its continued decline can be assured by the actions we take here today. We must have an agricultural policy that does not take away from us our ability to respond to the forces of trade and commerce. We must have an agricultural policy that does not deny farmers the ability to creatively and independently market their commodities. And we must have an agricultural policy that supports prices in the worst of circumstances and frees the farmer to take advantage of the best of circumstances. And I don't believe Congressman Bedell's plan allows us to meet these important goals.

However, with the rejection of mandatory controls, we are not left without an option. The Agriculture Committee has given us the opportunity to address those concerns I just mentioned through another part of its bill. Although this plan is not without its own problems, it will supply the necessary support in the short run without eliminating our options in the longer term. This approach could be substantially improved by an increase in target prices for corn to somewhere around the \$3.50 Mark, and I would support a clean amendment to that effect.

But our efforts to defend rural America must not end there. We must muster the courage and take the responsibility to address those forces which have done more to burden the American farmer than anything else. We have a Federal deficit that is an outrage, a trade policy that is about as predictable and consistent as the Iowa weather, and a farm credit system that is reeling under record losses.

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Beyond this farm bill, here is where our task lies. And without addressing these parallel challenges, our efforts here today might well be in vain. The greatest mistake we could make is to put into place a policy that would further tie our hands as we attempt to make responsible, long range, fundamental improvements in agriculture.

America was not built, nor will she prosper in the future if we turn away from the basic principles of free men and women working in a free society. A government that guarantees that one will never fail is one that guarantees that one will never succeed. Our farmers and our Nation deserve more than that.

Mr. de la GARZA. Mr. Chairman, in order to facilitate the debate for the rest of the day, I ask unanimous consent that the remainder of the bill after this title be printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The text of the remainder of the bill following title VA is as follows:

#### TITLE VI -- COTTON

#### LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF UPLAND COTTON

Sec. 601. Effective only for the 1986 through 1990 crops of upland cotton, section 103 of the Agricultural Act of 1949 (7 U.S.C. 1444) is amended by adding at the end thereof the following:

"(i) Notwithstanding any other provision of law --

#### "LOANS

"(1) The Secretary, on presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, shall make available for each of the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level, per pound, as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (A) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (B) 90 per centum of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest-priced growths of the growths quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9)). If for any crop the average northern European price determined under clause (B) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (A) of the first sentence of this paragraph, notwithstanding the foregoing provisions of this paragraph, the Secretary may increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (A) of the first sentence of this paragraph. In no event (other than as provided in the next sentence) shall the loan level for a crop of upland cotton be less than 95 per centum of the loan level for the preceding crop of upland cotton as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of upland cotton is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary for upland cotton to be competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of

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the loan level that would have been in effect but for this sentence. The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. Nonrecourse loans provided for in this subsection, on request of the producer during the tenth month of the loan period for the cotton, shall be made available for an additional term of eight months, except that such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period.

#### "LIMITED GLOBAL IMPORT QUOTA

"(2) Whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

"(B) If a special quota has been established under this paragraph during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in subparagraph (A) or the amount required to increase the supply to 130 per centum of the demand.

"(C) As used in subparagraph (B), the term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales, for the marketing year in which the special quota is established.

"(D) When a special quota is established under the provisions of this paragraph, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

Notwithstanding the foregoing provisions of this paragraph, a special quota period shall not be established that overlaps an existing quota period.

#### "TARGET PRICES

"(3)(A) The Secretary shall make payments available for each of the 1986 through 1990 crops of upland cotton to the producers on each farm at a rate equal to the amount by which the higher of --

"(i) the average market price per pound received by farmers for upland cotton during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop,

is less than the established price per pound times in each case the farm program acreage for upland cotton (determined in accordance with paragraph (5) or (8)(C), but in no event on a greater acreage than the acreage actually planted to upland cotton for harvest), multiplied by the program yield for the farm for upland cotton (determined in

accordance with paragraph (7)).

"(B)(i) The established price for the 1986 and 1987 crops of upland cotton shall be 81 cents per pound. Subject to the provisions of clause (ii), the established price per pound for upland cotton for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per pound for the three crop years immediately preceding the crop year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of upland cotton be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of upland cotton at a level less than the level for the preceding crop of upland cotton unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of upland cotton for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of upland cotton for all producers.

"(C) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the loan level for a crop of upland cotton in accordance with the fourth sentence of paragraph (1) or the loan level for the crop before such adjustment is established at a level below \$0.55 per pound, the Secretary shall provide emergency compensation by increasing the established price payments for upland cotton by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the loan level had not been made or as if the reduction in the loan level before such adjustment to a level below \$0.55 had not occurred, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

#### "INVENTORY CONTROL AND ACREAGE REDUCTION

"(4)(A)(i) With respect to a crop of upland cotton, if the Secretary estimates (not later than November 1 of the year before the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of upland cotton on hand in the United States on the last day of the marketing year for the crop will exceed one-third of the quantity of upland cotton that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish --

"(I) a limitation on acreage planted to upland cotton in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of upland cotton on hand on the last day of the marketing year for such crop will not exceed one-third of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may --

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop; nor

"(II) acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop.

"(B)(i) If an upland cotton acreage limitation is announced under subparagraph (A), such limitation shall be

achieved by applying a uniform percentage reduction to the upland cotton crop acreage base for the crop for each cotton-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to upland cotton, by (II) the number of acres authorized to be planted to upland cotton under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to upland cotton for harvest on a farm shall be limited to the upland cotton crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction required under subparagraph (B), and land diversion payments in kind shall be made to producers who devote to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the upland cotton crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from the stocks of upland cotton owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of upland cotton may not exceed \$50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

#### "COMPLIANCE

"(5) Producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established under paragraph (4), shall be ineligible for upland cotton loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (4) for a crop of upland cotton, paragraph (8) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (8) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under paragraph (4).

#### "ACREAGE BASES

"(6) Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title VI.

"YIELDS

"(7) The program yields for farms for each crop of upland cotton shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(8)(A) Except for crops for which there is an acreage limitation program under paragraph (4), the Secretary shall establish a national program acreage for each of the 1986 through 1990 crops of upland cotton. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established. The Secretary may revise the national program acreage first announced for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines it necessary based on the latest information, and the Secretary shall announce such revised national program acreage as soon as it is made. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the upland cotton program yields for the crop for which the determination is made) will produce the quantity of upland cotton (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of upland cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than ten million acres.

"(B) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(C) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of upland cotton planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to upland cotton for harvest from the upland cotton crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the announcement of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to upland cotton for harvest is less than the upland cotton crop acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(9)(A) An operator of a farm desiring to participate in the program conducted under paragraph (4) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this

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subsection precludes the making of loans and payments, the Secretary nevertheless may make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

#### "CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(10) Notwithstanding any other provision of law --

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

#### "RECOURSE LOANS FOR SEED COTTON

"(11) To encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with the authority vested in the Secretary under the Commodity Credit Corporation Charter Act."

#### COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

Sec. 602. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following:

"Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

#### MISCELLANEOUS COTTON PROVISIONS

Sec. 603. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

#### SKIPROW PRACTICES

Sec. 604. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

#### MARKETING CERTIFICATES

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Sec. 605. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price of upland cotton (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for upland cotton determined under section 103(i) of the Agricultural Act of 1949, to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of payment-in-kind certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available for domestic consumption or for export at competitive prices, including such payments as may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for upland cotton as determined under section 103(i) of the Agricultural Act of 1949, and the prevailing world market price of upland cotton, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) upland cotton owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary of Agriculture shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to cotton handlers under this section may be transferred to other handlers and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 103(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

## TITLE VII -- RICE

### LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF RICE

Sec. 701. Effective only for the 1986 through 1990 crops of rice, section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding at the end thereof the following:

"(j) Notwithstanding any other provision of law --

## "LOANS

"(1) The Secretary shall make available to producers in the several States of the United States loans and purchases for each of the 1986 through 1990 crops of rice at a level, per hundredweight, not less than 85 per centum of the average price per hundredweight for rice received by farmers during the marketing years for the three preceding crops of rice, as determined by the Secretary. In no event (other than as provided in the next sentence) shall the level of loans and purchases for a crop of rice be less than 95 per centum of the level for the preceding crop of rice as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of rice is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary to make rice competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan and purchase level and the established price for each of the 1986 through 1990 crops of rice shall be announced not later than January 31 of the calendar year for the crop harvested in that calendar year. Any loan made under this paragraph shall have a term of ten months beginning on the first day of the month in which the loan is made.

## "TARGET PRICES

"(2)(A) The Secretary shall make payments available to producers for each of the 1986 through 1990 crops of rice grown in the several States of the United States in amounts computed as provided in this paragraph. Payments for each such crop of rice shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the program yield established for the crop for the farm. In no event shall payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

"(B) The payment rate for a crop of rice shall be the amount by which the established price for the crop of rice exceeds the higher of --

"(i) the national average market price per hundredweight received by farmers during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop.

"(C)(i) The established price per hundredweight for rice for the 1986 and 1987 crops shall be \$11.90 per hundredweight. Subject to the provisions of clause (ii) the established price per hundredweight for rice for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per hundredweight for the three crop years immediately preceding the year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of rice be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of rice at a level less than the level for the preceding crop of rice unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of rice for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of rice for all producers.

"(D) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the level of loans and purchases for a crop of rice in accordance with the third sentence of paragraph (1), the Secretary shall provide emergency compensation by increasing the established price payments for rice by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTIONS

"(3)(A)(i) With respect to a crop of rice, if the Secretary estimates (not later than January 31 of the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of rice on hand in the United States on the last day of the marketing year for the crop will exceed one-fifth of the quantity of rice that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish --

"(I) a limitation on the acreage planted to rice in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of rice on hand at the last day of the marketing year for such crop will not exceed one-fifth of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may --

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop; nor

"(II) the acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop.

"(B)(i) If a rice acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the rice crop acreage base for the crop for each rice-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to rice, by (II) the number of acres authorized to be planted to rice under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to rice for harvest on a farm shall be limited to the rice crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction under subparagraph (B), and land diversion payments in kind shall be made to producers who devote, to the extent prescribed by the Secretary, to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the rice crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from stocks of rice owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph

shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of rice may not exceed \$50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

#### "COMPLIANCE

"(4) Producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established under paragraph (3), shall be ineligible for rice loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (3) for a crop of rice, paragraph (7) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (7) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to rice for harvest within the permitted rice acreage for the farm as established under paragraph (3).

#### "ACREAGE BASES

"(5) Rice crop acreage bases for each crop of rice shall be determined under title VI.

#### "YIELDS

"(6) The program yields for farms for each crop of rice shall be determined under title VI.

#### "NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(7)(A) Except for crops in which there is an acreage limitation program under paragraph (3), the Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of rice. The proclamation shall be made not later than January 31 of the calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines a revision necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the rice program yields for the crop for which the determination is made) will produce the quantity of rice (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to

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be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to rice for harvest from the rice crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to rice for harvest is less than the rice acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

#### "ADMINISTRATIVE PROVISIONS

"(8)(A) An operator of a farm desiring to participate in the program conducted under paragraph (3) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

#### "CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(9) Notwithstanding any other provision of law --

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers."

#### NONAPPLICABILITY OF SECTION 101 OF THE AGRICULTURAL ACT OF 1949

Sec. 602. That portion of section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) preceding subsection (a) shall not be applicable to the 1986 through 1990 crops of rice.

## EXPORT MARKETING CERTIFICATES

Sec. 703. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price for rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for rice determined under section 101(j) of the Agricultural Act of 1949, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, may make payments, through the issuance of payment-in-kind certificates, to exporters of rice who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available for export at competitive prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for rice, as determined under section 101(j) of the Agricultural Act of 1949, and the prevailing world market price for rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) rice owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section may be transferred to other exporters and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 101(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

## TITLE VIII -- PEANUTS

### SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

Sec. 801. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1990 crops of peanuts:

(1) subsections (a) through (j) of section 358;

- (2) subsections (a) through (h) of section 358a;
- (3) subsections (a), (b), (d), and (e) of section 359;
- (4) part I of subtitle C of title III; and
- (5) section 371.

#### POUNDAGE QUOTAS

Sec. 802. Effective only for the 1986 through 1990 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358) is amended by adding at the end thereof the following:

"(q) The national poundage quota for peanuts for each of the 1986 through 1990 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible, seed, and related uses, except that the national poundage quota for any such marketing year shall not be less than one million one hundred thousand tons. The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding such marketing year.

"(r) The national poundage quota established under subsection (q) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(s)(1) A farm poundage quota for each of the 1986 through 1990 marketing years shall be established --

"(A) for each farm that had a farm poundage quota for the 1985 marketing year; and

"(B) if the poundage quota apportioned to a State under subsection (r) of this section for any such marketing year is larger than such quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least two of the three immediately preceding crop years, as determined by the Secretary.

The farm poundage quota for each of the 1986 through 1990 marketing years for each farm described in subparagraph (A) of the preceding sentence shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under paragraph (2) of this subsection, but not including any increases for undermarketings from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection. The farm poundage quota, if any, for each of the 1986 through 1990 marketing years for each farm described in subparagraph (B) of the first sentence of this paragraph shall be equal to the quantity of peanuts allocated to such farm for such year under paragraph (2) of this subsection. For the purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quotas (or portion thereof) of the transferring farm for all subsequent marketing years.

"(2) If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1986 through 1990 marketing years is increased over the poundage quota apportioned to the State for the immediately preceding marketing year, such increase shall be allocated equally to --

"(A) each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(B) each other farm in the State on which peanuts were produced in at least two of the three immediately preceding crop years, as determined by the Secretary.

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If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1987 through 1990 marketing years is decreased from the poundage quota apportioned to the State under such subsection for the immediately preceding marketing year, such decrease shall be allocated equally to each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(3) The farm poundage quota established for a farm for any of the 1986 through 1990 marketing years shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, to the extent that the Secretary determines that the farm poundage quota established for the farm for any two of the three marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm. For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increases for undermarketing of quota peanuts from previous years or any increase resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection.

"(4) For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if --

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary; or

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (7) of this subsection for only one of the three marketing years immediately preceding the marketing year for which the determination is being made.

"(5) Notwithstanding any other provision of law, the farm poundage quota established for a farm under this subsection, or any part of such quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner, and the poundage quota for the farm for which such quota is released shall be adjusted downward to reflect the quota that is so released.

"(6) The total amount of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) of this subsection shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least two of the three crop years immediately preceding the year for which such allocation is being made, except that not less than 25 per centum of such total amount of farm poundage quota in the State shall be allocated to farms for which no farm poundage quota was established for the immediately preceding year's crop.

"(7) The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that such quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe. Any adjustment in the farm poundage quota for a farm under this paragraph shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which such quota was released for any subsequent marketing year.

"(8) The farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years, except that no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the quota on such farm for the marketing year was reduced under paragraph (3) of this subsection for failure to produce. Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved. Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the

farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(t) For each farm for which a farm poundage quota is established under subsection (s) of this section, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. If peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the five calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, fourth, and fifth years of the period. The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949 --

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available."

#### SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

Sec. 803. Effective only for the 1986 through 1990 crops of peanuts, section 358a of the Agricultural Adjustment

Act of 1938 (7 U.S.C. 1358a) is amended by adding at the end thereof the following:

"(k) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm, except that any such lease of poundage quota may be entered into in the fall only if the quota has been planted on the farm from which the quota is to be leased and only under such terms and conditions as the Secretary may by regulation prescribe. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than ten thousand tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) no transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders;

"(2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota;

"(3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and

"(4) such other terms and conditions that the Secretary may by regulation prescribe."

#### MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

Sec. 804. Effective only for the 1986 through 1990 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by adding at the end thereof the following:

"(m)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are --

"(A) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(B) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949; or

"(C) marketed under contracts between handlers and producers pursuant to the provisions of subsection (q) of this section.

Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the

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peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(t) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts, and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(n) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c) of this section, are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(o) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as otherwise provided in paragraph (2) of this subsection, the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) of this subsection if the handler agrees in writing, prior to any handling or disposal of such peanuts, to comply with provisions that the Secretary shall by regulation prescribe.

"(B) The regulations issued by the Secretary under subparagraph (A) of this paragraph shall include, but need not be limited to, the following provisions:

"(i) A handler of shelled peanuts may export peanuts classified by type in the following quantities (less such reasonable allowance for shrinkage as the Secretary may prescribe):

"(I) sound split kernel peanuts in an amount equal to twice the poundage of such peanuts purchased by the handler as additional peanuts;

"(II) sound mature kernel peanuts in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernel peanuts purchased by the handler as additional peanuts; and

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"(III) the remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts and not crushed domestically.

"(ii) A handler shall ensure that any additional peanuts exported are evidenced by onboard bills of lading, or other appropriate documentation as may be required by the Secretary, or both.

"(iii) If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to ensure the handler's compliance with the obligation to export peanuts.

"(4) Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation. A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(6) If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts reentered.

"(q) A handler may, under such regulations as the Secretary may issue, contract with producers for the purchase of additional peanuts for crushing or export or both. Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval before August 1 of the year in which the crop is produced. Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus --

"(1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer;

"(2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit

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Corporation may agree to modify the authority granted by this sentence to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section, other than a penalty on an importer under subsection (p)(6), is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program, except that the amount of any penalty imposed on a handler under this section that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary."

#### PRICE SUPPORT PROGRAM

Sec. 805. Effective only for the 1986 through 1990 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A the following:

#### "PRICE SUPPORT FOR 1986 THROUGH 1989 CROPS OF PEANUTS

"Sec. 108B. Notwithstanding any other provision of law --

"(1) the Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1990 crops. The national average quota support rate for the 1986 crop of quota peanuts shall be equal to the national average support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary by a percentage equal to the percentage of any increase in the prices paid by farmers for commodities and services, interest, taxes, and wage rates during the period beginning with calendar year 1981 and ending with calendar year 1985, as determined by the Secretary. The national average quota support rate for each of the 1987 through 1990 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage. The Secretary may make

adjustments for location of peanuts and such other factors as are authorized by section 403 of this Act. The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(2) the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1990 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(3)(A) in carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7 of the Code of Federal Regulations (January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938;

"(B) the Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico, and bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing such pools. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of --

"(i) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts, to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts; and

"(ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(4) notwithstanding any other provision of this section --

"(A) any distribution of net gains on additional peanuts shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan; and

"(B)(i) the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under the provisions of section 358(s)(8) of the Agricultural Adjustment Act of 1938; and

"(ii) losses in area quota pools other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits

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from pools in other production areas (other than separate type pools established under the first sentence of paragraph (3)(B) in such manner as the Secretary shall by regulation prescribe;

"(5) notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938."

#### REPORTS AND RECORDS

Sec. 806. Effective only for the 1986 through 1990 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

#### SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

Sec. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1990 crops of peanuts.

#### TITLE IX -- SOYBEANS

##### SOYBEAN PRICE SUPPORT

Sec. 901. Effective only for the 1986 through 1990 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by --

- (1) inserting in the first sentence "soybeans," after "tung nuts,"; and
- (2) adding at the end thereof the following:

"(g)(1) The price of soybeans shall be supported through loans and purchases during each of the five marketing years beginning with the 1986 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years, except that in no event shall the Secretary establish a support price of less than \$5.02 per bushel. Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of soybeans received by producers in the previous marketing year (including the marketing year for the 1985 crop of soybeans) was not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, or (B) with respect to the 1986 crop only, that the level of loans or purchases computed under the foregoing provisions would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the Secretary may reduce the level of loans and purchases for soybeans for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that (subject to the following sentence) the level of loans and purchases may not be reduced by more than 10 per centum in any year nor below \$4.50 per bushel. If the Secretary exercises the authority provided in the preceding sentence with respect to the level of loans and purchases for the 1986 crop of soybeans based on a determination that the level of loans and purchases computed under the first sentence of this paragraph would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the level of loans and purchases for such crop may not be reduced by more than 5 per centum. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the market year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law, the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans or allow the planting of soybeans for harvest on acreage set aside or diverted from production under any other Government program."

#### TITLE X -- GENERAL COMMODITY PROVISIONS

Subtitle A -- The Agricultural Efficiency and Equity Act of 1985

##### SHORT TITLE

Sec. 1001. This subtitle may be cited as the "Agricultural Efficiency and Equity Act of 1985".

#### ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

Sec. 1002. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting, after title V, as added by section 551 of this Act, the following:

##### "TITLE VI -- ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

"Sec. 601. The purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

##### "DEFINITIONS

"Sec. 602. For purposes of this title --

"(1) the term 'program' means the farm and crop acreage base and program yield system established under this title;

"(2) the term 'program crop' means any crop of wheat, feed grains, upland cotton, or rice;

"(3) the term 'crop year' means the calendar year in which a crop is normally harvested, except that, in the case of a crop that is normally harvested in January, February, or March of any calendar year, the term 'crop year' with respect to such crop means the calendar year in which such crop is planted and during which substantially all growth occurs;

"(4) the term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for the county in which the farm is located; and

"(5) the term 'cooperator' means any producer of any program crop who is considered a cooperator under the provisions of section 101(e).

##### "FARM ACREAGE BASES

"Sec. 603. (a) The Secretary shall provide, for each farm on which at least one program crop was produced during at least one of the five crop years immediately preceding the 1986 crop year, for the establishment and maintenance of farm acreage bases.

"(b)(1) The county committee shall determine the farm acreage base for any crop year beginning after the 1985 crop year for any farm referred to in subsection (a), which, except as otherwise provided in paragraph (2), shall be the number of acres equal to the total of --

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"(A) the average of the total acres on the farm planted to wheat and feed grains for harvest (or considered as so planted under section 609) in each of the five crop years immediately preceding such crop year;

"(B) the average of the total acres on the farm planted to upland cotton and rice for harvest (or considered as so planted under section 609) --

"(i) (for each of the 1986 through 1988 crop years for which such base is being determined) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) (for each of the 1989 and succeeding crop years for which such base is being determined) in each of the five crop years immediately preceding such crop year; and

"(C) the average of the total acres on the farm otherwise considered, under section 609, as planted to program crops for harvest in each of the five crop years immediately preceding such crop year,

except that for each of the 1986 through 1988 crop years for which such base is being determined, such number of acres may not exceed the average acreage on the farm planted to program crops (or considered as so planted under section 609) for harvest during the two preceding crop years.

"(2) For the purpose of determining the farm acreage base for the 1986 crop year for any farm referred to in subsection (a), the county committee may construct a planting history for such farm if --

"(A) planting records for such farm for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year of such crop, no program crop was produced on such farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

#### "CROP ACREAGE BASES

"Sec. 604. (a)(1) The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop (including any program crop produced under an established practice of double cropping) produced on each farm referred to in section 603(a).

"(2) The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the farm acreage base for such farm for such crop year, except to the extent that the excess is due to an established practice of double cropping, as determined by the county committee and subject to such regulations as the Secretary may prescribe. To the extent that, because of the different procedures for calculating crop acreage bases for wheat and feed grains and for upland cotton and rice provided for in subsection (b), the sum of crop acreage bases for the farm for a crop year would exceed the farm acreage base for the crop year but for the operation of the preceding sentence, the crop acreage bases for the farm shall be adjusted by the county committee, in consultation with the farm operator, so that the sum of the crop acreage bases does not exceed the farm acreage base.

"(b)(1) The county committee shall determine the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a). Except as otherwise provided in subsection (a)(2), the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a) shall be --

"(A) if the program crop is wheat or feed grains, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the five

crop years preceding such crop year; and

"(B) if the program crop is upland cotton or rice --

"(i) for each of the 1986 through 1988 crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) for each of the 1989 and succeeding crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the five crop years preceding such crop year.

"(2) For the purpose of determining the crop acreage base for any program crop for the 1986 crop year for any farm referred to in section 603(a), the county committee may construct a planting history for such crop if --

"(A) planting records for such crop for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year, the program crop was not produced on the farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

#### "ADJUSTMENT OF CROP ACREAGE BASES BY PRODUCERS

"Sec. 605. (a) Any producer, by submitting notice to the county committee before the time specified in subsection (c) with respect to any crop year, may increase or decrease the crop acreage base for any program crop for the producer's farm for such crop year to the extent provided in subsection (b).

"(b)(1) An adjustment of any crop acreage base for any farm under subsection (a) (or, in the case of an adjustment in the crop acreage bases for two or more program crops, the sum of the number of acres by which each such crop acreage base is increased or decreased) may not exceed the number of acres that is equal to 10 per centum of the farm acreage base for such farm for such crop year, except that such adjustment (or the sum of the number of acres by which crop acreage bases are increased or decreased when bases for two or more program crops are adjusted) for the 1986 crop year may not exceed the number of acres that is equal to 20 per centum of the farm acreage base for such farm for such crop year. No such adjustment shall be construed to increase the farm acreage base for such farm for such crop year.

"(2) The Secretary may suspend, on a nationwide basis, any limitation contained in paragraph (1) with respect to the crop acreage base for any program crop if the Secretary determines that --

"(A) a short supply or other similar emergency situation exists with respect to the program crop; or

"(B) market factors exist that require the suspension of the limitation to achieve the purposes of the program.

"(c) Any notice under subsection (a) shall be submitted by the producer to the county committee before the first day of the sixty-day period ending on --

"(1) the final date required by law for the announcement by the Secretary of any acreage or supply control program with respect to the program crop for the crop year involved; or

"(2) in the case of --

"(A) wheat, July 1 of the year preceding such crop year;

"(B) feed grains, September 30 of the year preceding such crop year;

"(C) upland cotton, November 1 of the year preceding such crop year; and

"(D) rice, January 1 of such crop year,

whichever date occurs first with respect to the program crop.

#### "PROGRAM YIELDS

"Sec. 606. (a) The Secretary shall provide for establishing a program yield for each program crop for each crop year for any farm.

"(b)(1) The county committee shall determine the program yield for any program crop for any crop year beginning with the 1986 crop for any farm. Subject to paragraphs (2) and (3), and except as otherwise provided in subsection (d), the program yield for any program crop for any crop year for any farm shall be the average of the actual yield per harvested acre for the crop for such farm for each of the five crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

"(2) The program yield for any program crop for any crop year for any farm shall not be more than 150 per centum nor, except as provided in paragraph (3), less than 90 per centum of the program yield for the crop for the immediately preceding crop year for the farm.

"(3) The program yield for any program crop for the 1986 crop year shall not be less than the yield established for the crop for the 1985 crop year under this Act.

"(c) Under such regulations as the Secretary may prescribe, the county committee for any county may adjust any program yield for any program crop for any farm within the county to the extent that the committee determines that --

"(1) a significant change in any farming practice on the farm will materially and permanently affect the yield for the crop on the farm, or

"(2) because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, the program yield for the crop on the farm does not accurately reflect the productive potential of the farm.

"(d) In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (b)(1) for any crop year is not available, the county committee may assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on farms that the committee determines are similar to such farm with respect to size, location, and farming practices.

#### "RESPONSIBILITIES OF COUNTY COMMITTEES

"Sec. 607. (a)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to specify the total number of acres on the farm planted to program crops for harvest in each of the five crop years immediately preceding such crop year, and the total number of acres on the farm planted to each program crop in each such crop year for harvest. Before the beginning of the crop year, the county committee shall --

"(A) establish or adjust the farm acreage base and each crop acreage base for the crop year for each such farm on

the basis of such information; and

"(B) notify each such producer of the farm acreage base and each crop acreage base that shall apply to such farm for such crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the farm acreage base for each farm operated by a producer within the county and the crop acreage base for each program crop produced on each such farm.

"(3) The records of the farm acreage base and crop acreage base for a farm for the 1986 crop year shall reflect the determinations made under sections 603(b) and 604(b) and shall include --

"(A) any crop planting history for the farm, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act; and

"(B) any construction of planting history for the farm made by the county committee to the extent provided in sections 603(b)(2) and 604(b)(2).

"(b)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to supply such information as may be necessary for determining the program yield as provided in section 606 for any program crop produced on any farm within such county by the producer for the crop year. The county committee shall notify each producer of such determination for each crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the program yield for any program crop for any crop year for any farm operated by a producer within the county.

"(3) The records of program yield for any program crop for any crop year for a farm shall reflect the determinations made under section 606 and shall include --

"(A) any crop history for the five crop years immediately preceding the 1986 crop year, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act;

"(B) any construction of crop yield history for the farm made by the county committee to the extent provided in section 606(d);

"(C) the actual yield per harvested acre for the crop for the farm for the 1986 and each subsequent crop year; and

"(D) any adjustment in the program yield for the crop for the farm made by the county committee under section 606(c).

#### "NEW PRODUCERS AND SIMILAR SITUATIONS

"Sec. 608. Each county committee may provide for the establishment of a farm acreage base and crop acreage bases with respect to any farm located within the county if such farm acreage base and crop acreage bases cannot be established under sections 603 and 604. Such bases shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985, except that no such bases shall be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

## "SPECIAL RULES

"Sec. 609. (a) For purposes of determining any farm acreage base or any crop acreage base under this title, the number of acres planted to any program crop in a crop year includes any acreage that, under any other provision of law, is reserved from production of a program crop for such crop year because of the participation of the producer in an acreage or crop limitation program under such provision of law (except to the extent that such acreage is planted to soybeans), including any acreage devoted to conserving uses, or planted to program crops not for harvest or to nonprogram crops (except soybeans), by a person participating in the program in excess of the acreage required to be reserved from production of the program crop for such crop year.

"(b) For purposes of determining any farm acreage base under this title, the number of acres planted to a program crop in a crop year also includes any acreage that --

"(1) is devoted by the producer to a conserving use during such crop year in the normal course of farming operations, as determined by the county committee under regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985;

"(2) the producer is unable to plant to such crop (or, if planted to such crop, is unable to harvest) during such crop year because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, as determined by the county committee; or

"(3) except as provided in subsection (c), is planted to soybeans.

"(c) In any crop year that acreage planted and considered planted under the provisions of subsections (a) and (b) to all program crops on a farm, before the application of the rules under this subsection, would be determined to exceed the farm acreage base for the farm for such crop year, and such determination would not occur but for the planting of soybeans, a number of acres equal to the difference between (1) the total of (A) the acreage planted (and considered planted under the provisions of subsections (a) and (b)) to wheat, feed grains, upland cotton, and rice for the farm for such crop year and (B) the total acreage planted to soybeans, and (2) the farm acreage base for such farm for such crop year, shall not be considered planted under subsection (b)(3).

"(d) If a county committee determines that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), under such regulations as the Secretary may prescribe, the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of such program crop. For purposes of determining the farm acreage base, the crop acreage base, or the eligibility of such producer to be considered a cooperator or otherwise participate in a commodity program under this Act, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

## "APPEAL PROCEDURE

"Sec. 610. The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this title may seek administrative review of such determination."

## REPEAL OF OUTDATED PROGRAM PROVISIONS

Sec. 1003. (a) Effective beginning with the 1986 crop of wheat, feed grains, upland cotton, and rice, the Agricultural Adjustment Act of 1938 is amended by --

(1) striking out sections 326, 327, 328, 329, 330, 332, 333, 334, 334a, 335, 336, 338, 339, 342, 342a, 343, 344,

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344a, 345, 346, 372(a), 379b, 379c, 379d, 379e, 379f, 379g, 379h, 379i, and 379j (7 U.S.C. 1326, 1327, 1328, 1329, 1441 note, 1332, 1333, 1334, 1334b, 1335, 1336, 1338, 1339, 1342, 1342a, 1343, 1344, 1344b, 1345, 1346, 1372a, 1379b, 1379c, 1379d, 1379e, 1379f, 1379g, 1379h, 1379i, and 1379j, respectively)

(2) in section 361 (7 U.S.C. 1361), striking out "corn, wheat, cotton, peanuts, and rice" and inserting in lieu thereof "and peanuts";

(3) in section 371(a) (7 U.S.C. 1371(a)), striking out "cotton, rice,", and striking out the comma after "peanuts";

(4) in section 371(b) (7 U.S.C. 1371(b)), striking out "cotton, rice,";

(5) in section 373 (7 U.S.C. 1373), striking out "corn, wheat, cotton, rice, peanuts," in subsection (b) and both places it appears in subsection (a), and inserting in lieu thereof "peanuts";

(6) section 374(b) (7 U.S.C. 1374(b)), striking out the phrase "farm acreage allotment" each time it appears and inserting in lieu thereof the phrase "crop acreage base";

(7) in the last sentence of section 374(c) (7 U.S.C. 1374(c)), inserting "or permitted acreage" after "allotment";

(8) in section 375(a) (7 U.S.C. 1375(a)), striking out "corn, wheat, cotton, rice, peanuts," and inserting in lieu thereof "peanuts";

(9) in section 377 (7 U.S.C. 1377) --

(A) striking out "(excluding any allotment released from the farm or reapportioned to the farm and any allotment provided for the farm pursuant to subsection (f)(7)(A) of section 344)"; and

(B) in the first proviso, striking out "or, in the case of upland cotton on a farm which qualified for price support on the crop produced in any such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for any such year"; and

(10) in section 378 (7 U.S.C. 1378), adding at the end thereof the following:

"(g) In applying the provisions of this section to a farm for which a farm acreage base has been determined under the provisions of the Agricultural Efficiency and Equity Act of 1985, the word 'allotment', wherever it appears, shall be construed to mean 'farm acreage base and any crop acreage base comprised therein'."

(b) Effective beginning with the 1986 crop of wheat, Public Law 74, 77th Congress, is repealed.

#### PRICE SUPPORT LEVELS FOR COOPERATORS UNDER PERMANENT LAW

Sec. 1004. (a) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by --

(1) in section 101 (7 U.S.C. 1441) --

(A) in the introductory paragraph, inserting "(with respect only to tobacco and peanuts)" before "producers have not disapproved marketing quotas for such crop"; and

(B) amending subsection (d)(3) to read as follows:

"(3) the level of price support to cooperators for any crop of peanuts for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price therefor; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;" and

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(C) in paragraph (5) of subsection (d), inserting "except with respect to wheat, corn, upland cotton, and rice," before "price support may be made";

(2) in section 103(a) (7 U.S.C. 1444(a)) --

(A) in the first sentence, striking out "for which producers have not disapproved marketing quotas"; and

(B) in the third sentence, striking out "and in case marketing quotas are disapproved";

(3) in section 105 (7 U.S.C. 1444) striking out "producers" both places it appears and inserting in lieu thereof "cooperators";

(4) in section 107 (7 U.S.C. 1445a) --

(A) in paragraph (1), striking out "accompanied by domestic certificates" and inserting in lieu thereof "produced by a cooperator";

(B) striking out paragraphs (2), (3), (5), and (6); and

(C) redesignating paragraph (4) as paragraph (2); and

(5) amending section 408(b) (7 U.S.C. 1428(b)) to read as follows:

"(b) A 'cooperator' (1) with respect to wheat, feed grains, upland cotton, and rice, shall be a 'cooperator' as that term is defined in section 101(e) of this Act, and (2) with respect to any other basic agricultural commodity, shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938."

(b) Section 101 of the Agricultural Act of 1949 (7U.S.C. 1441) is amended by adding after subsection (d) the following:

"(e)(1) Only a producer who is a cooperator for a crop shall be eligible for price support under any program carried out by the Secretary for rice, upland cotton, feed grains, or wheat for such crop under this section, or section 103(a), 105, or 107 of this Act, respectively.

"(2) A producer of wheat, feed grains, upland cotton, or rice shall be considered a cooperator for a crop of such commodity with respect to a farm if the producer has a farm acreage base for the crop year involved for the farm, and a crop acreage base for the crop year involved for each program crop (as defined in section 602(2) of this Act) produced on such farm, under title VI of this Act, and --

"(A) the number of acres on the farm planted to all program crops (as defined in section 602(2) of this Act) for harvest by such producer for such crop does not exceed the farm acreage base for such farm for the crop year involved, except to the extent that such excess is due to an established practice of double cropping, and

"(B) the number of acres on the farm planted to each program crop (as defined in section 602(2) of this Act) for harvest by such producer for the crop year involved does not exceed the crop acreage base for such program crop for such farm for such crop year.

"(3) The Secretary may suspend, on a nationwide basis, any farm acreage base limitation or any crop acreage base limitation with respect to a crop of a commodity under this subsection, if the Secretary determines that --

"(A) a short supply or other similar emergency situation exists with respect to any such commodity; or

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"(B) market factors exist that require the suspension of any such limitation to achieve the purposes of the farm and crop acreage base and program yield system established under title VI of this Act.

"(4) Notwithstanding any other provision of this subsection, the Secretary may, on a nationwide basis, consider a producer a cooperator for any crop of rice, upland cotton, feed grains, or wheat produced on a farm by such producer if

--

"(A) such producer has established and maintained a farm acreage base and a crop acreage base applicable to such commodity for such crop year on such farm, and

"(B) the number of acres on such farm planted to such commodity for harvest by such producer in such crop year does not exceed the crop acreage base for such commodity on such farm for such crop year."

#### CONFORMING CHANGES

Sec. 1005. (a) Effective beginning with the 1986 crop of wheat, section 327 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339b) is repealed.

(b) Effective beginning with the 1986 crops, the first sentence of section 706 of the Food and Agriculture Act of 1965 (7 U.S.C. 1305) is amended by striking out "feed grain" and inserting in lieu thereof the word "acreage".

(c) Effective beginning with the 1986 crop of upland cotton, section 506 of the Agriculture and Food Act of 1981 (7 U.S.C. 1342 note) is repealed.

#### Subtitle B -- Miscellaneous Commodity Provisions

#### PAYMENT LIMITATIONS FOR WHEAT, FEED GRAINS, COTTON, AND RICE

Sec. 1011. Notwithstanding any other provision of law --

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, extra long staple cotton, and rice shall not exceed \$50,000 for each of the 1986 through 1990 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat and feed grains shall not exceed \$100,000 for each of the 1986 through 1990 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, nor any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments other than those diversion payments in kind made under section 103(i) or 101(j) of the Agricultural Act of 1949, as added by this Act, or section 1021 of this Act) or public access for recreation.

(4) If the Secretary of Agriculture determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5) The Secretary of Agriculture shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of such limitation: PROVIDED, That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public

function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

#### NONRECOURSE LOAN LIMIT

Sec. 1012. Effective with respect to the 1986 through 1990 crops of wheat, feed grains, soybeans, peanuts, and tobacco, section 405 of the Agricultural Act of 1949 (7 U.S.C. 1425) is amended by --

(1) designating the existing text thereof as subsection (a);

(2) striking out "No producer" in the first sentence and inserting in lieu thereof "Except as otherwise provided in subsection (b) of this section, no producer"; and

(3) adding at the end thereof the following:

"(b) For each of the 1986 through 1990 crops, the total amount of nonrecourse loans that a person may receive for wheat, feed grains, soybeans, peanuts, or tobacco under one or more of the annual programs established under this Act for such crop shall not exceed an amount that causes the total outstanding principal balance for the person for such nonrecourse loans for all such commodities of the crop to exceed \$250,000. Any such loan to the person whenever the outstanding principal balance for the person for nonrecourse loans for such commodities is \$250,000 shall be recourse in nature. The regulations defining the term 'person' and prescribing rules applicable to limitations issued under section 1011(5) of the Food Security Act of 1985 shall apply to the term 'person' as used in this subsection and the limitation established under this subsection, except that the term 'person', as used in this subsection, shall not include any association to which loans are made under sections 106A(b) and 108B(3) of this Act."

#### EXTENSION OF THE NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

Sec. 1013. (a) Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(c)) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms."

(b) Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking out "1985" and inserting in lieu thereof "1990".

#### COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS FOR WHEAT AND FEED GRAINS

Sec. 1014. Effective only for the marketing years for the 1986 through 1990 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by --

(1) striking out in the third sentence the matter following the third colon and inserting in lieu thereof the following: "PROVIDED, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

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(3) striking out in the seventh sentence ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

#### APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

Sec. 1015. Effective only for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, section 408(k) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

#### "REFERENCES TO TERMS MADE APPLICABLE TO WHEAT, FEED GRAINS, UPLAND COTTON, AND RICE

"(k) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat, feed grains, upland cotton, and rice under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act."

#### NORMALLY PLANTED ACREAGE AND TARGET PRICES

Sec. 1016. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking out "1985" in each place that it appears in subsections (a) and (b) and inserting in lieu thereof "1990".

#### HAYING AND GRAZING

Sec. 1017. (a) Section 109 of the Agricultural Act of 1949 (7 U.S.C. 1445d) is amended by --

(1) striking out "1985" in the first sentence of subsection (a) and inserting in lieu thereof "1990"; and

(2) effective beginning with the 1986 crops, striking out "farm program payment yield" in the first sentence of subsection (c) and inserting in lieu thereof "program yield".

(b) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following new section:

"Sec. 424. Notwithstanding any other provisions of this Act, in carrying out any acreage limitation, set-aside, or land diversion program under this Act for wheat, feed grains, upland cotton, or rice, the Secretary shall permit participating producers in any State to devote all or any part of the acreage diverted from production under the program to haying and grazing during the eight months of each year selected by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for such State: PROVIDED, That a producer may not sell any hay or other crop harvested from the acreage devoted to haying and grazing under this section."

#### SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

Sec. 1018. Effective for the 1986 through 1990 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

#### "SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

"Sec. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105C or 107D of this title for one or more of the 1986 through 1990 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity

by the President or other member of the executive branch of Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program."

#### NORMAL SUPPLY

Sec. 1019. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1986 through 1990 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

#### MULTIYEAR SET-ASIDES

Sec. 1020. Notwithstanding any other provision of law --

(a) The Secretary of Agriculture may enter into multiyear set-aside contracts for a period not to extend beyond the 1990 crops. Such contracts may be entered into only as a part of the programs in effect for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, and only producers participating in one or more of such programs shall be eligible to contract with the Secretary under this section. Producers agreeing to a multiyear set-aside agreement shall be required to devote the set-aside acreage to vegetative cover capable of maintaining itself through such period to provide soil protection, water quality enhancement, wildlife production, and natural beauty. Grazing of livestock under this section shall be prohibited, except in areas of a major disaster, as determined by the President, if the Secretary finds there is a need for such grazing as a result of such disaster. Producers entering into agreements under this section shall also agree to comply with all applicable State and local laws and regulations governing noxious weed control.

(b) The Secretary of Agriculture shall provide cost-sharing incentives to farm operators for the establishment of vegetative cover, whenever a multiyear set-aside contract is entered into under this section.

(c) The Secretary of Agriculture may issue such regulations as the Secretary determines necessary to carry out this section.

(d) The Secretary of Agriculture shall carry out the program authorized by this section through the Commodity Credit Corporation.

#### COST REDUCTION OPTIONS

Sec. 1021. (a) Notwithstanding any other provision of law, whenever the Secretary of Agriculture determines that an action authorized under subsection (c), (d), or (e) of this section will reduce the total of the direct and indirect costs to the Government of a commodity program administered by the Secretary without adversely affecting income to small- and medium-sized producers participating in such program, the Secretary shall take such action with respect to the commodity program involved.

(b) In the announcement of the specific provisions of any commodity program administered by the Secretary of Agriculture, the Secretary shall include a statement setting forth which, if any, of the actions are to be initially included in the program, and a statement that the Secretary reserves the right to initiate at a later date any action not previously included but authorized by this section, including the right to reopen and change a contract entered into by a producer under the program if the producer voluntarily agrees to the change.

(c) When a nonrecourse loan program is in effect for a crop of a commodity, the Secretary of Agriculture may enter the commercial market to purchase such commodity if the Secretary determines that the cost of such purchases plus

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appropriate carrying charges will probably be less than the comparable cost of later acquiring the commodity through defaults on nonrecourse loans under the program.

(d) When the domestic market price of a commodity for which a nonrecourse loan program is in effect is insufficient to cover the principal and accumulated interest on a loan made under such program, thereby encouraging default by a producer, the Secretary of Agriculture may provide for settlement of such loan and redemption by the producer of the commodity securing such loan for less than the total of the principal and all interest accumulated thereon if the Secretary determines that such reduction in the settlement price will yield savings to the Government due to --

- (1) receipt by the Government of a portion rather than none of the accumulated interest;
- (2) avoidance of default; or
- (3) elimination of storage, handling, and carrying charges on the forfeited commodity:

but the Secretary may not reduce the settlement price to less than the principal due on the loan.

(e) When a production control or loan program is in effect for a crop of a major agricultural commodity, the Secretary of Agriculture may at any time prior to harvest reopen the program to participating producers for the purpose of accepting bids from producers for the conversion of acreage planted to such crop to diverted acres in return for payment in kind from Commodity Credit Corporation surplus stocks of the commodity to which the acreage was planted, if the Secretary determines that (1) changes in domestic or world supply or demand conditions have substantially changed after announcement of the program for that crop, and (2) without action to further adjust production, the Government and producers will be faced with a burdensome and costly surplus. Such payments in kind shall not be included within the payment limitation of \$50,000 per person established under section 1011 of this Act, but shall be limited to a total of \$20,000 per year per producer for any one commodity.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture under any other provision of law.

#### PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS

Sec. 1022. (a) Except as provided by subsection (b) of this section, effective beginning with the 1986 crops, section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended by --

(1) in the first sentence of subsection (a), striking out "and" after "supply" and inserting in lieu thereof a comma, and inserting before the period at the end thereof the following: ", and provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities";

(2) in the third sentence of subsection (b) --

(A) in clause (1), striking out "nor more than five years" and inserting in lieu thereof ",with extensions as warranted by market conditions";

(B) in clause (4), striking out "before the market price for wheat or feed grains has reached" and inserting in lieu thereof "when the total amount of wheat or feed grains in storage under programs under this section is below the upper limits for such storage as set forth in clauses (A) and (B) of subsection (e)(2) and the market price for wheat or feed grains is below";

(C) in clause (5), striking out "a specified level, as determined by the Secretary" and inserting in lieu thereof "the higher of 140 per centum of the nonrecourse loan rate for the commodity or the established price for such commodity, as determined under title I of this Act";

(3) adding at the end of subsection (b) the following:

"Whenever --

"(A)(i) the total amount of wheat stored under storage programs established under this section is less than 17 per centum of the estimated total domestic and export usage of wheat during the then current marketing year for wheat, as determined by the Secretary, or

"(ii) the total amount of feed grains stored under storage programs established under this section is less than 7 per centum of the estimated total domestic and export usage of feed grains during the then current marketing year for feed grains, as determined by the Secretary; and

"(B) the market price of the commodity, as determined by the Secretary, does not exceed 140 per centum of the nonrecourse loan rate for the commodity,

the Secretary shall encourage participation in the programs under this section by offering producers increased storage payments and loan levels, interest waivers, or such other incentives as the Secretary determines necessary to maintain the total amount of storage under the programs at the levels specified in clauses (A) and (B). The Secretary shall ensure that producers are afforded a fair and equitable opportunity to participate in each producer storage program, taking into account regional differences in the time of harvest."; and

(4) in subsection (e) --

(A) inserting "(1)" after "(e)";

(B) inserting before the period at the end of the second sentence the following: ", subject to the upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section set out in paragraph (2)";

(C) striking out the third sentence; and

(D) adding at the end thereof the following:

"(2) Prior to the harvest of each crop of wheat and feed grains, the Secretary shall determine and establish upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section to be effective during the marketing year for such crop, as follows:

"(A) The upper limit on the total amount of wheat that may be stored under such programs shall not exceed 30 per centum of the estimated total domestic and export usage of wheat during the marketing year for the crop of wheat, as determined by the Secretary;

"(B) the upper limit on the total amount of feed grains that may be stored under such programs shall not exceed 15 per centum of the estimated total domestic and export usage of feed grains during the marketing year for the crop, as determined by the Secretary; and

"(C) notwithstanding clauses (A) and (B), the Secretary may establish the upper limits at higher levels -- not in excess of 110 per centum of the levels determined under clauses (A) and (B) -- if the Secretary determines that the higher limits are necessary to achieve the purposes of this section."

(b) The amendment made by subsection (a)(2)(B) of this section shall take effect with respect to any loan made under section 110 of the Agricultural Act of 1949 the date for repayment of which occurs after the date of enactment of this Act.

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## ADVANCE DEFICIENCY PAYMENTS

Sec. 1023. Effective for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, the Agricultural Act of 1949 is amended by inserting before section 108 the following:

"Sec. 107E. (a) Effective for each of the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, if the Secretary establishes an acreage limitation or set-aside program for a crop of wheat, feed grains, upland cotton, and rice, under this title and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary shall make available advance deficiency payments to producers who agree to participate in such program.

"(b) Advance deficiency payments under this section shall be made to producers under the following terms and conditions:

"(1) Payments shall be made available to producers with respect to any such crop as soon as practicable after October 1 of the calendar year in which the crop is harvested; but the Secretary, at the Secretary's discretion, may make payments available to any producer prior to such date at any time after the producer files notice of intention to participate in the program for the crop.

"(2) Payments shall be made available to producers in such amounts as the Secretary determines appropriate to encourage adequate participation in the program, except that the amount may not exceed an amount determined by multiplying (A) the estimated farm program acreage for the crop, by (B) the program yield for the crop, by (C) 50 per centum of the projected payment rate, as determined by the Secretary.

"(3) In any case in which the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this title is less than the amount paid to the producer as an advance deficiency payment for the crop under this section, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(4) If the Secretary determines under this title that deficiency payments will not be made available on a crop with respect to which advance deficiency payments have already been made under this section, the producers who received such advance payments shall refund such payments.

"(5) Any refund required under paragraph (3) or (4) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(6) If a producer fails to comply with the requirements under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this section, the producer shall repay, immediately, the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulations.

"(c) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(d) The Secretary shall carry out the program provided for in this section through the Commodity Credit Corporation.

"(e) The program provided for in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law."

## DISCRETIONARY WHEAT AND FEED GRAIN EXPORT CERTIFICATE PROGRAMS

Sec. 1024. Effective for the 1986 through 1990 crops of wheat and feed grains, the Agricultural Act of 1949 (7U.S.C. 1421 et seq.) is amended by inserting after section 107E, as added by section 1024 of this Act, the following:

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"Sec. 107F. (a)(1) The Secretary may establish a program, applicable to any of the 1986 through 1990 crops of wheat or feed grains, to provide incentives for the export of any of such crops of wheat and feed grains from private stocks. The program for any such crop established under this subsection by the Secretary shall include the following terms:

"(A) The Secretary shall issue wheat or feed grain export certificates to producers to whom the Secretary makes loans and payments under section 107D or 105C, respectively, for a crop if such producers comply with the terms and conditions of the program for such crop.

"(B) Each such certificate shall bear a monetary denomination and a designation specifying a quantity of the crop of the commodity involved, selected by the Secretary.

"(C) The aggregate quantity of wheat or feed grains specified in all export certificates distributable to eligible producers of the crop involved shall be equal to --

"(i) the aggregate amount of wheat or feed grains produced by producers participating in the program for the crop under section 107D or 105C, as determined by multiplying the acreage planted by each such producer for harvest times the producer's program yield for the commodity; times

"(ii) an export production factor.

For purposes of this subparagraph, the export production factor for a crop shall be determined by the Secretary by dividing the quantity of such crop harvested domestically that the Secretary estimates will not be used domestically and will be available for export (excluding the portion of the crop expected to be added to carryover stocks) during the marketing year for such crop by the quantity of such crop that the Secretary estimates will be harvested domestically.

"(D) Wheat or feed grain export certificates shall be distributed among eligible producers in a manner that will ensure that each eligible producer receives certificates having an aggregate face value that represents an equal rate of return per unit of wheat or feed grains produced by such producer for such crop. For purposes of determining such rate of return, the Secretary shall take into consideration regional variations in the costs incurred by producers to market the commodity (including transportation costs).

"(E) An export certificate issued under this subsection shall be redeemed by the Secretary for a cash amount equal to the monetary denomination on such certificate (or, at the option of the Secretary, a quantity of the commodity involved having a current fair market value equal to such amount) only on presentation by a holder who exports a quantity of the crop involved (including processed wheat or feed grains) equal to the quantity designated in the certificate and only if the Secretary has not redeemed previously an export certificate issued under this subsection presented in connection with the particular wheat or feed grains so exported.

"(2) The Secretary shall carry out this subsection through the Commodity Credit Corporation. If sufficient funds are available to the Corporation, there shall be expended to carry out this subsection with respect to the export of the crop of wheat or feed grains involved an amount not less than the product of --

"(A) 21 cents for wheat, 11 cents for corn, and such amounts for grain sorghums, oats, and, if designated by the Secretary, barley as the Secretary determines fair and reasonable in relation to the amount specified for corn; times

"(B) the aggregate of the wheat or feed grain acreage planted to the commodity for harvest by producers participating in the program for the crop with respect to which deficiency payments are available under section 107D or 105C of this Act; times

"(C) the average of the program yields for the crop.

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"(3) Funds expended to carry out export certificate programs established under this subsection shall be in addition to, and not in place of, funds authorized by any other law to be expended to finance or encourage the export of wheat or feed grains.

"(4) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.

"(b)(1) Effective for each of the 1986 through 1990 crops of wheat or feed grains, the Secretary may issue to eligible producers (who, for the purposes of this subsection, are producers of wheat or feed grains participating in the program under this Act for such crop who meet the requirements of paragraph (2)) export marketing certificates, denominated in bushels of wheat or feed grains, as applicable, for the crop, which shall be used, under such terms and conditions as the Secretary may prescribe consistent with the provisions of this subsection, as follows:

"(A) Not later than three months before the beginning of the marketing year for a crop of wheat or feed grains, the Secretary may issue to eligible producers that plant at least 50 per centum of the farm's wheat or feed grain crop acreage base for such crop, export marketing certificates to be applicable to such marketing year that, in the aggregate, shall equal the quantity of the commodity the Secretary estimates will be exported during the marketing year. Each such eligible producer shall receive certificates for a quantity of the commodity that bears the same ratio to the quantity of estimated exports as the producer's crop acreage base for that crop of the commodity bears to the aggregate total of all such eligible producers' crop acreage bases for that crop, rounded upward to the nearest full bushel.

"(B) The denomination of export marketing certificates shall be one bushel (with no accompanying cash face value), except that the Secretary may issue certificates in multiples of such denomination, and any certificate in the multiple of such denomination, may be exchanged by the producer, at the county Agricultural Stabilization and Conservation Service office, for certificates representing an equivalent quantity of the commodity in different multiples, to facilitate the operation of the program under this subsection. Each export marketing certificate shall designate the producer by name and the crop involved.

"(C) If seven months after the beginning of the marketing year for the crop, the Secretary determines that the amount of the commodity that will be exported during the marketing year for that crop will exceed the aggregate quantity of the commodity represented by all the export marketing certificates so issued, the Secretary may issue additional export marketing certificates to producers that initially received certificates for the crop sufficient to cover the additional exports, such certificates to be apportioned among such producers so that each producer receives the same portion of the additional certificates issued that the producer received of the export certificates initially issued for the crop, as provided in subparagraph (A), rounded upward to the nearest full bushel.

"(D) Producers may convey export marketing certificates issued under this subsection to purchasers of the commodity involved sold by the producers at any time prior to the end of the marketing year for the crop described in the certificate. If a producer has less wheat or feed grains to sell than the quantity represented by the export marketing certificates issued to the producer, because of reduced production or other reason or because, in the case of additional certificates issued under subparagraph (C), the producer had disposed of the producer's wheat or feed grains prior to the issuance of such additional certificates, the producer, at any time prior to the end of the marketing year for the crop involved, may sell the extra export marketing certificates to any person for such price as agreed on by the producer and purchaser. Any certificate may be reconveyed without restriction.

"(2) To be eligible to receive export certificates under this subsection for a crop of wheat or feed grains, a producer of such commodity must participate in the program under this title for such crop, and --

"(A) if there is no acreage limitation or set-aside in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable; or

"(B) if an acreage limitation is in effect for the crop, limit the acreage on the farm planted to the crop for harvest to

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the farm's wheat or feed grain crop acreage base, as applicable, reduced to the extent required under the acreage limitation program, and comply with any other terms of the acreage limitation program established by the Secretary; or

"(C) if a set-aside program is in effect for the crop, comply with the set-aside and other terms of the set-aside program established by the Secretary.

"(3) Whenever the Secretary issues certificates under this subsection for a crop of wheat or feed grains, no person may export wheat or wheat products, or feed grains or feed grain products, from the United States during the marketing year for the crop without surrendering to the Secretary, at the time of export, export marketing certificates for such crop representing the quantity of the commodity being exported or, in the case of wheat or feed grain products, the equivalent quantity of the commodity contained in the products being exported. Persons that fail to comply with the requirements of the preceding sentence shall be guilty of a misdemeanor and shall be subject, on conviction for each violation thereof, to a fine of not more than \$25,000 or imprisonment for not to exceed one year, or both such fine and imprisonment. This paragraph shall not apply to exports of commodities or products owned by the Government of the United States or agencies and instrumentalities thereof, nor to commodities or products provided to the exporter by the Commodity Credit Corporation under an export development program.

"(4) Any person who falsely makes, issues, alters, forges, or counterfeits any export marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited export marketing certificate, shall be deemed guilty of a felony and on conviction thereof shall be subject to a fine of not more than \$10,000 or imprisonment of not more than ten years, or both such fine and imprisonment.

"(5) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary."

#### REQUIRED DISPOSITION OF SURPLUS COMMODITIES

Sec. 1025. If the Secretary of Agriculture determines that Government-owned food and feed stocks acquired by the Commodity Credit Corporation through nonrecourse loan programs under the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949 cannot be disposed of in normal domestic trade channels without impairment of the price support programs under such Acts or sold abroad at competitive world prices, the Commodity Credit Corporation, under regulations issued by the Secretary, shall dispose of such commodities for the purposes of emergency domestic food assistance, emergency humanitarian food needs in developing countries, market development, export enhancement, or other such appropriate uses.

#### NONCOMPLIANCE BASED ON EXCESS IDLED ACRES

Sec. 1026. Title IV of the Agricultural Act of 1949 is amended by adding, after section 424, as added by section 1017 of this Act, the following:

"Sec. 425. A producer who removes land from production under an acreage limitation or set-aside program for a crop of wheat, feed grains, cotton, or rice under this Act and who idles more land than is required by the provisions of the program shall not have such producer's payments under this Act for such crop reduced, nor be subject to any other monetary fine or penalty, for failure to plant the program crop on acres so idled or to accurately report planted and idled acres unless the Secretary finds by the preponderance of the evidence that the producer's acts were committed to obtain funds from the Government of the United States to which such producer was not entitled by law."

#### ADVANCE RECOURSE COMMODITY LOANS

Sec. 1027. Effective for the 1986 through 1990 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following:

"Sec. 426. Notwithstanding any other provision of this Act, the Secretary may make advance recourse loans available to producers of the commodities of the 1986 through 1990 crops for which nonrecourse loans are made available under this Act if the Secretary finds that such action is necessary to ensure that adequate operating credit is available to producers. These recourse loans may be made available under such reasonable terms and conditions as the Secretary may prescribe, except that the Secretary shall require that a producer obtain crop insurance for the crop as a condition of eligibility for a loan."

## LIQUID FUELS

Sec. 1028. Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation", and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities."

Division B -- Trade, Conservation, and Credit

## TITLE XI -- TRADE

Subtitle A -- Public Law 480 and Use of Surplus Commodities in International Programs

### TITLE II OF PUBLIC LAW 480 -- FUNDING LEVELS

Sec. 1101. Effective October 1, 1985, section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by --

- (1) striking out "\$1,000,000,000" in the first sentence and inserting in lieu thereof "\$1,200,000,000";
- (2) striking out "calendar" both places it appears in the first sentence and inserting in lieu thereof "fiscal"; and
- (3) inserting after the first sentence the following: "The President may waive the limitation in the preceding sentence if the President determines that such waiver is necessary to undertake programs of assistance to meet urgent humanitarian needs."

### TITLE II OF PUBLIC LAW 480 -- MINIMUM FOR FORTIFIED OR PROCESSED FOOD AND NONPROFIT AGENCY PROPOSALS

Sec. 1102. Effective October 1, 1985, title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721-1726) is amended by adding at the end thereof the following:

"Sec. 207. Not less than 75 per centum of the agricultural commodities made available for distribution in each fiscal year under this title for nonemergency programs shall be fortified or processed food. The President may waive the requirement under the preceding sentence, or make available a smaller percentage of fortified or processed food than required under the preceding sentence, during any fiscal year in which the President determines that the requirements of the programs established under this title will not be best served by the distribution of fortified or processed food in the amounts required under the preceding sentence. In making agricultural commodities available for distribution as provided in this section, the President shall consider the nutritional assistance to the recipients and benefits to the United States that would result from distributing such commodities in the form of processed milk and plant protein products, as well as fruit, nut, and vegetable products.

"Sec. 208. Any request by a nonprofit or voluntary agency for agricultural commodities for a nonemergency food

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program under this title shall include --

"(1) a statement of the intended use of any foreign currency proceeds generated by such agency through the use of commodities made available under this title for such program; and

"(2) a statement of any possible detrimental disruption of traditional cultural food consumption habits that might arise from the distribution of commodities under such program."

#### EXTENSION OF THE PUBLIC LAW 480 AUTHORITIES

Sec. 1103. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended by --

(1) striking out "1985" in the first sentence and inserting in lieu thereof "1990"; and

(2) in the second sentence --

(A) striking out "amendment" and inserting in lieu thereof "amendments"; and

(B) inserting "and the Food Security Act of 1985" after "Agriculture and Food Act of 1981".

#### FACILITATION OF EXPORTS

Sec. 1104. It is the sense of Congress that --

(1) the President should work with the People's Republic of China to facilitate the export of commodities, including dairy products and white wheat (in quantities sufficient to establish the quality of United States white wheat), to that country under the Agricultural Trade Development and Assistance Act of 1954 and section 416 of the Agricultural Act of 1949 with a view to increasing markets for those commodities in the People's Republic of China; and

(2) the President, to the extent practicable, should respond favorably to any request of the People's Republic of China seeking such receipt of commodities.

#### FARMER-TO-FARMER PROGRAM UNDER PUBLIC LAW 480

Sec. 1105. (a) Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years ending September 30, 1986, and September 30, 1987, to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2) of section 406(a) shall not constitute more than one-fourth of the funds used as provided by the first sentence of this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of section 406(a), and shall be administered whenever possible in conjunction with programs under sections 296 through 300 of the Foreign Assistance Act of 1961.

(b) Not later than 120 days after the date of enactment of this Act, the Administrator of the Agency for International Development, in conjunction with the Secretary of Agriculture, shall submit to Congress a report indicating the manner in which the Agency intends to implement the provisions of paragraphs (1) and (2) of section 406(a) of the Agricultural Trade Development and Assistance Act of 1954 with the funds made available under subsection (a).

#### USE OF SURPLUS COMMODITIES IN INTERNATIONAL PROGRAMS

Sec. 1106. Effective October 1, 1985, section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by --

(1) striking out the last two sentences of subsection (a); and

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(2) amending subsection (b) to read as follows:

"(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under title II of the Agricultural Trade Development and Assistance Act of 1954, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

"(2) As used in this subsection, the term 'eligible commodities' means --

"(A) dairy products, grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations that the Secretary determines meet the criteria specified in subsection (a); and

"(B) such other edible agricultural commodities as may be acquired by the Secretary of Agriculture or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

"(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

"(B) The requirements of section 401(b) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that (i) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and (ii) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

"(C) The Secretary shall take reasonable precautions to ensure that --

"(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

"(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

"(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

"(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this subsection, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

"(6) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs

and finance.

"(7) Eligible commodities, and products thereof, furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

"(A) Sales and barter that are incidental to the donation of the commodities or products.

"(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

"(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

"(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

"(ii) Foreign currency proceeds generated from the sales of commodities and products under this subparagraph shall be used by nonprofit and voluntary agencies, or cooperatives, for activities carried out by the agency or cooperative that will directly supplement the transportation, distribution, and use of commodities and products donated under this subsection.

"(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 5 per centum of the quantity of all commodities and products furnished for carrying out programs of assistance under this subsection in such fiscal year.

"(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection and (II) after one year of acquisition as appropriate to achieve the purposes of clause (i).

"(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

"(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

Except as otherwise provided in subparagraph (C), no portion of the proceeds or services realized from sales or barter under paragraph (7) may be used to meet operating and overhead expenses.

"(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

"(B) The Secretary shall issue regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

"(9) Not later than April 1, 1987, and annually thereafter, the Secretary shall report to Congress on sales and barters, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall

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include information on --

"(A) the quantity of commodities furnished for such sale or barter;

"(B) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barter in such fiscal year;

"(C) how such funds and services were used;

"(D) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

"(E) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year that such estimated use represents;

"(F) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

"(G) the extent to which sales, barter, or use displaces or interferes with commercial sales of United States agricultural commodities and products that otherwise would be made, or affects usual marketings of the United States, or disrupts world prices of agricultural commodities or normal patterns of trade with friendly countries, or discourages local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

"(H) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

"(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each of the fiscal years ending September 30, 1986, and September 30, 1987, not less than the minimum quantities of eligible commodities specified in subparagraph (B).

"(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be (i) 1,000,000 metric tons in fiscal year 1986, and 600,000 metric tons in fiscal year 1987, of grains and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 per centum of the Corporation's uncommitted stocks of grains and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less, and (ii) 10 per centum of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available. The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year.

"(C)(i) The Secretary may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year

--

"(I) to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year; or

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"(II) if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such minimum quantities.

"(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests."

#### Subtitle B -- Food Security Wheat Reserve

##### EXTENSION OF THE RESERVE

Sec. 1111. Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1637f-1(i)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1990".

#### Subtitle C -- Maintenance and Development of Export Markets

##### TRADE POLICY DECLARATION

Sec. 1121. (a) Congress finds that --

(1) the volume and value of United States agricultural exports have significantly declined in recent years as a result of unfair foreign competition and the high value of the dollar;

(2) this decline has been exacerbated by the lack of uniform and coherent objectives in United States agricultural trade policy and the absence of direction and coordination in trade policy formulation;

(3) agricultural interests have been under-represented in councils of government responsible for determining economic policy that has contributed to a strengthening of the United States dollar;

(4) foreign policy objectives of the United States have been introduced into the trade policy process in a manner injurious to the goal of maximizing United States economic interests through trade; and

(5) the achievement of that goal is in the best interests of the United States.

(b) It is hereby declared to be the agricultural trade policy of the United States to --

(1) provide through all means possible agricultural commodities and their products for export at competitive prices, with full assurance of quality and reliability of supply;

(2) support the principle of free trade and the promotion of fairer trade in agricultural commodities and their products;

(3) cooperate fully in all efforts to negotiate with foreign countries reductions in current barriers to fair trade;

(4) counter aggressively unfair foreign trade practices using all available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and their products, as a means to encourage fairer trade;

(5) remove foreign policy constraints to maximize United States economic interests through agricultural trade; and

(6) provide for consideration of United States agricultural trade interests in the design of national fiscal and monetary policy that may foster continued strength in the value of the dollar.

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#### AGRICULTURAL TRADE CONSULTATIONS

Sec. 1122. (a) To improve the orderly marketing of United States agricultural commodities, to achieve higher income for United States producers of agricultural commodities, and to reduce the likelihood of an agricultural commodity price war and the need for export subsidy programs, the Secretary of Agriculture shall, in coordination with the United States Trade Representative, confer with representatives of other major agricultural producing countries and, at the earliest possible date, initiate and pursue multilateral agricultural trade consultations among major agricultural producing countries.

(b) It is the sense of Congress that the objectives of the consultations called for in subsection (a) should be to --

(1) increase the exchange of information on worldwide agricultural production, demand, and commodity supply levels;

(2) determine a more equitable sharing of responsibility for maintaining agricultural commodity reserves and managing supplies of agricultural commodities; and

(3) attain increased cooperation in restraining export subsidy programs.

(c) The Secretary of Agriculture shall report to Congress by July 1, 1986, and annually thereafter, on the progress of efforts to initiate and pursue the consultations called for in subsection (a), including any agreements reached with respect to the objectives set forth in subsection (b).

#### DEPARTMENT OF AGRICULTURE EXPORT DEVELOPMENT PROGRAMS

Sec. 1123. (a) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture may use \$325,000,000 of funds of the Commodity Credit Corporation for direct export credit under the blended credit export sales program of the Department of Agriculture.

(b) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture shall make available under the Export Credit Guarantee Program (GSM-102) carried out by the Commodity Credit Corporation credit guarantees for not less than \$5,000,000,000 in short-term credit extended to finance export sales of United States agricultural commodities.

(c) Notwithstanding any other provision of law, the Secretary of Agriculture may not charge an origination fee with respect to any credit guarantee transaction under the Export Credit Guarantee Program (GSM-102) in excess of an amount equal to one-third of one percent of the credit extended under the transaction.

#### COOPERATOR MARKET DEVELOPMENT PROGRAM

Sec. 1124. (a) It is the sense of Congress that the cooperator market development program of the Foreign Agricultural Service should be continued to help develop new markets and expand and maintain existing markets for United States agricultural commodities, using nonprofit agricultural trade organizations to the maximum extent practicable.

(b) The cooperator market development program shall be exempt from the requirements of Circular A 110 issued by the Office of Management and Budget.

#### DEVELOPMENT AND EXPANSION OF MARKETS

#### FOR UNITED STATES AGRICULTURAL COMMODITIES

Sec. 1125. (a)(1) Notwithstanding any other provision of law, effective for the period provided in subsection (h),

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the Secretary of Agriculture shall formulate and carry out a program under which agricultural commodities acquired by the Commodity Credit Corporation are provided to United States exporters, processors, or foreign purchasers, at no cost or reduced cost, to encourage the development and expansion of export markets for United States agricultural commodities.

(2)(A) The term "agricultural commodities", as used in this section in referring to United States agricultural commodities, includes, but is not limited to --

(i) wheat, feed grains, upland cotton, rice, soybeans, and dairy products produced in the United States;

(ii) any other agricultural commodity produced in the United States that is determined by the Secretary of Agriculture to be in surplus supply and that can be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935; and

(iii) products of the commodities and products described in clauses (i) and (ii) that are processed in the United States.

(B) United States agricultural commodities, as described in clause (ii) of subparagraph (A), may not be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, for the sole purpose of use under the program under this section; and such commodities, or products thereof, may not be furnished to United States exporters, processors, or foreign purchasers under the program under this section except by mutual agreement of such exporter, processors, or purchaser and the Secretary.

(3) The Secretary of Agriculture --

"(A) shall provide agricultural commodities or cash, or both, under the program to the extent necessary, as determined by the Secretary,

(i) to counter or offset the adverse effect on United States exports of an agricultural commodity of export subsidies used by other countries to promote sales of that agricultural commodity, and

(ii) to reduce to world price levels, as determined by the Secretary, the cost to exporters (including the cost of acquisition, handling, and an amount that reflects a fair return to such exporters) of grain purchased for export by such exporters and accompanied by a marketing certificate as provided under title V of the Agricultural Act of 1949, and

(B) may provide agricultural commodities under the program --

(i) to compensate, in whole or in part, for the high value of the United States dollar relative to other currencies, to increase the competitiveness of United States agricultural commodities in world markets;

(ii) to compensate, in whole or in part, overseas purchasers that buy United States agricultural commodities on credit for any increases in the value of the United States dollar while such credit is outstanding;

(iii) to offset, in whole or in part, interest charges that accrue on credit purchases of United States agricultural commodities by export customers;

(iv) to offset, in whole or in part, transportation charges involved in the export of United States agricultural commodities;

(v) in barter or countertrade transactions in which United States agricultural commodities are exported in exchange for other commodities or products;

(vi) for overseas sale to obtain foreign currencies to finance overseas trade offices for the use and benefit of United States exporters and commodity groups working to expand exports of United States agricultural commodities; and

(vii) for any other comparable purpose that the Secretary determines appropriate to expand United States agricultural exports and ensure competitiveness in world markets for United States agricultural commodities.

(b) In carrying out the program established by this section, the Secretary of Agriculture --

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities in any case in which the importation into the United States of a manufactured product made, in whole or in part, from an agricultural commodity provided for export under the program would place domestic users of the agricultural commodity at a competitive disadvantage;

(2) may provide to a United States exporter, processor, or foreign purchaser, under the program, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided;

(3) may purchase, through the Commodity Credit Corporation, agricultural commodities for use under the program if Commodity Credit Corporation stocks are insufficient or not available for use under the program;

(4) shall consider for participation in the program all interested foreign purchasers, including those who have traditionally purchased United States agricultural commodities and who continue to purchase such commodities on an annual basis in quantities greater than the level of purchases in a previous representative period;

(5) shall ensure, insofar as possible, that any use of agricultural commodities made available under this section be made in such manner as to encourage increased use and avoid displacing usual marketings of United States agricultural commodities; and

(6) shall take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities provided under this section.

(c) The Secretary of Agriculture shall carry out the program established by this section through the Commodity Credit Corporation.

(d) Any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation shall not apply to agricultural commodities provided under this section.

(e)(1) In carrying out barter and countertrade transactions, as authorized under subsection (a)(3), the Secretary of Agriculture may acquire and hold strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet, giving priority to materials that entail less risk of loss through deterioration and have lower storage costs than the agricultural commodities they replace. Each agency of the United States Government that procures strategic or other materials acquired under any such transaction shall reimburse the Commodity Credit Corporation for such procurement and otherwise cooperate with the Secretary in the conduct of the transaction.

(2) In addition to holding strategic and other materials to which title is acquired under such barter or countertrade transactions, the Secretary may (A) hold in storage strategic and other materials of the sort to which title may be so acquired even though it has not been (and impose a charge for costs incurred in storing such materials), and (B) issue negotiable warehouse receipts for such materials so stored to permit the use of such materials as collateral to secure loans to finance the export of United States agricultural commodities.

(f)(1) Except as otherwise expressly provided in this section, the Secretary of Agriculture shall aggressively

administer the program under this section solely to develop and expand exports of United States agricultural commodities and maximize the total dollar return on such exports.

(2) The program under this section shall not be used to expand exports (A) to any country with which the United States does not have full diplomatic relations, except that the foregoing shall not be construed as preventing the Secretary from carrying out the program with the people of Taiwan under the provisions of the Taiwan Relations Act or (B) to any country against which an embargo on the export of United States agricultural commodities has been imposed by the President under law.

(3) The program under this section shall not be used to promote any goal of foreign policy of the United States other than those goals set forth in paragraph (1).

(g) Not later than March 1 of the second calendar year beginning after the date of the enactment of this Act, the Secretary of Agriculture shall report to Congress on the exports from the United States of agricultural commodities to each foreign country during the calendar years 1979 through 1982 and to each foreign country during the immediately preceding calendar year, and on the exports to each such country during the immediately preceding calendar year of agricultural commodities made available under the program under this section. The report shall also include, for the same time periods, information on exports to each such country of agricultural commodities produced outside the United States that are used for the same or similar purposes as exports of agricultural commodities to such country from the United States. For the purpose of the report, exports shall be listed by kind, value, and quantity, and for exports of agricultural commodities produced outside the United States, the country of origin shall be provided.

(h) The program under this section shall be in operation only during the marketing years for the 1985 through 1990 crops of agricultural commodities produced in the United States.

(i) The Secretary of Agriculture shall issue such regulations as are necessary to implement the provisions of this section, after consultation with the United States Trade Representative, not later than 60 days after the date of enactment of this Act.

(j) The program established under this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

#### EXPORT ADVISORY COUNCIL

Sec. 1126. (a) There is established an Export Advisory Council to advise the Secretary of Agriculture and the United States Trade Representative on how best to use the agricultural export development and expansion program established under section 1125.

(b) The Export Advisory Council shall be composed of the Secretary of Agriculture, the United States Trade Representative, and 12 other persons selected and appointed as follows:

(1) The Chairman and the ranking minority member of the Committee on Agriculture of the House of Representatives each shall appoint three members to the Council; and the Chairman and the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate each shall appoint three members to the Council; and

(2) The 12 members so appointed shall be selected from among persons with experience and skills in world trade in agricultural commodities and products thereof.

(c) The members of the Export Advisory Council shall be appointed not later than 60 days after the date of enactment of this Act. A vacancy in the membership of the Council shall be filled in the same manner as the original appointment.

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(d)(1) Each member of the Export Advisory Council who is not otherwise a fulltime employee of the Federal Government shall receive for each day such member is engaged in the performance of the functions of the Council the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5 of the United States Code.

(2) Each member of the Council shall be reimbursed for actual and necessary travel expenses incurred while away from such member's home or regular place of business and engaged in the performance of the functions of the Council in the same manner and to the same extent as provided under section 5703 of title 5 of the United States Code.

(e) The Secretary of Agriculture shall chair the Export Advisory Council, except that, in the Secretary's absence, the United States Trade Representative shall chair the Council.

(f) The Export Advisory Council shall meet not less frequently than once every two months. The Council shall review in detail the functioning of the agricultural export development and expansion program under section 1123, including any proposal (whether or not acted on) for use of the program that has been submitted to the Secretary, and make such recommendations for improvements in the operations of the program as the Council deems appropriate.

(g) The Export Advisory Council shall report semiannually to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on the state of the program under section 1123 and its operations. Each member of the Council shall have the opportunity to review each such report before its submission to the Committees and to have appended to the report, as an addendum, any comments such member may make on the report or on the operations of the program.

(h) On request of the Export Advisory Council, the Secretary of Agriculture shall furnish the Council with such personnel and support services as are necessary to assist the Council in carrying out its duties and functions.

(i) The term of the Export Advisory Council shall expire at the time that the agricultural export development and expansion program under section 1125 ceases operation.

#### AGRICULTURAL EXPORT CREDIT REVOLVING FUND

Sec. 1127. Section 4(d) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)) is amended by --

(1) in paragraph (1)(A), striking out "three" and inserting in lieu thereof "ten";

(2) in paragraph (2), striking out all that follows "fund" and inserting in lieu thereof the following: "to extend credit for purposes of market development and expansion and to meet credit competition for export sales.";

(3) striking out the second sentence of paragraph (4), and inserting in lieu thereof the following: "All funds received by the Corporation in payment for direct credit extended by the Corporation after September 30, 1985, including interest or other receipts on investments and credit obligations, in financing export sales shall be added to and become a part of such revolving fund.";

(4) striking out "1985" both places it appears in paragraph (6) and inserting in lieu thereof "1990"; and

(5) striking out paragraph (8).

#### INTERMEDIATE CREDIT FOR AGRICULTURAL EXPORTS

Sec. 1128. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended by --

(1) adding at the end of paragraph (1) the following: "Such financing may consist of the provision of direct credit or guaranteeing the repayment of loans made by entities other than the Corporation to finance such sales.";

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(2) in paragraph (2) --

(A) striking out "or" at the end of clause (A);

(B) striking out the period at the end and inserting in lieu thereof "; or"; and

(C) adding at the end thereof the following:

"(C) otherwise promote the export of United States agricultural commodities.";

(3) in paragraph (3) --

(A) striking out "and" at the end of clause (C);

(B) striking out "credit" in clause (D);

(C) striking out the period at the end and inserting in lieu thereof "; and"; and

(D) adding at the end thereof the following:

"(E) otherwise to promote the export of United States agricultural commodities.";

(4) in paragraph (4), striking out "to encourage credit competition, or";

(5) in paragraph (5) --

(A) inserting "through the provision of direct credit" after "subsection"; and

(B) amending paragraph (A) to read as follows:

"(A) Repayment shall be in dollars with interest at a rate determined by the Secretary, except that the Secretary may permit a purchaser to make repayment in other currencies of a portion -- not to exceed 10 per centum -- of the principal and interest payments under any financing arrangement entered into under paragraph (3)(C), and the Secretary may use such portion of the principal and interest payments for the purpose of developing markets for agricultural products of the United States in the purchaser's country, in cooperation with the private sector."; and

(6) inserting at the end thereof the following:

"(10) The Secretary shall make available for the financing of transactions under this subsection not less than \$500,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, of which not less than \$150,000,000 shall be available, for each such fiscal year, for financing arrangements entered into under paragraph (3)(C). Not less than 25 per centum of the funds provided in any fiscal year for the financing of transactions under this subsection shall be made available for financing that consists of the provision of direct credit."

#### MARKET EXPANSION RESEARCH

Sec. 1129. The Secretary of Agriculture, using available funds, shall increase and intensify research programs conducted by or for the Department of Agriculture that are directed at developing technology to overcome barriers to expanded sales of United States agricultural commodities and the products of such commodities in foreign markets, including research programs for the development of procedures to meet plant quarantine requirements and improvement in the transportation and handling of perishable agricultural commodities.

#### EXPORT SUBSIDY REPORTS

Sec. 1130. (a) Congress finds that --

(1) aggressive trading practices on the part of foreign competitors are eroding the sales of United States agricultural commodities and the products of such commodities in traditional foreign markets of the United States and are inhibiting the expansion of sales of such commodities and products in other foreign markets;

(2) export subsidies by foreign governments have severely undercut the sale of United States agricultural commodities and products in Third World country markets; and

(3) accurate, adequate, and current data on the nature and extent of such subsidies have not been readily available to appropriate United States officials or to agricultural sectors in the United States affected by such subsidies.

(b) The Secretary of Agriculture shall require appropriate officers and employees of the Department of Agriculture stationed in foreign countries to prepare and submit annually, directly to the Secretary, detailed information documenting the nature and extent of programs in such countries that provide direct government support for the export of agricultural commodities and the products of such commodities. The Secretary shall also require such reports to identify opportunities for the export of United States agricultural commodities and the products of such commodities to the foreign countries in which the officers and employees are stationed.

(c) The Secretary of Agriculture shall compile the information contained in the reports each year and make such information available to Congress and to other interested parties.

#### CONTRACT SANCTITY

Sec. 1131. It is hereby declared to be the policy of the United States --

(1) to foster and encourage the export of agricultural commodities and the products of such commodities;

(2) not to restrict or limit the export of such commodities and products except under the most compelling circumstances;

(3) that any prohibition or limitation on the export of such commodities or products should be imposed only in time of a national emergency declared by the President under the Export Administration Act; and

(4) that contracts for the export of such commodities or products entered into before the imposition of any prohibition or limitation on the export of such commodities or products should not be abrogated.

Subtitle D -- Transportation Charges For Waterborne Cargoes of Donated Commodities

#### EFFECT ON OTHER LAWS

Sec. 1141. Nothing in this Act shall be construed as exempting export activities from the cargo preference laws except to the extent those activities were exempt under Public Law 95-501 (7 U.S.C. 1707a(b)) before September 13, 1985.

Subtitle E -- Agricultural Imports

#### CONSULTATIONS ON IMPORT RESTRICTIONS

Sec. 1151. Before relaxing or removing a restriction on the importation of an agricultural commodity into the United States, the authority within the Department of Agriculture proposing that relaxation or removal shall consult with all other appropriate authorities within the Department of Agriculture, including the Foreign Agricultural Service and the Animal and Plant Health Inspection Service.

## STUDY

Sec. 1152. (a) The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine --

- (1) the effect of apricot imports into the United States on the domestic apricot industry; and
- (2) the extent and nature of apricot subsidies existing in the countries from which such apricot imports are derived.

(b) The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

## FINDINGS

Sec. 1153. Congress finds that --

(1) world trade in agricultural commodities has stagnated in recent years, and at the same time the United States has lost a considerable portion of its market share of such trade;

(2) since 1981 the decline in exports of United States agricultural commodities has amounted to a reduction of \$10,000,000,000 and twenty-five million tons, a reduction of some 25 per centum in the export contribution to farm income;

(3) in part as a result of the loss of export markets, the farm economy in the United States has been in serious economic distress that has reached beyond the farmer and affected the businesses that serve the farmer and the entire economy of rural America as well;

(4) an increase in world trade in agricultural commodities and in the United States' share of such trade is essential to a healthy farm economy, since exports have accounted for over one-third of the demand for agricultural commodities;

(5) the reduction in exports is attributable to a number of factors, including, among others, the high value of the dollar, unfair trading practices used by other countries to the detriment of the United States, and severe financial problems in many developing countries that have restricted the purchasing power in those countries;

(6) there are many legislative authorities available to the United States that, if used creatively, could reverse this trend in exports and make a major long-term contribution toward increasing exports of agricultural commodities -- authorities in existing law and new authorities provided under this Act;

(7) these authorities include programs to make commercial exports more competitive in world markets with exports of other countries, to develop new commercial markets, and to offset unfair trading practices of third countries, as well as programs to provide food assistance to developing countries to help their economies grow so that they may become larger markets for United States exports of agricultural commodities;

(8) the countries with the greatest potential for long-term growth in United States agricultural exports are the developing nations where three-fourths of the world's people live, many of them chronically hungry and subject to food emergencies. These are also countries where increased incomes readily translate into increased food and fiber consumption;

(9) the crisis in rural America calls for new initiatives on the part of the United States to apply long-range sustained planning in the use of its exports and food aid authorities that would enable this Nation to make maximum use of its agricultural and related resources;

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(10) to accomplish these objectives, it is essential to identify those countries that have the greatest long-term economic growth potential, to treat each country as a unique market, and to coordinate and integrate the legislative authorities available to the United States in a manner that addresses the specific need of each country; and

(11) it is necessary for the President to appoint a Special Assistant for Agricultural Exports and Food Aid to provide improved long-term coordination and planning of efforts among United States Government agencies administering the commercial and foreign assistance programs and to provide integrated direction for these programs.

#### SPECIAL ASSISTANT FOR AGRICULTURAL EXPORTS AND FOOD AID

Sec. 1154. (a) In order to implement the findings set forth in section 1153, the President shall appoint, with the advice and consent of the Senate, a Special Assistant for Agricultural Exports and Food Aid, who shall hold office at the pleasure of the President, and shall have the rank of Ambassador. The Special Assistant for Agricultural Exports and Food Aid shall report directly to the President and the Congress.

(b) The Special Assistant for Agricultural Exports and Food Aid shall have overall responsibility for developing and coordinating a long-term international agricultural policy for utilizing the agricultural and related resources of the United States and its export and food aid programs in maximizing exports of agricultural commodities and products thereof consistent with economic and humanitarian objectives, and preparing reports as provided in subsection (c). The Special Assistant shall coordinate activities as provided under this section in consultation with the Secretary of Agriculture, the Secretary of State, the United States Trade Representative, and the Administrator of the Agency for International Development.

(c) Not later than one year after the date of enactment of this Act, the Special Assistant for Agricultural Exports and Food Aid shall submit to the President and the Congress a report that --

(1) contains a global analysis that evaluates future production and food needs in the world, with special attention to the developing countries;

(2) identifies a minimum of fifteen target countries that are most likely to emerge as growth markets for agricultural commodities and products thereof in the next five to ten years; and

(3) contains a detailed plan for using available export and food aid authorities to increase United States exports of agricultural commodities and products thereof to each of such target countries, and specifies the particular export and food aid authorities to be used in each such country and the manner in which such authorities are to be used. Each year thereafter the Special Assistant shall submit a revised report to the President and the Congress that evaluates the progress made in implementing the plan, contains any changes that need to be made in the plan based on changed conditions, and recommends any changes in legislative authorities that are needed to accomplish the objectives of this section.

(d) The Special Assistant for Agricultural Exports and Food Aid may for the purpose of carrying out functions under this section --

(1) subject to the civil service and classification laws, appoint, employ, and fix the compensation of such officers and employees as are necessary, but not to exceed fifteen full-time employees, and prescribe their authority and duties;

(2) employ experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate individuals so employed for each day (including travel time) at rates not in excess of the maximum rate of pay for grade GS-18 as provided in section 5332 of title 5, United States Code, and while such experts and consultants are so serving away from their homes or regular places of business, to pay such employees travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code, for persons in Government service intermittently employed;

(3) utilize, with their consent, the services, personnel and facilities of other Federal agencies;

(4) enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of the work under this section and on such terms as the Special Assistant may deem appropriate, with any agency or instrumentality of the United States, or with any public or private person, firm, association, corporation, or institution;

(5) accept voluntary and uncompensated services, notwithstanding the provisions of section 1342 of title 31, United States Code; and

(6) promulgate such rules and regulations as may be necessary to carry out the functions, powers, and duties vested in the Special Assistant.

(e) Effective October 1, 1985, there are authorized to be appropriated to the Office of the Special Assistant for Agricultural Exports and Food Aid for each fiscal year such sums as are necessary to carry out the provisions of this section.

## TITLE XII -- RESOURCE CONSERVATION

### Subtitle A -- Conservation of Highly Erodible Land and Wetlands

#### DEFINITIONS

Sec. 1201. As used in this subtitle --

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or by any similar name;

(3) the term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions;

(4) the term "converted wetland" --

(A) means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if --

(i) such production would not have been possible but for such action; and

(ii) before such action --

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland, as defined in this section; but

(B) does not include --

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(i) artificial lakes, ponds, or wetland created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control;

(ii) wet areas created by water delivery systems or the application of water for irrigation;

(iii) wetland on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics; or

(iv) wetland on which such production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

(5) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that --

(A) any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of the enactment of this Act and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on that date of enactment; and

(B) the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this subtitle;

(6) the term "highly erodible land" means land --

(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(B) that, if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope;

and, for the purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

(7) the term "highly erodible cropland" means highly erodible land that is in cropland uses, as determined by the Secretary; and

(8) the term "Secretary" means the Secretary of Agriculture.

#### PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

Sec. 1202. (a) Except as provided in section 1203 and notwithstanding any other provision of law, following the date of the enactment of this Act any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for --

(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

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(3) crop insurance under the Federal Crop Insurance Act;

(4) a disaster payment under the Agricultural Act of 1949; or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on wetlands other than those operated by the tenant or sharecropper.

#### EXEMPTIONS

Sec. 1203. (a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 1202, as the result of the production of a crop of an agricultural commodity --

(1) except as otherwise provided in section 1205(m), on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted, or otherwise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity;

(2) planted before the date of the enactment of this Act;

(3) planted during any crop year beginning before the date of the enactment of this Act;

(4) on highly erodible land in an area --

(A) within a conservation district, under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

(5) on highly erodible land that is planted in reliance on the determination by the Soil Conservation Service that the land is not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil Conservation Service determines that the land is highly erodible land;

(6) on converted wetland if the land became converted wetland before the date of the enactment of this Act; or

(7) on wetland that became converted wetland --

(A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or

(B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through

the United States Fish and Wildlife Service.

(b) Section 1202 shall not apply to any loan made before the date of the enactment of this Act.

#### COMPLETION OF SOIL SURVEYS

Sec. 1204. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle, and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

#### CONSERVATION RESERVE PROGRAM

Sec. 1205. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program, in accordance with this section, of contracts with owners and operators of highly erodible cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. Under the program, the Secretary shall not place under contract more than 25 percent of the cropland in any one county.

(b)(1) To carry out this section, except as otherwise provided in paragraph (2), during the period beginning October 1, 1985, and ending September 30, 1990, the Secretary shall enter into conservation reserve contracts, covering in the aggregate not in excess of 20 million acres of highly erodible cropland, with owners and operators of highly erodible cropland. Each such contract under this subsection shall be not less than ten years in duration; and in each such contract, the owner and operator shall agree to --

(A) effectuate during the contract period a plan approved by the local conservation district (or, in an area not within a conservation district, a plan approved by the Secretary) or, if the plan involves conversion to trees, a plan approved by the appropriate State forestry agency, for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, forbs, shrubs, or trees, substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(B) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder on the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that the violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(C) on transfer of the owner's or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee agrees with the Secretary to assume all obligations under the contract;

(D) not conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(E) not conduct, during the term of the contract, any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of such trees as Christmas trees is prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the

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contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract. No contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning (including, but not limited to, thinning that results in commercial pulpwood and fence post harvesting), or stand improvement of trees, on lands converted to forestry use; and

(F) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(2) Notwithstanding any provision of paragraph (1) that is inconsistent with this paragraph, as a part of the program, in addition to the conservation reserve contracts provided for under paragraph (1), the Secretary shall remove up to 5 million additional acres of highly erodible cropland from production through long-term conservation reserve contracts, of up to 10 years in duration, with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation, except that, if the Secretary determines that sufficient stocks of commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities, the Secretary may make such payments in cash.

(c) The plan, as described in subsection (b)(1)(A), for converting highly erodible cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use shall set forth the conservation measures and practices to be installed by the owner or operator during the contract period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(d)(1)(A) In return for such agreement by the owner and operator, the Secretary shall agree to --

(i) provide technical assistance;

(ii) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost-sharing is appropriate and in the public interest; and

(iii) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner and operator agree to retire permanently.

(B) The Secretary shall provide payment to each contracting party --

(i) with respect to any cost-share payment obligation incurred by the Secretary under the contract, as soon as possible after the obligation is incurred; and

(ii) with respect to any annual land rental fee obligation incurred by the Secretary under the contract, as soon as practicable after October 1 of each calendar year, except that the Secretary, at the Secretary's discretion, may pay any such fee prior to such date at any time during the year that the obligation is incurred.

(2) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary, shall be made during the period of the contract in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program.

(3) No persons who enter into a contract under this section for a farm or ranch may receive annual rental fees applicable to the farm or ranch under the contract in excess of \$50,000 per year. The Secretary shall issue regulations defining the term "persons", as used in this paragraph, and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this paragraph; and the rules for determining

whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

(e) The Secretary shall pay 50 per centum of the cost of installing, and maintaining for the normally expected lifespan, conservation measures and practices set forth in contracts under this section for which the Secretary determines that cost-sharing is appropriate and in the public interest.

(f)(1) In determining the amount of annual land rental to be paid for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners and operators of highly erodible cropland to participate in the program under this section. The total amount payable to owners and operators in the form of annual land rental fees under contracts entered into under this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(2) In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted and may, where appropriate, accept contract offers that provide for the establishment of --

(A) shelterbelts and windbreaks; or

(B) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

(g) Except as otherwise provided in this section, payments under this section --

(1) shall be made in cash or in commodities in such amount and on such time schedule as agreed on and specified in the contract; and

(2) may be made in advance of determination of performance.

(h) If a person who is entitled to any payment or compensation under this section dies, becomes incompetent, or disappears before receiving the payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide the payment or compensation, in accordance with appropriate regulations and without regard to any other provisions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i)(1) No contract shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the contract period unless --

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not acquired for the purpose of placing it in the program.

(2) Paragraph (1) shall not prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this section, nor require a person to own the land as a condition of eligibility for entering into the contract if the person has operated the land to be covered by a contract under this section for at least three years preceding the date of the contract or since January 1, 1985, whichever is later, and controls the land for the contract period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including

provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract under this section by mutual agreement with the owner and operator if the Secretary determines that termination would be in the public interest, or may agree to any modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration, or to be in the public interest.

(l) Notwithstanding section 1202, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

(m) In the event of the termination of a contract under subsection (b)(1)(B) or (k) and on expiration of the term of any contract entered into under subsection (b), the highly erodible cropland that was the subject of such contract shall be considered highly erodible cropland for the purposes of section 1202.

(n) The Secretary may carry out the program under this section through the Commodity Credit Corporation. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by it in accordance with this section and not previously reimbursed.

(o) The Secretary shall consider for inclusion in the program under this section those lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

#### ADMINISTRATIVE PROVISIONS

Sec. 1206. (a) In addition to the appropriations authorized under section 1205(n), there are hereby authorized to be appropriated such other sums as may be necessary to carry out this subtitle.

(b) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(d) The Secretary shall, within 180 days after the enactment of this subtitle publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(e) The authority provided by this subtitle shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

#### Subtitle B -- Water Resource Conservation

#### TECHNICAL ASSISTANCE FOR WATER RESOURCES; REPORTS

Sec. 1211. (a) Notwithstanding any other provision of law, the Secretary of Agriculture may formulate plans and provide technical assistance to property owners and agencies of State and local governments and interstate river basin commissions, at their request, to --

(1) protect the quality and quantity of subsurface water including water in the Nation's aquifers,

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- (2) enable property owners to reduce their vulnerability to flood hazards that also may affect water resources, and
- (3) control the salinity in the Nation's agricultural water resources.

(b) The Secretary shall submit by February 15, 1987, and the fifteenth day of February each year thereafter, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate reports evaluating the plans and technical assistance authorized in subsection (a). Each such report shall include any recommendations as to whether the plan and assistance should be extended, and, if so, how they could be improved, and any other relevant information and data relating to costs and other elements of the plan or assistance that would be helpful to such Committees.

Subtitle C -- Soil and Water Resources Conservation Act of 1977

#### SHORT TITLE

Sec. 1221. This subtitle may be cited as the "Soil and Water Resources Conservation Act Amendments of 1985".

#### EXTENSION OF THE ACT

Sec. 1222. The Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001 et seq.) is amended by --

- (1) amending section 5(d) to read as follows:

"(d) The Secretary shall conduct four comprehensive appraisals under this section, to be completed by December 31, 1979, December 31, 1985, December 31, 1995, and December 31, 2005, respectively. The Secretary may make such additional interim appraisals as the Secretary deems appropriate.";

- (2) amending section 6(b) to read as follows:

"(b) The initial program shall be completed not later than December 31, 1979, and program updates shall be completed by December 31, 1987, December 31, 1997, and December 31, 2007, respectively.";

- (3) amending section 7(a) to read as follows:

"Sec. 7. (a) At the time Congress convenes in 1980, 1986, 1996, and 2006, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the appraisal developed under section 5 of this Act and completed prior to the end of the previous year. At the time Congress convenes in 1980, 1988, 1998, and 2008, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the initial program or updated program developed under section 6 of this Act and completed prior to the end of the previous year, together with a detailed statement of policy regarding soil and water conservation activities of the United States Department of Agriculture.";

- (4) striking out section 7(b) and redesignating section 7(c) as section 7(b); and

- (5) amending section 10 to read as follows:

"Sec. 10. The provisions of this Act shall terminate on December 31, 2008.".

#### TITLE XIII -- CREDIT

#### JOINT OPERATIONS

Sec. 1301. (a) Sections 302 and 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941(a), respectively) are each amended by --

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(1) striking out "and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof;

(2) striking out ", and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof; and

(3) striking out "members, stockholders, or partners, as applicable," each place it appears and inserting "individuals" in lieu thereof.

(b) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended by --

(1) striking out "and" before "(6)"; and

(2) inserting before the period at the end thereof the following: ", and (7) the term 'joint operation' means a joint farming operation in which two or more farmers work together sharing equally or unequally land, labor, equipment, expenses, and income".

#### WATER AND WASTE DISPOSAL FACILITIES

Sec. 1302. Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by --

--

(1) adding at the end of paragraph (2) the following:

"The Secretary shall fix the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels, except that the grant rate shall be the maximum rate permitted under this paragraph for any project in a community that has --

"(A) a population of 1,500 or fewer inhabitants; and

"(B) a median household income level that does not exceed the higher of --

"(i) the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)); or

"(ii) 80 per centum of the statewide nonmetropolitan median household income."; and

(2) adding at the end thereof the following:

"(16)(A) In providing financial assistance for water and waste disposal facilities under this section, the Secretary shall use a project selection system to determine which of the applicants for assistance meeting the basic requirements of this section shall be selected to receive assistance. The project selection system shall provide for the objective and uniform comparison of requests for assistance (in the form of preapplications) on the basis of relative need as reflected by factors to be determined by the Secretary.

"(B) The factors referred to in subparagraph (A) shall include --

"(i) low community median income;

"(ii) low population; and

"(iii) severity of health hazards resulting from inadequate provision for the reliable supply of potable water or from inadequate means of disposing of waste.

"(C) The three factors set forth in subparagraph (B) shall --

"(i) be weighted equally; and

"(ii) account for not less than 75 per centum of the total rating points in the project selection system.

"(17)(A) The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to --

"(i) identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(ii) prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

"(iii) improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

"(B) In selecting recipients of grants to be made under subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low income and in which water supply systems or waste facilities are unhealthful.

"(C) Not less than 2 per centum of any funds provided in appropriations acts to carry out paragraph (2) of this subsection for any fiscal year shall be reserved for grants under subparagraph (A) unless the applications, qualifying for grants, received by the Secretary from eligible nonprofit organizations for the fiscal year total less than 2 per centum of those funds.

"(18) In the case of water and waste disposal facility projects serving more than one separate rural community, the Secretary shall use the median population level and the community income level of all the separate communities to be served in applying the standards specified in paragraphs (2) and (16) of this subsection and section 307(a)(3)(A).

"(19) The Secretary may make grants, aggregating not to exceed \$10,000,000 in any fiscal year, to associations described in paragraph (1) of this subsection to test cost-effective methods of meeting the basic needs of rural residents who do not have and cannot afford safe drinking water services. Such grants may include, but are not limited to, financing for --

"(A) costs associated with the development or improvement of individual or small, multiuser drinking water facilities;

"(B) costs associated with enabling such rural residents to connect to community water supply systems, such as the payment of connection fees;

"(C) costs associated with improving the operation, maintenance, or management of small community water systems that are currently unable to provide safe drinking water at affordable rates to such rural residents; or

"(D) costs associated with implementing other alternatives to meeting the basic drinking water needs of such rural residents.

"(20) Notwithstanding any other provision of law, grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program."

INTEREST RATES -- WATER AND WASTE DISPOSAL FACILITY AND COMMUNITY FACILITY LOANS

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Sec. 1303. Section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) is amended by --

(1) striking out "where the median family income of the persons to be served by such facility is below the poverty line prescribed by the Office of Management and Budget, as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d)" and inserting in lieu thereof "where the median household income of the persons to be served by such facility is below the higher of 80 per centum of the statewide nonmetropolitan median household income or the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))";

(2) inserting before the period at the end thereof the following: "; and not in excess of 7 per centum per annum on loans for such facilities that do not qualify for the 5 per centum per annum interest rate but are located in areas where the median household income of the persons to be served by the facility does not exceed 100 per centum of the statewide nonmetropolitan median household income"; and

(3) adding at the end thereof the following: "The interest rate on loans for water and waste disposal facilities and loans for essential community facilities shall be the lower of (i) the rate in effect at the time of the loan approval, or (ii) the rate in effect at the time of the loan closing."

#### EFFECTIVE DATE OF SECTIONS 1302 AND 1303

Sec. 1304. The amendments made by sections 1302 and 1303 shall become effective on October 1, 1985, and shall apply to any association described in section 306(a)(1) of the Consolidated Farm and Rural Development Act (7U.S.C. 1926(a)(1)) without regard to whether the application for the loan or grant involved was made by the association before that date.

#### MINERAL RIGHTS AS COLLATERAL

Sec. 1305. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following:

"(d) With respect to a farm ownership loan made after the date of the enactment of this subsection, unless appraised values of the rights to oil, gas, or other minerals are specifically included as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other minerals located under the property shall not be considered part of the collateral securing the loan. Nothing in this subsection shall preclude including, as part of the collateral securing the loan, any payment or other compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals."

#### RURAL INDUSTRIAL ASSISTANCE

Sec. 1306. Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by --

(1) adding at the end of subsection (a) the following: "No loan may be made, insured, or guaranteed under this subsection that exceeds \$25,000,000 in principal amount."; and

(2) effective on October 1, 1986, adding at the end thereof the following:

"(f)(1) The Secretary may make grants under this subsection to public and nonprofit private institutions for the purpose of enabling them to establish and operate centers of rural technology development that have, as a primary objective, the improvement of the economic condition of rural areas by promoting the development (through technological innovation and adaptation of existing technology) and commercialization of (A) new products that can be produced in rural areas, and (B) new processes that can be used in such production.

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"(2) Grants under this subsection shall be made on a competitive basis. In making grants, the Secretary shall give preference to applicants that will establish centers for rural technology in areas that have (A) few industries and agribusinesses, (B) high levels of unemployment, (C) high rates of out-migration of people, business, and industries, and (D) low levels of per capita income.

"(3) The Secretary shall issue regulations implementing this subsection that shall include provisions for the monitoring and evaluation of the rural technology development activities carried out by institutions that receive grants under this subsection."

#### ELIGIBILITY FOR EMERGENCY LOANS

Sec. 1307. (a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by --

(1) inserting after "United States" in clause (1) of the first sentence "and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms";

(2) in clause (2) of the first sentence, striking out "farm cooperatives or private domestic corporations or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture," and inserting in lieu thereof the following: "farm cooperatives, private domestic corporations, partnerships, or joint operations (A) that are engaged primarily in farming, ranching, or aquaculture, and (B) in which a majority interest is held by individuals who are citizens of the United States and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms (or in the case of such cooperatives, corporations, partnerships, or joint operations in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be either owners or operators of not larger than a family farm and at least one such individual must be an operator of not larger than a family farm)."; and

(3) inserting after the first sentence the following: "In addition to the foregoing requirements of this subsection, in the case of farm cooperatives, private domestic corporations, partnerships, and joint operations, the family farm requirement of the preceding sentence shall apply as well to all farms in which the entity has an ownership and operator interest (in the case of loans for a purpose under subtitle A) or an operator interest (in the case of loans for a purpose under subtitle B)."

(b) Effective with respect to disasters occurring after September 30, 1985, section 329 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1970) is amended by adding at the end thereof the following: "Notwithstanding the third sentence of section 321(a) of this subtitle, eligibility of an applicant for assistance under this subtitle based on production losses shall be determined solely on the basis of the factors designated in this section without regard to the Secretary's failure to designate a county or counties for emergency loan purposes."

#### COUNTY COMMITTEES

Sec. 1308. Section 332(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a) In each county or area in which activities are carried out under this title, there shall be a county committee composed of three members. Two members shall be elected, from among their number, by farmers deriving the principal part of their income from farming who reside within the county or area, and one member, who shall reside within the county or area, shall be appointed by the Secretary for a term of three years. At the first election of county committee members under this subsection, one member shall be elected for a term of one year and one member shall be

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elected for a term of two years. Thereafter, elected members of the county committee shall be elected for a term of three years. The Secretary, in selecting the appointed member of the county committee, shall ensure that, to the greatest extent practicable, the committee is fairly representative of the farmers in the county or area. The Secretary may appoint an alternate for each member of the county committee. Appointed and alternate members of the county committee shall be removable by the Secretary for cause. The Secretary shall issue such regulations as are necessary relating to the election and appointment of members and alternate members of the county committees."

#### USE OF PROCEEDS FROM MINERAL SALES OR LEASES

Sec. 1309. Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by --

(1) in subsection (d), striking out "and" following the semicolon;

(2) in subsection (e), striking out the period and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(f) with respect to loans made after the date of enactment of this subsection, unless the appraised value of rights to oil, gas, and other minerals is specifically included as part of the appraised value of collateral securing a loan, that a borrower having an outstanding loan made, insured, or held by the Secretary for farm ownership purposes under subtitle A, farm operating purposes under subtitle B, disaster emergency purposes under subtitle C, or economic emergency purposes under the Emergency Agricultural Credit Adjustment Act of 1978, be permitted to use the royalties generated from and any other proceeds under the sale or lease of rights to oil, gas, or other minerals located under the property securing the loan to make prospective scheduled payments on the loan."

#### ADMINISTRATION OF FARM REAL ESTATE ACQUIRED BY THE SECRETARY

Sec. 1310. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding at the end thereof the following:

"(e)(1) Notwithstanding any other provision of this title, the Secretary shall administer any real property that is farmland and that is acquired under this title or under the Emergency Agricultural Credit Adjustment Act of 1978 in conformity with the following provisions:

"(A) The Secretary shall not offer for sale or sell any such real property --

"(i) if placing the property on the market will have a detrimental effect on the value of farmland in the area; or

"(ii) in any State or portion of a State identified by the Secretary as having suffered substantial reduction in the average value of farmland since 1980, until such time as such State or portion of the State experiences a period of 12 consecutive months for which the average farmland value therein, at the end of the 12 month period, equals or exceeds the value of the farmland at the beginning of such period.

"(B) The Secretary shall, with respect to any such real property that is offered for sale, make the property available, to the maximum extent practicable, in tracts not larger than those that can be operated efficiently as a family farm, and offer the property on a priority basis to the previous owner and to beginning farmers.

"(C) The Secretary shall, with respect to leasing and operating such real property --

"(i) not lease or operate the real property for the production of agricultural commodities that the Secretary has determined to be in surplus supply and shall devote such real estate to conserving uses; and

"(ii) if the real property is highly erodible cropland, devote that property to conserving uses;

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"(D) To the extent the Secretary may lease or operate real property under this subsection, the Secretary shall --

"(i) offer to lease such real property on a competitive bid basis, giving priority in making awards to the previous owner, family farmers, and beginning farmers; and

"(ii) if the Secretary determines to administer such property through management contracts, offer the contracts on a competitive bid basis, giving preference to persons who will live in, and own and operate qualified small businesses in, the area where the property is located.

"(E) The Secretary may lease the property to the previous operator regardless of the restrictions in this paragraph (1), and priority in leasing shall be to the previous owner.

"(2) Notwithstanding any other provisions of law, compliance by the Secretary with this subsection shall not cause any acreage allotment, marketing quota, or acreage base assigned to such property to lapse, terminate, be reduced, or otherwise be adversely affected."

#### FARM DEBT RESTRUCTURE AND CONSERVATION SET-ASIDE

Sec. 1311. (a) The last sentence of section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended by striking out "all of the interest of the United States, including mineral rights" and inserting in lieu thereof "all the interests of the United States (including mineral rights) other than easements acquired under subsection (f)".

(b) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding after the subsection added by section 1310 of this Act the following:

"(f)(1) The Secretary may acquire and retain easements for conservation, recreational, and wildlife purposes for a term of not less than 50 years, in real property that is wetlands, upland, highly erodible land, or any other land determined by the Secretary to be marginal for use as cropland if such real property --

"(A) is determined by the Secretary to be suitable for the purpose involved; and

"(B)(i) is administered under this title by the Secretary; or

"(ii)(I) secures any loan made under any law administered by the Farmers Home Administration and held by the Secretary, and the borrower involved is unable, as determined by the Secretary, to repay such loan in a timely manner; and

"(II) was row cropped in each year of the 3-year period ending on the effective date of this subsection.

"(2) The terms and conditions specified in the easement shall --

"(A) specify the uses to which the real property will be put by the owner of the real property (including such borrower and any successor in interest of such borrower);

"(B) identify the conservation measures to be taken, and the recreational and wildlife uses to be allowed, with respect to the real property; and

"(C) require the owner to allow the Secretary, and any person or governmental entity designated by the Secretary, to have access to the real property for the purpose of monitoring compliance with the easement.

"(3) Any easement acquired by the Secretary under this subsection shall be purchased from the borrower involved by cancelling that part of the aggregate amount of the borrower's outstanding loans held by the Secretary under laws

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administered by the Farmers Home Administration that bears the same ratio to the aggregate amount of the borrower's outstanding loans held by the Secretary under all such laws as the number of acres of the borrower's real property that are subject to the easement bears to the aggregate number of acres securing such loans.

"(4) The Secretary shall consult with the Director of the Fish and Wildlife Service of the Department of the Interior for purposes of --

"(A) selecting real property in which the Secretary shall acquire easements under this subsection;

"(B) formulating the terms and conditions of those easements; and

"(C) enforcing those easements.

"(5) The Secretary, and any governmental entity or person designated by the Secretary, may enforce an easement acquired under this subsection by the Secretary.

"(6) For purposes of this subsection --

"(A) the term 'governmental entity' means any agency of the United States, of a State, or of a unit of local government of a State;

"(B) the term 'highly erodible land' means land classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the effective date of this subsection;

"(C) the term 'recreational uses' includes hunting;

"(D) the term 'wetlands' has the meaning given it in section 3 of the Water Bank Act; and

"(E) the term 'wildlife' means fish or wildlife as defined in section 2(a) of the Lacey Act Amendments of 1981.

"(7) This subsection shall not apply with respect to the cancellation of any part of any loan made after the date of enactment of this subsection."

(c) The second sentence of section 1001 of the Agricultural Act of 1970 (16 U.S.C. 1501) is amended by --

(1) striking out "perpetual"; and

(2) inserting "for a term of not less than 50 years" after "easements".

(d) Any part of a loan cancelled under section 335(f) of the Consolidated Farm and Rural Development Act shall not be included in income, and shall not have any effect on any tax attribute with respect to any taxpayer or property, for purposes of the Internal Revenue Code of 1954.

#### REAUTHORIZATION

Sec. 1312. (a) Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof the following:

"(f) Notwithstanding the provisions of subsection (a) --

"(1) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Agricultural Credit Insurance Fund as follows:

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"(A)(i) for fiscal year 1986, real estate loans, \$700,000,000, of which \$650,000,000 shall be for insured loans and \$50,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories;

"(ii) for each of the fiscal years 1987 and 1988, guaranteed real estate loans, \$700,000,000;

"(B) operating loans, \$3,150,000,000, of which \$2,500,000,000 shall be for insured loans and \$650,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories; and

"(C) insured or guaranteed emergency loans, \$1,300,000,000 for fiscal year 1986, \$700,000,000 for fiscal year 1987, and \$600,000,000 for fiscal year 1988.

Not less than 25 per centum of the funds that may be used for insured loans for farm ownership purposes and not less than 25 per centum of the funds that may be used for insured loans for farm operating purposes shall be made available for loans to low-income, limited-resource applicants to the extent needed to meet applications filed by such farmers who are eligible for such loans. The Secretary shall inform in writing all applicants for loans for farm ownership and farm operating purposes of the availability of the loan program for low-income, limited-resource borrowers and the general nature of the program; and

"(2) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Rural Development Insurance Fund as follows:

"(A) Insured water and waste disposal facility loans, \$340,000,000.

"(B) Industrial development loans, \$250,000,000.

"(C) Insured community facility loans, \$115,000,000."

(b) Effective for the period ending September 30, 1988, the Consolidated Farm and Rural Development Act (7U.S.C. 1921 et seq.) is amended by inserting, after section 346, the following:

"Sec. 346A. Notwithstanding any other provision of this Act, effective for the period beginning October 1, 1986, and ending September 30, 1988, no farm ownership loans made under subtitle A of this Act may be insured, or made to be sold or insured, under the Agricultural Credit Insurance Fund."

#### ADMINISTRATION OF GUARANTEED FARM LOAN PROGRAMS; USE OF TALENTS OF OLDER AMERICANS

Sec. 1313. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following:

"Sec. 349. Notwithstanding any other provision of this title, the Secretary shall ensure that farm loan guarantee programs carried out under this title are designed so as to be responsive to borrower and lender needs and to include provision under reasonable terms and conditions for advances, before completion of the liquidation process, of guarantee proceeds on loans in default.

"Sec. 350. (a) Notwithstanding any other provision of law, the Secretary may make grants to, or enter into cooperative agreements with, private nonprofit organizations designated by the Secretary of Labor under title V of the Older Americans Act of 1965 to use the talents of older Americans in programs authorized by other provisions of this title. Funding for such grants or agreements may be made available from such programs.

"(b) Before awarding any grant or entering into any agreement under subsection (a) of this section, the Secretary shall certify that the grant or agreement will not --

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"(1) result in the displacement of individuals currently employed by the agency concerned, including partial displacement through reduction of nonovertime hours, wages, or employment benefits;

"(2) result in the employment of any individual when any other individual is in a layoff status from the same or substantially equivalent job within the jurisdiction of the agency concerned; or

"(3) affect existing contracts for services.

"(c) The Secretary may not award a grant or enter into an agreement under this section unless funding for that grant or agreement is provided in advance in an appropriations Act."

#### PROTECTION FOR PURCHASERS OF FARM PRODUCTS

Sec. 1314. (a) Congress finds that --

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the product, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

(b) The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

(c) For the purposes of this section --

(1) the term "buyer in the ordinary course of business" means a person who --

(A) in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products; and

(B) buys the products in good faith and without knowledge that the sale is in violation of the ownership rights or security interest of a third party in the products;

(2) the term "farm products" means crops or livestock used or produced in farming operations or products of crops or livestock in their unmanufactured states (such as ginned cotton, wool-clip, maple syrup, milk, and eggs) that are in the possession of a person engaged in farming operations;

(3) the term "security interest" means an interest in farm products that secures payment or performance of an obligation; and

(4) the term "knows" or "knowledge" means actually knows or actual knowledge.

(d) Notwithstanding any other provision of Federal, State, or local law, a buyer in the ordinary course of business who buys farm products from a seller engaged in farming operations shall take free of a security interest created by the seller even though the security interest is perfected and even though the buyer knows of its existence, except that a

buyer of farm products takes subject to a security interest created by the seller if --

(1) within one year before the sale of the farm products the buyer has received from the secured party or the seller written notice of --

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the buyer by the secured party as conditions for waiver and release of the security interest; and

(2) the buyer has failed to perform those obligations.

(e) Notwithstanding any other provisions of Federal, State, or local law, a commission merchant or selling agent who sells farm products for others shall not be subject to a security interest created by the seller in such farm products even though the security interest is perfected and even though the commission merchant or selling agent knows of its existence, if the sale is made in the ordinary course of business, except that a commission merchant or selling agent who sells farm products for others shall be subject to a security interest created by the seller in such farm products if --

(1) within one year before the sale of the farm products the commission merchant or selling agent has received from the secured party or the seller written notice of --

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(2) the commission merchant or selling agent has failed to perform those obligations.

(f) A security agreement in which a seller of farm products creates a security interest in another may provide that the seller is obligated to furnish the secured party a list of the persons to whom the seller will sell the products. If a security agreement contains such a provision, the seller shall be subject to the provisions of subsection (g) if the seller sells the farm products collateral to a buyer not included on such a list unless the seller has --

(1) notified the secured party (in writing) of the identity of the buyer at least 7 days before the sale; or

(2) has accounted to the secured party for the proceeds of that sale within 10 days after the sale.

(g) A person violating subsection (f) shall be fined not more than \$5,000.

(h) This section shall become effective 30 days after enactment, except that security interests created before the effective date shall be exempt for a period of one year from the provisions of this section.

#### PROHIBITING COORDINATED FINANCIAL STATEMENT

Sec. 1315. The Secretary of Agriculture shall not use or require the submission of, in connection with an application submitted on or after the date of the enactment of this Act for any initial or subsequent farmer-type loan under any program of the Department of Agriculture carried out by the Farmers Home Administration, the coordinated financial statement referred to in the proposed regulations of the Farmers Home Administration published in the Federal Register of November 8, 1983 (48 F.R. 51312-51317), or any other form or document in a format substantially similar to the coordinated financial statement.

## REGULATORY RESTRAINT

Sec. 1316. (a) Congress finds and declares that --

(1) high production costs and low commodity prices have combined to reduce farm income to the lowest levels since the depths of the Depression in the 1930's, to subject many agricultural producers, through no fault of their own, to severe economic hardship, and in many cases temporarily but seriously to impair producers' ability to meet loan repayment schedules in a timely fashion; and

(2) a policy of adverse classification of agricultural loans by bank examiners under these circumstances will trigger a wave of foreclosures and similar actions on the part of banks, thereby depressing land values and prices for agricultural facilities and equipment and having a devastating effect on farmers and the banking industry, and upon rural areas of the United States in general.

(b) It is therefore the sense of Congress that the Federal bank regulatory agencies should ensure, in their examination procedures, that examiners exercise caution and restraint and give due consideration not only to the current cash flow of agricultural borrowers under financial stress, but to factors such as their loan collateral and ultimate ability to repay as well, for so long as the adverse economic effects of the cost-price squeeze of recent years continue to impair the ability of these borrowers to meet scheduled repayments on their loans.

Division C -- Research, Extension, and Teaching

## TITLE XIV -- NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

## SHORT TITLE

Sec. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985".

## FINDINGS

Sec. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3101) is amended by --

(1) in paragraph (8) --

(A) striking out "and" at the end of subparagraph (N);

(B) inserting "and" at the end of subparagraph (O); and

(C) adding, at the end thereof, the following:

"(P) research on new or improved food processing (such as food irradiation) or value-added food technologies;"

(2) in paragraph (10) --

(A) striking out "The research" and all that follows through the colon in the matter preceding the subparagraphs, and inserting in lieu thereof the following: "The research, extension, and teaching programs must be maintained and constantly adjusted to meet ever-changing challenges. National support of cooperative research, extension, and teaching efforts must be reaffirmed and strengthened to meet major needs and challenges in the following areas:"

(B) redesignating subparagraphs (B), (C), (D), (E), (F), and (G) as subparagraphs (C), (D), (F), (G), (H), and (I),

respectively;

(C) inserting after subparagraph (A) the following:

"(B) Agricultural policy. -- The effects of technological, economic, sociological, and environmental developments on our agricultural structure are strong and continuous. It is critical that emerging agricultural-related technologies, economic changes, and sociological and environmental developments, both national and international, be analyzed on a continuing basis in an interdisciplinary fashion to determine the effect of those forces on the structure of agriculture and to improve agricultural policy decisionmaking.";

(D) inserting after subparagraph (D), as redesignated by subparagraph (B) of this paragraph, the following:

"(E) Coordination of the regulatory responsibilities of the federal government relating to biotechnology. -- Biotechnology guidelines and regulations must be made consistent throughout the Federal Government so they may promote scientific development and protect the public. The biotechnology risk assessment processes used by various Federal agencies must be standardized.";

(E) amending subparagraph (F), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(F) Natural resources. -- Improved management of soil, water, forest, and range resources is vital to maintain the resource base for food, fiber, and wood production. An expanded research program in the areas of soil and water conservation and forest and range production practices is needed to develop more economical and effective management systems. Key objectives of this research are --

"(i) incorporating water and soil-saving technologies into current and evolving production practices;

"(ii) developing more cost-effective and practical conservation technologies;

"(iii) managing water in stressed environments;

"(iv) protecting the quality of the Nation's surface water and groundwater resources;

"(v) establishing integrated multidisciplinary organic farming research projects, including research on alternative farming systems, that will identify options from which individual farmers may select the production components that are most appropriate for their individual situations;

"(vi) developing better targeted pest management systems; and

"(vii) improving forest and range management technologies that meet demands more efficiently, better protect multi-resource options, and enhance quality of output.";

(F) in subparagraph (G), as redesignated by subparagraph (B) of this paragraph, striking out "to" before "the economy" and striking out "owner-operated" before "family farms"; and

(G) amending subparagraph (I), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(I) International food and agriculture. -- United States agricultural production has proven its ability to produce abundant quantities of food for an expanding world population. Despite rising expectation for improved diets in the world today, there are instances of drought, civil unrest, economic crisis, or other conditions that preclude the local production or distribution of food. There are instances where localized problems impede the ability of farmers to produce needed food products. It is also recognized that many nations have progressive and effective agricultural research programs that produce results of interest and applicability to United States agriculture. The exchange of knowledge and information between nations is essential to the well-being of all nations. A dedicated effort involving the

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Federal Government, the State cooperative institutions, and other colleges and universities is needed to expand international food and agricultural research, extension, and teaching programs. Improved cooperation and communication by the Department of Agriculture and the cooperators with international agricultural research centers, counterpart agencies, and universities in other nations are necessary to improve food and agricultural progress throughout the world.";

(3) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(4) adding at the end thereof the following:

"(12) the Nation's agricultural system is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment. A constant source of food and agricultural scientific expertise is imperative to maintain this dynamic system."

#### DEFINITIONS

Sec. 1403. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended by --

(1) striking out "and" at the end of subparagraph (H);

(2) adding "and" at the end of subparagraph (I); and

(3) adding at the end thereof the following:

"(J) international food and agricultural issues such as agricultural development, institution development, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;"

#### COORDINATION OF EFFORTS FOR EFFECTIVE TRANSFER OF NEW TECHNOLOGIES

Sec. 1404. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3121) is amended by --

(1) striking out "and" at the end of paragraph (10);

(2) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(12) coordinate the efforts of States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions in assessing the current status of, and developing a plan for, the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small- and medium-sized farms in gaining information about those technologies."

#### JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

Sec. 1405. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1407(d)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3122(d)(2)) is amended by --

(1) striking out "and" at the end of subparagraph (F);

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(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(H) coordinate with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community."

#### NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

Sec. 1406. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1408(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3123(f)(2)) is amended by --

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(G) coordinating with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community."

#### PROJECT TERMINATION

Sec. 1407. Section 1409 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3124) is amended by --

(1) inserting "(a)" after "Sec. 1409."; and

(2) adding at the end thereof the following:

"(b) In the event that a research project being conducted by the Agricultural Research Service is proposed to be terminated, notice in writing of such intended action shall be given to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least fifteen days prior to the date of the proposed termination of the project."

#### FEDERAL-STATE PARTNERSHIP AND COORDINATION

Sec. 1408. Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3124a) is amended by --

(1) in the first sentence of subsection (a) --

(A) striking out "and" at the end of paragraph (2);

(B) striking out the period at the end of paragraph (3) and inserting in lieu thereof ";and"; and

(C) adding at the end thereof the following:

"(4) international agricultural programs under sections 296 through 300 of the Foreign Assistance Act of 1961 (22 U.S.C. 2220a-2220e)."; and

(2) adding at the end thereof the following:

"(d) To promote research for purposes of developing agricultural policy alternatives, the Secretary shall designate at least one State cooperative institution to conduct research in an interdisciplinary fashion and to report on a regular basis with respect to the effect of emerging technological, economic, sociological, and environmental developments on the structure of agriculture. Support for this effort should include grants to examine the role of various food production, processing, and distribution systems that may primarily benefit small- and medium-sized family farms, such as diversified farm plans, energy, water, and soil conservation technologies, direct and cooperative marketing, production and processing cooperatives, and rural community resource management.

"(e) To address more effectively the critical need for reducing farm input costs, improving soil, water, and energy conservation on farms and in rural areas, using sustainable agricultural methods, adopting alternative processing and marketing systems, and encouraging rural resources management, the Secretary shall designate at least one State agricultural experiment station and one Agricultural Research Service facility to examine these issues in an integrated and comprehensive manner, while conducting ongoing pilot projects contributing additional research through the Federal-State partnership."

#### SECRETARY'S REPORT

Sec. 1409. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3125) is amended by --

- (1) adding "and" after the semicolon at the end of paragraph (2);
- (2) striking out the semicolon and "and" at the end of paragraph (3) and inserting in lieu thereof a period; and
- (3) striking out paragraph (4).

#### COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS

Sec. 1410. (a) Section 2 of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i), is amended by --

- (1) in the third sentence of subsection (b) --
  - (A) in paragraph (2), inserting ", with emphasis on biotechnology," after "(2) research";
  - (B) striking out "and" at the end of paragraph (5);
  - (C) striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon; and
  - (D) adding at the end thereof the following:

"(7) interdisciplinary agricultural policy research on the effect of emerging technologies, economic changes, and sociological and environmental developments on the structure of agriculture; and

"(8) research to reduce farm input costs through the collection of national and international data and the transfer of appropriate technology relating to sustainable agricultural systems, soil, energy, and water conservation technologies, rural and farm resource management, and the diversification of farm product processing and marketing systems.";

(2) effective on the later of the date of the enactment of this Act or October 1, 1985, after the fourth sentence of subsection (b), inserting the following:

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"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.";

(3) effective October 1, 1985, striking out the last sentence in subsection (b) and inserting in lieu thereof the following:

"There are hereby authorized to be appropriated annually, for the purpose of carrying out the provisions of this subsection, such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990. Four per centum of the amount appropriated for each of such fiscal years to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection.";

(4) effective on the later of the date of the enactment of this Act or October 1, 1985, in subsection (c) by adding after the first sentence the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.";

(5) effective October 1, 1985, adding at the end of subsection (c) the following:

"Four per centum of the amount appropriated for any fiscal year to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection."; and

(6) adding at the end thereof the following:

"(i) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

#### RESEARCH FACILITIES ACT

Sec. 1411. (a) Section 1 of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (hereinafter in this section referred to as the "Act of July 22, 1963") (7 U.S.C. 390), is amended by --

(1) inserting "and equipment" after "finance physical facilities"; and

(2) striking out "an adequate research program" and inserting in lieu thereof "agricultural research and related academic programs".

(b) Section 2 of the Act of July 22, 1963 (7 U.S.C. 390a), is amended by striking out "which are to become a part of such buildings".

(c) Section 3 of the Act of July 22, 1963 (7 U.S.C. 390b), is amended by --

(1) amending paragraph (1) to read as follows:

"(1) the term 'State' means any one of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands of the United States;" and

(2) inserting ", forestry, or veterinary medicine" after "to conduct agricultural" in paragraph (2).

(d) Section 4 of the Act of July 22, 1963 (7 U.S.C. 390c), is amended by --

(1) effective October 1, 1985, amending subsection (a) to read as follows:

"(a) There are hereby authorized to be appropriated, for grants to eligible institutions under this Act to be used for the purpose set out in section 2 of this Act, \$20,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990."; and

(2) amending subsection (b) to read as follows:

"(b) No grant may be made under section 2 of this Act for an amount exceeding 50 per centum of the cost of the project for which such grant is made. The remaining cost of such project shall be paid with funds from non-Federal sources.".

(e) Section 5 of the Act of July 22, 1963 (7 U.S.C. 390d), is amended by --

(1) striking out "apportioned" and inserting in lieu thereof "appropriated"; and

(2) striking out ", which are to become part of such buildings".

(f) Section 6 of the Act of July 22, 1963 (7 U.S.C. 390e), is repealed.

(g) Section 7 of the Act of July 22, 1963 (7 U.S.C. 390f), is amended by --

(1) inserting "equipment and" after "multiple-purpose"; and

(2) inserting "and related programs, including forestry and veterinary medicine," after "food and agricultural research".

(h) Section 8 of the Act of July 22, 1963 (7 U.S.C. 390g), is repealed.

(i)(1) Section 9(a) of the Act of July 22, 1963 (7U.S.C. 390h(a)), is amended by --

(A) striking out "authorized to receive" and inserting in lieu thereof "that receives";

(B) striking out "section 4" and inserting in lieu thereof "section 2"; and

(C) striking out "section 4(b)" and inserting in lieu thereof "section 3(2)".

(2) Section 9(b) of the Act of July 22, 1963 (7 U.S.C. 390h(b)), is amended by --

(A) striking out "allotted funds received" and inserting in lieu thereof "funds received under this Act"; and

(B) striking out "allocated or".

(j) Clause (3) of section 10 of the Act of July 22, 1963 (7 U.S.C. 390i), is amended to read as follows: "(3) those eligible institutions, if any, that were prevented, because of failure to repay funds as required by section 7(b) of this Act, from receiving any grant under this Act".

(k) Sections 7, 9, 10, and 11 of the Act of July 22, 1963 (7 U.S.C. 390f, 390h, 390i, 390j), are redesignated as sections 6, 7, 8, and 9, respectively.

(l) The Act of July 22, 1963 (7 U.S.C. 390 et seq.), is amended by adding at the end thereof the following:

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"Sec. 10. This Act may be cited as the 'Research Facilities Act'."

#### GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

Sec. 1412. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended by --

(1) striking out "Such grants shall be made without regard to matching funds, but each" in the last sentence of paragraph (2) and inserting in lieu thereof "Each"; and

(2) striking out the last sentence in paragraph (3) and inserting in lieu thereof: "Each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such a grant is to be used."

(b) Effective October 1, 1985, section 1417(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(d)) is amended by striking out all after "provisions of this section" and inserting in lieu thereof "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990."

(c) Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended by adding at the end thereof the following new subsection:

"(e) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section."

#### STUDY

Sec. 1413. (a) Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1424. Study."

and inserting in lieu thereof

"Sec. 1424. Repealed."

#### HUMAN NUTRITION RESEARCH AND INFORMATION MANAGEMENT SYSTEM

Sec. 1414. (a) Section 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3177) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1427. Report to Congress."

and inserting in lieu thereof

"Sec. 1427. Repealed."

#### ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

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Sec. 1415. The first sentence of section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

#### APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS

Sec. 1416. The first sentence of section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking out "1985" and all that follows through the end of the sentence and inserting in lieu thereof "1990".

#### APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS

Sec. 1417. Subsection (a) of section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking out "1985" and all that follows through the end of the subsection and inserting in lieu thereof "1990".

#### EXTENSION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

Sec. 1418. The third sentence of section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by --

(1) striking out ", through the fiscal year ending September 30, 1985,"; and

(2) inserting before the period at the end thereof the following: ", and related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act of May 8, 1914".

#### AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES

Sec. 1419. (a) It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute (hereinafter referred to in this section as "eligible institutions"), in the acquisition and improvement of extension facilities and equipment so that eligible institutions may participate fully with the State cooperative extension services in a balanced way in meeting the extension needs of the people of their respective States.

(b) There are authorized to be appropriated for the purpose of carrying out this section \$10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, such sums to remain available until expended.

(c) Four per centum of the sums appropriated under this section shall be available to the Secretary of Agriculture for administration of the grants program under this section. The remaining funds shall be made available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings, to provide adequate facilities to conduct extension work in their respective States.

(d) Grants awarded under this section shall be made in such amounts and under such terms and conditions as the Secretary of Agriculture shall determine necessary for carrying out the purposes of this section.

(e) Federal funds provided under this section may not be used for the payment of any overhead costs of the eligible institutions.

(f) The Secretary of Agriculture may promulgate such rules and regulations as the Secretary deems necessary to carry out the provisions of this section.

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## AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

Sec. 1420. Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3222) is amended by --

(1) adding at the end of subsection (a) the following: "No more than 5 per centum of the funds received by an institution in any fiscal year, under this section, may be carried forward to the succeeding fiscal year."; and

(2) amending subsection (g)(2) to read as follows:

"(2) Whenever it shall appear to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that an amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution shall be deducted from the next succeeding annual allotment to the institution."

## INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

Sec. 1421. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3291(a)) is amended by --

(1) striking out "the training" in paragraph (3) and inserting in lieu thereof "technical assistance and the training and advising"; and

(2) inserting "through the development of highly qualified scientists with specialization in international development" in paragraph (4) after "countries".

## INTERNATIONAL TRADE DEVELOPMENT CENTERS

Sec. 1422. (a) Effective October 1, 1985, the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting, after section 1458, the following:

## "GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

"Sec. 1458A. (a) The Secretary shall establish and carry out a program to make grants to States for the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of agricultural products and related products. Such grants shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding (including funds received by the State from private sources and from units of local government).

"(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to use, as sites for international trade development centers, land-grant colleges and universities (as defined in section 1404(10) of this Act) that --

"(1) operate agricultural programs;

"(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

"(3) have an effective and progressive communications system that might be linked on an international basis to conduct conferences or trade negotiations.

"(c) Such centers may --

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"(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

"(2) be used to house permanent or temporary exhibits that will stimulate and educate trade delegations from foreign nations with respect to agricultural products and related products produced in the United States and be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

"(3) carry out such other activities relating to the exportation of agricultural products and related products as the Secretary may approve.

"(d) There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section."

(b) Effective October 1, 1985, the table of contents of the Food and Agriculture Act of 1977 is amended by inserting a new item:

"Sec. 1458A. Grants to States for international trade development centers."

after the item

"Sec. 1458. International agricultural research and extension."

#### AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND

Sec. 1423. The Secretary of Agriculture shall undertake discussions with representatives of the Government of Ireland that may lead to an agreement that will provide for the development of a program between the United States and Ireland whereby there will be a greater exchange of agricultural scientific and educational information, techniques, and data; agricultural marketing information, techniques, and data; and agricultural producer, student, teacher, agribusiness (private and cooperative) personnel; and the fostering of joint investment ventures, cooperative research, and the expansion of United States trade with Ireland. The Secretary shall periodically report to the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate to keep such committees apprised of the progress and accomplishments, and such other information as the Secretary deems appropriate, with regard to the development of such program.

#### EVALUATION OF THE EXTENSION SERVICE AND THE COOPERATIVE EXTENSION SERVICES

Sec. 1424. (a) Section 1459 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3301) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1459. Evaluation of the Extension Service and the Cooperative Extension Services."

and inserting in lieu thereof

"Sec. 1459. Repealed."

#### WEATHER AND WATER ALLOCATION STUDY

Sec. 1425. (a) Section 1460 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3302) is repealed.

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(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1460. Weather and water allocation study."

and inserting in lieu thereof

"Sec. 1460. Repealed."

#### ORGANIC FARMING STUDY

Sec. 1426. (a) Section 1461 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3303) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1461. Organic farming study."

and inserting in lieu thereof

"Sec. 1461. Repealed."

#### AGRICULTURAL RESEARCH FACILITIES STUDY

Sec. 1427. (a) Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3304) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1462. Agricultural research facilities study."

and inserting in lieu thereof

"Sec. 1462. Repealed."

#### AUTHORIZATION OF APPROPRIATIONS FOR AGRICULTURAL RESEARCH PROGRAMS

Sec. 1428. (a) Effective October 1, 1985, section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out "\$505,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "\$600,000,000 for the fiscal year ending September 30, 1986, \$610,000,000 for the fiscal year ending September 30, 1987, \$620,000,000 for the fiscal year ending September 30, 1988, \$630,000,000 for the fiscal year ending September 30, 1989, and \$640,000,000 for the fiscal year ending September 30, 1990".

(b) Effective October 1, 1985, section 1463(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(b)) is amended by striking out "\$120,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "\$270,000,000 for the fiscal year ending September 30, 1986, \$280,000,000 for the fiscal year ending September 30, 1987, \$290,000,000 for the fiscal year ending September 30, 1988, \$300,000,000 for the fiscal year ending September 30, 1989, and \$310,000,000 for the fiscal year ending September 30, 1990".

#### AUTHORIZATION OF APPROPRIATIONS FOR EXTENSION EDUCATION

Sec. 1429. Effective October 1, 1985, section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking out "\$260,000,000" and all that follows through "subsequent

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fiscal year", and inserting in lieu thereof "\$350,000,000 for the fiscal year ending September 30, 1986, \$360,000,000 for the fiscal year ending September 30, 1987, \$380,000,000 for the fiscal year ending September 30, 1988, \$400,000,000 for the fiscal year ending September 30, 1989, and \$420,000,000 for the fiscal year ending September 30, 1990".

#### GENERAL AUTHORITY TO ENTER INTO CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

Sec. 1430. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3318) is amended by --

- (1) redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and
- (2) inserting after subsection (a) the following:

"(b) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may use a cooperative agreement as the legal instrument reflecting a relationship between the Department of Agriculture and State cooperative institutions, as defined in section 1404(16) of this Act, State departments of agriculture, colleges and universities, other research or educational institutions and organizations, Federal and private agencies and organizations, individuals, or any other party, when the Secretary determines that the objectives of the agreement will serve a mutual interest of the parties to the agreement in agricultural research, extension, and teaching activities, including statistical reporting, and that all parties will contribute resources to the accomplishment of those objectives. Notwithstanding any other provision of law, any Federal agency may participate in any such cooperative agreement by contributing funds through the appropriate agency of the Department of Agriculture or otherwise when it is mutually agreed that the objectives of the agreement will further the authorized programs of the contributing agency."

#### RESTRICTION ON TREATMENT OF INDIRECT COSTS AND TUITION REMISSION

Sec. 1431. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3319) is amended by inserting at the end thereof the following: "The prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds transferred, advanced, or reimbursed to the Department of Agriculture under the provisions of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.). For agreements involving the use of such funds, the amount of indirect costs to be reimbursed shall be negotiated on a case-by-case basis."

#### DIRECTION OF TECHNOLOGY DEVELOPMENT

Sec. 1432. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1473 the following new sections 1473A and 1473B:

##### "TECHNOLOGY DEVELOPMENT FOR SMALL- AND MEDIUM-SIZED FARMING OPERATIONS

"Sec. 1473A. It is the sense of Congress that the agricultural research, extension, and teaching activities conducted by the Department of Agriculture relating to the development, application, transfer, or delivery of agricultural technology, and, to the greatest extent practicable, any funding that is received by the Department of Agriculture for such activities, should be directed to technology that can be used effectively by small- and medium-sized farming operations.

##### "SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

"Sec. 1473B. (a) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may enter into cooperative agreements with private agencies, organizations, and individuals to share the cost of research projects, or to allow the use of Federal facilities and services on a cost-sharing or cost-reimbursable basis, to develop new agricultural technology to further the research programs of the Department of Agriculture.

"(b) Any funds received by the Secretary under cooperative agreements made under subsection (a) shall be deposited in a separate account or accounts, to be available until expended. Such funds may be used to pay directly the cost of such research projects or to supplement appropriations of funds that do or will bear all or part of such cost."

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by inserting new items:

"Sec. 1473A. Technology development for small and medium-sized farming operations.

"Sec. 1473B. Special technology development research program."

after the item

"Sec. 1473. Restriction on treatment of indirect costs and tuition remission."

#### SUPPLEMENTAL AND ALTERNATIVE CROPS

Sec. 1433. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.), as amended by section 1432 of this Act, is amended by inserting after section 1473B the following new section:

#### "PILOT PROGRAM AND TECHNICAL ASSISTANCE TO ESTABLISH SUPPLEMENTAL AND ALTERNATIVE CROPS

"Sec. 1473C. Notwithstanding any other provision of law, during the period beginning October 1, 1986, and ending September 30, 1989, the Secretary shall develop and implement a research and pilot project program for the development of supplemental and alternative crops, using such funds as are appropriated to the Secretary each fiscal year under this title. The development of supplemental and alternative crops is of critical importance to producers of agricultural commodities whose livelihood is threatened by the decline in demand experienced with respect to certain of their crops due to changes in consumption patterns or other related causes. The Secretary shall use such research funding, special or competitive grants, or other means, as the Secretary determines, to further the purposes of this section in the implementation of a comprehensive and integrated program. The program developed and implemented by the Secretary shall include --

"(1) an examination of the adaptation of supplemental and alternative crops;

"(2) the establishment and extension of various methods of planting, cultivating, harvesting, and processing supplemental and alternative crops at pilot sites in areas adversely affected by declining demand for crops grown in the area;

"(3) the transfer of such applied research from pilot sites to on-farm practice as soon as practicable;

"(4) the establishment through grants, cooperative agreements, or other means of such processing, storage, and transportation facilities near such pilot sites for supplemental and alternative crops as the Secretary determines will facilitate the achievement of a successful pilot program; and

"(5) the application of such other resources and expertise as the Secretary deems appropriate to support the program.

The pilot program may include, but shall not be limited to, agreements, grants, and other arrangements to conduct comprehensive resource and infrastructure assessments, to develop and introduce supplemental and alternative income-producing crops, to develop and expand domestic and export markets for such crops, and to provide technical assistance to farm owners and operators, marketing cooperatives, and others. The Secretary shall use the expertise and resources of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out this section."

(b) The table of contents of the Food and Agriculture Act of 1977, as amended by section 1432 of this Act, is amended by inserting after the item relating to section 1473B the following new item:

"Sec. 1473C. Pilot program and technical assistance to establish supplemental and alternate crops."

#### AQUACULTURE ASSISTANCE PROGRAMS

Sec. 1434. Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3322) is amended by --

(1) in the first sentence of subsection (b) --

(A) striking out "and" at the end of paragraph (2);

(B) inserting "and" at the end of paragraph (3); and

(C) inserting after paragraph (3) the following:

"(4) nonprofit private research institutions;"

(2) in the last sentence of subsection (b), inserting "(of which amount an in-kind contribution may not exceed 50 percent)" after "matching grant";

(3) in the first sentence of subsection (d), striking out "State agencies" and all that follows through "universities," and inserting in lieu thereof "any of the non-Federal entities specified in subsection (b)"; and

(4) amending the last sentence of subsection (d) to read as follows:

"Funds made available for the operation of such regional centers may be used for the acquisition or rehabilitation of existing buildings or facilities, or the construction of new buildings or facilities, to house such centers, except that not more than \$250,000 may be used for the acquisition, rehabilitation, or construction of any single building or facility. To the extent practicable, the aquaculture research, development, and demonstration centers established under this subsection shall be geographically located so that they are representative of the regional aquaculture opportunities in the United States."

(5) in the first sentence of subsection (e), inserting "the House Committee on Merchant Marine and Fisheries," after "House Committee on Agriculture,".

#### AQUACULTURE ADVISORY BOARD

Sec. 1435. The first sentence of section 1476(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

#### AUTHORIZATION OF APPROPRIATIONS -- AQUACULTURE RESEARCH

Sec. 1436. (a) Section 1477(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

(b) Section 1477(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3324(b)) is amended by --

(1) striking out the first sentence; and

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(2) in the second sentence, striking out "these funds" and inserting in lieu thereof "funds appropriated under subsection (a)".

#### RANGELAND RESEARCH ADVISORY BOARD

Sec. 1437. The first sentence of section 1482(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

#### AUTHORIZATION OF APPROPRIATIONS -- RANGELAND RESEARCH

Sec. 1438. Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7U.S.C. 3336(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

#### AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL AGRICULTURAL RESEARCH FACILITIES

Sec. 1439. (a) There are authorized to be appropriated for fiscal year 1988 and for each succeeding fiscal year such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land, of or used by the Agricultural Research Service, except that the cost of planning any one facility shall not exceed \$500,000, and the total cost of any one facility shall not exceed \$5,000,000.

(b) Not later than 60 days after the end of each of the fiscal years 1986 through 1990, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report specifying --

(1) the location of each building, laboratory, research facility, and other public improvement of or to be used by the Agricultural Research Service that is planned, constructed, acquired, repaired, or remodeled, with funds appropriated under subsection (a), in the fiscal year involved; and

(2) with respect to each such building, laboratory, research facility, and improvement --

(A) the amount of such funds obligated in the fiscal year; and

(B) the amount of such funds expended in the fiscal year for such item.

#### AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

Sec. 1440. Effective October 1, 1985, section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7U.S.C. 3222 note) is amended by striking out "September" the first place it appears and all that follows through "1985", and inserting in lieu thereof "September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990".

#### AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES, INCLUDING TUSKEGEE INSTITUTE

Sec. 1441. (a) Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(a)) is amended by inserting ",including agricultural libraries," after "research facilities and equipment".

(b) Section 1433(b) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(b)) is amended by --

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(1) striking out "and" before "September 30, 1986"; and

(2) inserting "and September 30, 1987," after "1986,".

#### SOYBEAN RESEARCH ADVISORY INSTITUTE

Sec. 1442. (a) Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 2281 note) is repealed.

(b) The table of contents of the Agriculture and Food Act of 1981 is amended by striking out

"Sec. 1446. Soybean Research Advisory Institute."

and inserting in lieu thereof

"Sec. 1446. Repealed.".

#### SMITH-LEVER ACT

Sec. 1443. (a) Section 2 of the Act entitled "An Act to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an Act of Congress approved July second, eighteen hundred and sixty-two, and Acts supplementary thereto, and the United States Department of Agriculture", approved May 8, 1914 (hereinafter in this section referred to as the Smith-Lever Act) (7 U.S.C. 342) is amended by --

(1) inserting "development of practical applications of research knowledge and" after "consist of the"; and

(2) inserting "of existing or improved practices or technologies" after "practical demonstrations".

(b) Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by adding at the end thereof the following:

"(f)(1) The Secretary of Agriculture may conduct educational, instructional, demonstration, and publication distribution programs through the Federal Extension Service and may enter into cooperative agreements with private nonprofit and profit organizations and individuals to share the cost of such programs through contributions from private sources as provided in this subsection.

"(2) The Secretary may receive contributions under this subsection from private sources for the purposes described in paragraph (1) and may provide matching funds in an amount not greater than 50 per centum of such contributions.

"(3) Notwithstanding any other provision of law, beginning with the fiscal year ending September 30, 1986, and for each fiscal year thereafter through the fiscal year ending September 30, 1991, not more than one-half of one per centum of the funds appropriated to the Federal Extension Service for such fiscal year may be used to provide matching funds in accordance with paragraph (2).

"(4) Not later than one year after the date of the enactment of the Food Security Act of 1985, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress of such programs and shall make recommendations to the committees regarding how other similar private sector initiatives could be used by the Federal Extension Service."

(c) The Secretary of Agriculture shall conduct a study to determine whether any funds that are --

(1) appropriated after the date of the enactment of this Act to carry out the Smith-Lever Act (7 U.S.C. 341 et seq.), other than section 8 of such Act; and

(2) in excess of the aggregate amount appropriated to carry out the Smith-Lever Act (other than section 8 of such

Act) in fiscal year 1985;

can be allocated more effectively among the States. Not later than one year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report summarizing the results of such study and containing the recommendations of the Secretary regarding the allocation of such funds.

(d) This section and the amendments made by this section shall take effect on October 1, 1985.

#### PESTICIDE RESISTANCE STUDY

Sec. 1444. The Secretary of Agriculture shall conduct a study on the detection and management of pesticide resistance and, within one year after the date of enactment of this Act, submit to the President and Congress a report on this study. The study shall include --

(1) a review of existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests developing resistance to pesticides;

(2) a review of existing efforts to monitor current and historical patterns of pesticide resistance; and

(3) a strategy for the establishment of a national pesticide resistance monitoring program, involving Federal, State, and local agencies, as well as the private sector.

#### DIETARY ASSESSMENT AND STUDIES

Sec. 1445. (a)(1) The Secretary of Agriculture shall conduct an assessment of existing scientific literature regarding the relationship, if any, between dietary cholesterol and blood cholesterol. The Secretary shall consult with all agencies of the Federal Government that are involved in research relating to dietary and blood cholesterol in conducting the assessment. The assessment, to the extent practicable, shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol and conduct a feasibility assessment for a definitive study by the Department of Agriculture on the relationship between dietary and serum cholesterol. Such study shall be conducted under the supervision and coordination of the Department of Agriculture with such assistance from other agencies of government as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the findings under paragraphs (1) and (2) not later than one year after date of the enactment of this Act. Such report shall contain a final report on the assessment of existing research and literature required under paragraph (1) and a detailed protocol and plan for implementation of the study mandated under paragraph (2). The report shall contain a budget estimate and timetable for conduct and completion of the study provided for in paragraph (2).

(b)(1) The Secretary of Agriculture shall conduct an assessment of existing research and literature with regard to dietary calcium and its importance as a nutrient. The Secretary shall consult with all agencies of the Federal Government that are involved in research relating to calcium in conducting the assessment. The assessment, to the extent practicable, shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol for a study to determine the importance of dietary calcium in human development and health promotion. The study shall include, at a minimum, a comprehensive investigation of the role of calcium in bone health and maintenance of skeletal integrity as well as in the regulation of hypertension. The study shall be conducted under the supervision and coordination of the Department of Agriculture, with such assistance from other

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agencies of government and private sector organizations as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the Secretary's findings under paragraphs (1) and (2) not later than one year after the date of the enactment of this Act. Such report shall contain an assessment of existing research and literature required by paragraph (1) and a detailed protocol and plan for implementation of the study required by paragraph (2). The report shall contain a budget estimate and timetable for conducting and completing the study required by paragraph (2).

#### NUTRITION RESEARCH

Sec. 1446. (a) Congress, by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, (1) in section 1421 of such Act, found that nutrition and health considerations are important factors in the agricultural policy of the United States; (2) in section 1405 of such Act, designated the Department of Agriculture as the lead agency of the Federal Government for human nutrition research, except with respect to the biomedical aspects of nutrition research concerned with diagnosis for treatment of disease; and (3) in section 1423 of such Act, required the Secretary of Agriculture to establish research in food and human nutrition as a separate and distinct mission of the Department of Agriculture.

(b) Congress acknowledges that the Secretary of Agriculture has established a nutrition education program and reaffirms its belief that nutrition research continues to have a vital role in agricultural production.

(c) Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the appropriate committees of Congress a comprehensive plan for implementing a national food and human nutrition research program. The plan shall include, but not be limited to, recommendations relating to research directions, educational activities, and funding levels necessary to carry out such plan. The Secretary shall thereafter submit an annual report to the Congress on the human nutrition research activities of the Department of Agriculture.

#### SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS

Sec. 1447. (a) Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by inserting at the end thereof the following:

"(f) Special Grants for Financially Stressed Farmers and Dislocated Farmers. -- (1) The Secretary shall provide special grants for programs to develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis and those displaced from farming. Such programs shall consist of educational and counseling services to farmers to assess human and nonhuman resources, assess income earning alternatives, identify resources and opportunities available to the farmer in the local community, county, and State, implement financial planning and management strategies, and provide linkages to specific resources and opportunities that are available to the farmer, such as reentering agriculture, new business opportunities, other off-farm jobs, job search programs, and retraining skills. The Secretary also may provide support to mental health officials in developing outreach programs in rural areas.

"(2) Grants may be made under paragraph (1) during the period beginning on the date of enactment of the Food Security Act of 1985 and ending three years thereafter."

(b) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended by inserting "and section 502(f)" after "section 502(e)" both times it appears therein.

#### ANNUAL REPORT ON FAMILY FARMS

Sec. 1448. Section 102(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266) is amended by --

(1) redesignating clause (3) as clause (5); and

(2) in clause (2), striking out "Federal" and all that follows through the end of the clause, and inserting in lieu thereof the following:

"current Federal income, excise, estate, and other tax laws, and proposed changes in such laws, may affect the structure and organization of, returns to, and investment opportunities by family and nonfamily farm owners and operators, both foreign and domestic, (3) identification and analysis of new food and agricultural production and processing technological developments, especially in the area of biotechnology, and evaluation of the potential effect of such developments on (A) the economic structure of the family farm system, (B) the competitive status of domestically-produced agricultural commodities and foods in foreign markets, and (C) the achievement of Federal agricultural program objectives, (4) an assessment of the credit needs of family farms and the extent to which those needs are being met, and an analysis of the effects of the farm credit situation on the economic structure of the family farm system, and".

Division D -- Food Assistance Programs

#### TITLE XV -- FOOD STAMP AND RELATED PROVISIONS

##### ELIGIBILITY OF THE HOMELESS

Sec. 1501. (a) The first sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by --

(1) in clause (1), after "consumption", inserting "(or in the case of an individual who does not reside in a permanent dwelling or who has no fixed address, for such individual's consumption)"; and

(2) in clause (2), after "consumption" both places it appears, inserting "(or in the case of individuals who do not reside in permanent dwellings or who have no fixed addresses, for such individuals' consumption)".

(b) Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended by --

(1) striking out the semicolon at the end and inserting a period in lieu thereof; and

(2) adding at the end thereof the following: "The State agency shall provide a method of certifying and issuing coupons to eligible households who do not reside in permanent dwellings or who have no fixed addresses, and shall take steps to ensure that such method limits participation in the food stamp program to eligible households."

##### DETERMINATION OF FOOD SALES VOLUME

Sec. 1502. Section 3(k) of the Food Stamp Act of 1977 (7 U.S.C. 2012(k)) is amended by inserting after "food sales volume" in clause (1) the following: ", as determined by visual inspection, sales records, purchase records, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry,".

##### THRIFTY FOOD PLAN

Sec. 1503. Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by --

(1) striking out "fifty-four" in the first sentence and inserting in lieu thereof "fifty";

(2) striking out "and" at the end of clause (7) of the second sentence;

(3) in clause (8) of the second sentence --

(A) striking out "and each October 1 thereafter,"; and

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(B) inserting after "June 30" the following: "and, on February 1, 1986, further adjust the cost of such diet to reflect the Secretary's best estimate of the changes in the cost of the thrifty food plan occurring during the three-month period following June 30,"; and

(4) inserting before the proviso at the end of the second sentence the following: ", and (9) on October 1, 1986, and each October 1 thereafter, using the actual cost of the thrifty food plan as of September 30 of the previous calendar year as the base, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the nine months ending the preceding June 30 and the Secretary's best estimate as to further changes in such cost occurring during the three-month period following June 30, and round the result to the nearest lower dollar increment for each household size".

#### DEFINITIONS OF THE DISABLED

Sec. 1504. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended by --

(1) inserting before the semicolon at the end of paragraph (2) the following: ", federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note)";

(2) inserting before the semicolon at the end of paragraph (3) the following: "or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i))";

(3) inserting "or non-service-connected" after "service-connected" in paragraph (4)(A);

(4) striking out "or" at the end of paragraph (5);

(5) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or"; and

(6) adding at the end thereof the following:

"(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act, and if an application for disability benefits had been filed."

#### STATE AND LOCAL SALES TAXES

Sec. 1505. Effective October 1, 1987, section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended by inserting before the period at the end of the first sentence the following: ", except that a State may not participate in the food stamp program if the Secretary determines that State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act".

#### RELATION OF FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

Sec. 1506. Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by --

(1) striking out the first sentence; and

(2) striking out "also" in the second sentence.

## CATEGORICAL ELIGIBILITY

Sec. 1507. (a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by --

(1) inserting after the first sentence in subsection (a) the following: "Notwithstanding any other provisions of this Act, except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act, supplemental security income benefits under title XVI of the Social Security Act, or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the food stamp program."; and

(2) striking out subsection (j).

(b) Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following: "No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program."

## EXCLUDED INCOME

Sec. 1508. (a) Effective February 1, 1986, section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by --

(1) inserting "except as provided in subsection (j)," after the comma at the end of clause (1);

(2) in clause (3) --

(A) striking out "higher education" and inserting in lieu thereof "post-secondary education"; and

(B) adding at the end thereof "and to the extent loans include any origination fees and insurance premiums,";

(3) inserting "and no portion of any Federal educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory school fees," before "shall be considered such reimbursement" in the proviso of clause (5);

(4) inserting ", but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment" before the comma in clause (9);

(5) inserting "except as otherwise provided in subsection (k) of this section" after "food stamp program" in clause (10).

(b) Effective October 1, 1985, section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end thereof the following:

"(j) Assistance provided to a third party on behalf of a household for living expenses by a State or local government in place of a regular benefit payable directly to the household under title IV of the Social Security Act or a State or local general assistance program (but excluding medical, child care, energy, and emergency or special assistance) shall be treated as money payable directly to the household.

"(k) Notwithstanding the provisions of section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 205(5) of the Job Training

Partnership Act shall be considered earned income for purposes of the food stamp program."

#### DEDUCTIONS FROM INCOME

Sec. 1509. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by --

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) effective February 1, 1986, in the third sentence, striking out "18" and inserting in lieu thereof "20";

(3) amending the fourth sentence by --

(A) effective February 1, 1986 --

(i) inserting ", excluding expenses paid on behalf of the household under the Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," after "by a household for shelter" in clause (2);

(ii) amending the proviso to clause (2) to read as follows: ": PROVIDED, That the amount of such excess shelter expense deduction shall not exceed \$155 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, \$260, \$215, \$180, and \$110 a month, respectively, adjusted on October 1, 1986, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter (exclusive of homeowners' costs and maintenance and repair component), fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the twelve months ending the preceding June 30,"; and

(iii) amending clause (3) to read as follows:

"(3) a deduction combining the dependent care and excess shelter expense deductions under clauses (1) and (2), the maximum allowable level of which shall not exceed the maximum allowable deduction under clause (2)";

(B) effective October 1, 1986 --

(i) in clause (1), striking out "the same as" and all that follows through "clause (2) of this subsection", and inserting in lieu thereof "\$160";

(ii) striking out ", or (2)" and inserting in lieu thereof "and (2)"; and

(iii) striking out ", or (3)" and all that follows down to the period at the end thereof; and

(4) after the seventh sentence, inserting the following: "A State agency may use one or more standard utility allowances for households on behalf of which a payment is made under the Low Income Home Energy Assistance Act (42 U.S.C. 8621, et seq.) but who also incur out-of-pocket heating or cooling expenses. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to two additional times during each twelve-month period."; and

(5) effective February 1, 1986, in the last sentence --

(A) striking out "\$35 a month" in clause (A) and inserting in lieu thereof "the lesser of \$35 a month or 5 per centum of monthly household income after any exclusions and before any deductions provided for in this section"; and

(B) inserting ", excluding expenses paid on behalf of the household under the Low Income Home Energy

Assistance Act (42 U.S.C. 8621 et seq.)," after "by a household for shelter" in clause (C).

#### RETROSPECTIVE BUDGETING AND MONTHLY REPORTING SIMPLIFICATION

Sec. 1510. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended by --

(1) amending subparagraph (A) to read as follows:

"(A) Household income for --

"(i) migrant farmworker households, and

"(ii) households --

"(I) that have no earned income, and

"(II) in which all adult members are elderly or disabled members,

shall be calculated on a prospective basis, as provided in paragraph (3)(A).";

(2) in subparagraph (B) --

(A) striking out "(i)";

(B) inserting "the first sentence of" after "under" the first place it appears; and

(C) striking out "(ii)" and all that follows through "this Act,"; and

(3) striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income and for households that include any member who has recent work history shall be calculated on a retrospective basis as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of the Food Stamp Act of 1977 (7U.S.C. 2015(c)(1)) is amended by --

(1) amending the first sentence to read as follows: "State agencies shall require households with respect to which household income is determined on a retrospective basis under section 5(f)(2)(C) of this Act to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may, with the prior approval of the Secretary, select categories of households (including all such households) that may report at specified less frequent intervals on a showing by the State agency, which is satisfactory to the Secretary, that to require households in such categories to report monthly would result in unwarranted expenditures for administration of this subsection."; and

(2) inserting after the second sentence the following: "State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance with the standards prescribed by the Secretary under the preceding provisions of this paragraph.".

#### RESOURCES LIMITATION

Sec. 1511. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by --

(1) effective October 1, 1986, in the first sentence, striking out "\$1,500, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed \$3,000" and inserting in lieu thereof "\$2,250, or, in the case of a household which consists of or includes a member who is 60 years of age or older, if its resources exceed \$3,500"; and

(2) in the second sentence --

(A) inserting "and inaccessible resources" after "relating to licensed vehicles";

(B) after "physically disabled household member" inserting "and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle"; and

(C) inserting after "\$4,500," the following: "except that the Secretary shall, on October 1, 1986, and on each October 1 thereafter, adjust such amount to reflect changes in the Consumer Price Index for All Urban Consumers, United States city average, for used cars (base year 1967=100), published by the Bureau of Labor Statistics, for the twelve months ending the preceding June 30, and round the result to the nearest \$100 increment, but such amount, as adjusted, may not exceed \$5,500,".

#### DISASTER TASK FORCE

Sec. 1512. Section 5(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(2)) is amended to read as follows:

"(2) The Secretary shall --

"(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

"(B) send members of the Task Force to the disaster area as soon as possible after the disaster occurs to provide direct assistance to State and local officials."

#### ELIGIBILITY DISQUALIFICATIONS

Sec. 1513. Section 6 of the Food Stamp Act of 1977 (7U.S.C. 2015) is amended by --

(1) in the first sentence of subsection (d)(1) --

(A) striking out "no household shall be eligible for assistance under this Act if it includes a" and inserting in lieu thereof "(A) no person shall be eligible to participate in the food stamp program who is";

(B) striking out all that follows "(iii)" through "days; or (iv)"; and

(C) inserting before the period at the end thereof the following: "; and (B) no household shall be eligible to participate in the food stamp program (i) if the head of the household is a physically and mentally fit person between the ages of eighteen and sixty and such individual refuses to do any of those acts described in clause (A) of this sentence, or (ii) if the head of the household voluntarily quits any job without good cause, but, in such case, the period of ineligibility shall be ninety days";

(2) adding at the end of subsection (d)(1) the following: "Any period of ineligibility for violations under this paragraph shall end when the household member who committed the violation complies with the requirement that has been violated. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall no longer be subject to sanction for such violation and, if it is otherwise eligible, may

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resume participation in the food stamp program, but any other household of which such person thereafter becomes the head of the household shall be ineligible for the balance of the period of ineligibility.";

(3) inserting at the end of clause (2) of subsection (e) the following: "except for individuals who are assigned to or placed in an institution of higher learning through a program under the Job Training Partnership Act,";

(4) striking out subclause (C) of clause (3) of subsection (e) and redesignating subclauses (D) and (E) thereof as subclauses (C) and (D), respectively; and

(5) in clause (2) of subsection (f) --

(A) striking out "section 203(a)(7)" and "(8 U.S.C. 1153(a)(7))" in subclause (D) and inserting in lieu thereof "sections 207 and 208" and "(8 U.S.C. 1157 and 1158)", respectively;

(B) striking out "because of persecution" and all that follows through "natural calamity" in subclause (D); and

(C) striking out "because of the judgment of the Attorney General" and all that follows in subclause (F) through "political opinion".

#### EMPLOYMENT AND TRAINING PROGRAM

Sec. 1514. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), as amended by section 1513(1) of this Act, is amended by --

(1) amending clause (A)(ii) of paragraph (1) to read as follows:

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements as are prescribed by the State agency in accordance with paragraph (4), and the period of ineligibility shall be two months;" and

(2) adding at the end thereof the following:

"(4)(A) Each State agency shall implement an employment and training program designed by the State agency for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment. For purposes of this Act, an 'employment and training program' means a program that contains, at the option of the State agency, one or more of the following components:

"(i) Job search programs with terms and conditions comparable to those prescribed in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act, except that a State agency shall have no obligation to incur costs exceeding \$25 per participant per month, as provided in subparagraph (B)(vi), and the State agency shall retain the option to apply employment requirements prescribed under this clause to program applicants at the time of application.

"(ii) Job search training programs that include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program.

"(iii) Programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed under such programs to move promptly into regular public or private employment. The facilities of the State public employment offices and agencies operating programs under the

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Job Training Partnership Act may be used to find employment and training opportunities for household members under the programs. Employment or training experience assignments shall be limited to projects that serve a useful public purpose in fields such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of the participating member shall be used in making appropriate employment experience assignments. An employment or training experience program established under this clause shall --

"(I) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program;

"(II) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

"(III) reimburse participants for actual costs of transportation and other actual costs that are reasonably necessary and directly related to participation in the program, but not to exceed \$25 in the aggregate per month.

"(iv) As approved by the Secretary, other programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

"(B)(i) The State agency may provide that participation in an employment and training program may supplement or supplant other requirements imposed on those subject to the program.

"(ii) Each State agency shall exempt from any requirement for participation in any program under this paragraph categories of household members to which the State agency determines that the application of such participation requirement is impracticable as applied to such categories due to factors such as, but not limited to, the availability of work opportunities and the cost-effectiveness of the employment requirements. In making such a determination, the State agency may designate a category consisting of all such household members residing in a specified area of the State. The State agency shall also exempt or suspend from such participation requirement individual household members not included in any such category but with respect to whom it determines that such participation is impracticable because of personal circumstances such as, but not limited to, lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care. The State agency shall determine the extent to which any individual must fulfill the requirements of this paragraph.

"(iii) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any other program carried out under section 20, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicable State minimum wage or Federal minimum hourly rate under the Fair Labor Standards Act of 1938. The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

"(iv) Each State agency shall establish requirements, determined by the State agency to be appropriate, for participation by individuals not exempt under clause (ii) in one or more employment and training programs under this paragraph (which requirements may vary among participants), but may operate programs under this paragraph in which individuals elect to participate. The State agency shall permit individuals not subject to the requirements described in the preceding sentence or who have complied, or are in the process of complying, with such requirements to participate in any program under this paragraph.

"(v) The Secretary shall promulgate guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

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"(vi) A State agency shall reimburse participants for transportation costs and other expenses incurred by participants in the employment and training program, except that the State agency may limit such reimbursement to each participant to \$25 per month."

(b) Section 11(e) of the Food Stamp Act of 1977 (7U.S.C. 2020(e)) is amended by --

(1) striking out "and" at the end of paragraph (20);

(2) striking out the period at the end of paragraph (21) and inserting in lieu thereof "; and "; and

(3) adding at the end thereof the following:

"(22) the manner in which the State agency will carry out the employment and training program under section 6(d)(4)."

(c) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following:

"(h)(1) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of \$40,000,000 for the fiscal year ending September 30, 1986, \$50,000,000 for the fiscal year ending September 30, 1987, \$60,000,000 for the fiscal year ending September 30, 1988, and \$75,000,000 for each of the fiscal years ending September 30, 1989, and September 30, 1990, to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.

"(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the limitation in paragraph (3).

"(3) The Secretary shall reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably incurred by participants in the employment and training program, except that such total amount shall not exceed an amount representing \$25 per participant per month.

"(4) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs. The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs."

#### STAGGERING OF COUPON ISSUANCE

Sec. 1515. Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end thereof the following:

"(h)(1) The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: PROVIDED, That the procedure ensures that, in the transition period from other issuance procedures, no eligible household experiences an interval between coupon issuances of more than thirty-five days, either through regular issuances by the State agency or through supplemental issuances.

"(2) For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the later of five working days after the beginning of the following month or five working days after verification

procedures are completed."

#### DISCLOSURE OF INFORMATION SUBMITTED BY RETAIL STORES

Sec. 1516. Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by inserting before the period at the end of the second sentence the following: ", except that such information may be disclosed to and used by State agencies that administer the special supplemental food program for women, infants and children, authorized under section 17 of the Child Nutrition Act of 1966, for purposes of administering the provisions of that Act and the regulations issued under that Act".

#### CREDIT UNIONS

Sec. 1517. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by --

(1) inserting ", or which are insured under the Federal Credit Union Act and have retail food stores or wholesale food concerns in their field of membership" after "Federal Savings and Loan Insurance Corporation" the first place it appears; and

(2) inserting "or the Federal Credit Union Act" after "Federal Savings and Loan Insurance Corporation" the second place it appears.

#### CHARGES FOR REDEMPTION OF COUPONS

Sec. 1518. (a) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019), as amended by section 1517 of this Act, is amended by adding at the end thereof the following: "No financial institution may impose on or collect from a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks."

(b) The Secretary of Agriculture, in consultation with the Board of Governors of the Federal Reserve System, shall issue regulations implementing the amendment made by subsection (a).

#### PUBLIC INFORMATION

Sec. 1519. (a) Section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)) is amended by inserting, after "funds provided under this Act", the following: "except for activities, implemented at the discretion of the State agency, that provide program information (including program eligibility and benefit guidelines) to unemployed, disabled, or elderly persons who apply, or may be eligible, for participation in the program".

(b) The first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "and (4) fair hearings" and inserting in lieu thereof "(4) fair hearings, and (5) activities providing program information to unemployed, disabled, or elderly persons".

#### OFFICE HOURS

Sec. 1520. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)), as amended by section 1501(c) of this Act, is amended by adding at the end thereof the following: "The State agency shall assess, from time to time, the need for operating food stamp offices within the State during evening and weekend hours;"

#### EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

Sec. 1521. Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding at the end thereof the following: "State agencies shall encourage food stamp program participants to participate in the expanded food and

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nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), commonly known as the Smith-Lever Act. At the request of personnel of such education program, State agencies, wherever practicable, shall allow personnel and information materials of such education program to be placed in food stamp offices."

#### FOOD STAMP PROGRAM INFORMATION AND SIMPLIFIED APPLICATION AT SOCIAL SECURITY ADMINISTRATION OFFICES

Sec. 1522. (a) Clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by --

(1) inserting "applicants for or" after "members are";

(2) striking out "permitted" and all that follows through "office", and inserting in lieu thereof "informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office".

(b) Section 11(j) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)) is amended to read as follows:

"(j)(1) Any individual who is an applicant for or recipient of social security benefits (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) shall be informed of the availability of benefits under the food stamp program and shall be provided with a simple application to participate in such program at the social security office.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that --

"(A) applicants for and recipients of social security benefits are adequately notified in social security offices that assistance may be available to them under this Act;

"(B) applications for assistance under this Act from households in which all members are applicants for or recipients of supplemental security income will be forwarded immediately to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to provide such services."

(c) Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, describing the nature and extent of the costs being incurred by the Secretary of Health and Human Services to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977, as amended by subsections (a) and (b).

#### RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

Sec. 1523. Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following:

"(e)(1) In the event any retail food store or wholesale food concern that has been disqualified under subsection (a) is sold or the ownership thereof is otherwise transferred to a bona fide purchaser or transferee, the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the

disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a ten-year disqualification period, as calculated under regulations issued by the Secretary. The disqualification period imposed under subsection (b) shall continue in effect as to the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern notwithstanding the imposition of a civil money penalty under this subsection.

"(2) At any time after a civil money penalty imposed under paragraph (1) has become final under the provisions of section 14(a), the Secretary may request the Attorney General to institute a civil action against the person or persons subject to the penalty in a district court of the United States for any district in which such person or persons are found, reside, or transact business to collect the penalty and such court shall have jurisdiction to hear and decide such action. In such action, the validity and amount of such penalty shall not be subject to review."

#### STATE AGENCY LIABILITY, QUALITY CONTROL, AND AUTOMATIC DATA PROCESSING

Sec. 1524. (a) Effective with respect to the fiscal year beginning October 1, 1985, and each fiscal year thereafter, section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by --

(1) in paragraph (2)(A) of subsection (d), inserting before the period at the end thereof the following:

"less any amount the payment of which is waived under paragraph (6) and less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency"; and

(2) adding, at the end of subsection (d), the following:

"(6)(A) The Secretary, at the request of a State agency, shall waive the payment of a portion -- not more than 15 per centum -- of a claim, asserted against the State for a fiscal year under paragraphs (2) and (3), equal to the amount that the State agency shows it will devote to the planning, design, development, installation, or expansion of automatic data processing, computerized information, or related systems, or to other administrative efforts, designed to reduce payment error rates and approved by the Secretary. To obtain such waiver, the State agency must show, to the satisfaction of the Secretary, that (i) the systems or administrative efforts on which the request for a waiver is based are in addition to systems or administrative efforts that are already in place or part of an existing plan for the State agency, and (ii) such systems or administrative efforts can reasonably be expected to improve the management, integrity, or efficiency of the food stamp program operated by the State agency.

"(B) Amounts used for systems or administrative efforts as a result of a waiver of a claim under this paragraph may not be credited by the State agency as its share of the costs incurred for data and information systems under the cost-sharing programs provided for in subsections (a) and (g).

"(C) If a proposed system or administrative effort on which a waiver of a claim under this paragraph is based is not implemented within six months after a target date for implementation agreed on by the Secretary and the State agency, the Secretary shall terminate the waiver unless the Secretary determines that there is good cause for the State agency's failure to implement the system or administrative effort (including good faith efforts to implement the system or administrative effort) in a timely manner, and, on such termination, the State agency shall again become liable for full payment of the claim under paragraphs (2) and (3).

"(7) To facilitate the implementation of paragraphs (2) and (3), each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount for which the State agency will be liable for such fiscal year under paragraphs (2) and (3). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraphs (2) and (3) for a fiscal

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year, except with respect to the portion of such payment that is waived under paragraph (6), and, as applicable, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (5)), before the end of the fiscal year following such fiscal year."; and

(3) in subsection (g), inserting "(or in the case of State agencies that submit plans that satisfy the elements of the model automation and computerization plan under section 11(o), as determined by the Secretary, 90 per centum)" after "75 per centum".

(b) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1) The Secretary shall develop, after consultation with and with the assistance of an advisory group of State agencies appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act, a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program. The plan shall be developed and made available for public comment through publication of the proposed plan in the Federal Register not later than October 1, 1986. The Secretary shall complete the plan, taking into consideration public comments received, not later than December 1, 1986. The elements of the plan shall include, but not be limited to, intake procedures, eligibility determinations and calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, and program reporting.

"(2) Not later than April 1, 1987, the Secretary shall prepare and submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems for the administration of the food stamp program. Such report shall include, for each State, an analysis of additional steps needed for the State to achieve effective and cost-efficient data processing and information systems. The Secretary, thereafter, shall periodically update such report.

"(3) Based on the Secretary's findings in any of the reports submitted under paragraph (2), the Secretary may require a State agency, as necessary to rectify identified shortcomings in the administration of the food stamp program in the State, to take specified steps to automate data processing systems or computerize information systems for the administration of the food stamp program in the State if the Secretary finds that, in the absence of such systems, there will be program accountability or integrity problems that will substantially affect the administration of the food stamp program in the State."

(c) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by inserting "the automation or computerization requirements imposed on the State agency under subsection (o)(3) of this section," after "pursuant to subsection (d) of this section,".

#### PILOT PROJECTS

Sec. 1525. (a) Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "October 1, 1985" the last place it appears and inserting in lieu thereof "October 1, 1990".

(b) Section 17(d) of the Food Stamp Act of 1977 (7 U.S.C. 2026(d)) is amended by adding at the end thereof the following: "On the request of a State or political subdivision in which a pilot project is conducted under this subsection, the Secretary shall continue the project beyond any initial term established by the Secretary if the Secretary finds that the project has a beneficial effect on program administrative costs and error rates and the continuation of the project will not result in undue added program costs."

#### AUTHORIZATION CEILING; AUTHORITY TO REDUCE BENEFITS

Sec. 1526. Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by --

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(1) inserting, after the first sentence of subsection (a)(1), the following:

"To carry out the provisions of this Act, there are hereby authorized to be appropriated not in excess of \$13,584,000,000 for the fiscal year ending September 30, 1986; not in excess of \$14,369,000,000 for the fiscal year ending September 30, 1987; not in excess of \$15,276,000,000 for the fiscal year ending September 30, 1988; not in excess of \$16,142,000,000 for the fiscal year ending September 30, 1989; and not in excess of \$16,985,000,000 for the fiscal year ending September 30, 1990."; and

(2) in the second sentence of subsection (b), striking out "the limitation set herein," and inserting in lieu thereof "the appropriation amount authorized in subsection (a)(1),".

#### PUERTO RICO BLOCK GRANT

Sec. 1527. Effective October 1, 1985, section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended by --

(1) striking out "for each fiscal year" in subsection (a)(1)(A) and inserting in lieu thereof "for the fiscal year ending September 30, 1986, \$862,000,000 for the fiscal year ending September 30, 1987, \$898,000,000 for the fiscal year ending September 30, 1988, \$936,000,000 for the fiscal year ending September 30, 1989, and \$974,000,000 for the fiscal year ending September 30, 1990,";

(2) striking out "noncash" in subsection (a)(1)(A);

(3) striking out the comma after "needy persons" and all that follows in subsection (a)(1)(A), and inserting in lieu thereof a period;

(4) striking out "and 50 per centum of the related administrative expenses" in subsection (a)(1)(B) and inserting in lieu thereof "and related administrative expenses"; and

(5) striking out "a single agency which shall be" in clause (i) of subsection (b)(1)(A) and inserting in lieu thereof "the agency or agencies directly."

#### FEASIBILITY STUDY

Sec. 1528. The Secretary of Agriculture shall conduct a study to determine the feasibility of extending the food stamp program under the Food Stamp Act of 1977 to American Samoa. The Secretary shall complete the study and submit a report of the study to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than April 1, 1986. In conducting the study, the Secretary shall --

(1) determine the various demographic and economic circumstances of the people of American Samoa; and

(2) analyze the features of the food stamp program under the Food Stamp Act of 1977, and the regulations issued thereunder, including benefit, eligibility, and administrative rules, that would have to be revised, with respect to American Samoa, to ensure that the program would operate efficiently and effectively in light of circumstances peculiar to American Samoa.

#### COMMODITY DISTRIBUTION PROGRAMS

Sec. 1529. (a) Effective October 1, 1985, section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by --

(1) striking out "1982, 1983, 1984, and 1985" in the first sentence of subsection (a) and inserting in lieu thereof "1986, 1987, 1988, 1989, and 1990"; and

(2) in subsection (b), striking out "under 18 years of age" and inserting in lieu thereof "18 years of age and under".

(b) Effective October 1, 1985, section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by --

(1) striking out ", which projects shall operate no longer than two years, and" in clause (1) and inserting in lieu thereof a semicolon;

(2) striking out "1982 through 1985" in clause (2) and inserting in lieu thereof "1986 through 1990";

(3) redesignating clause (2) as clause (5); and

(4) inserting after clause (1) the following:

"(2) shall permit local agencies administering the commodity supplemental food program, at their option, to provide supplemental commodities, furnished under the program, to low-income elderly persons under terms and conditions that the Secretary by regulation shall prescribe to ensure that (A) the provision of assistance under this clause does not serve to restrict the provision of assistance under the program to women, infants, and children eligible for such assistance, and (B) local agencies do not terminate or reduce commodity assistance to women, infants, and children to provide assistance to the elderly; (3) shall, in any fiscal year, approve applications of additional sites for the program in areas in which the program currently does not operate to the full extent that this can be done within the appropriations available for the program for that fiscal year and without reducing actual participation levels (including participation of elderly persons under clause (2)) in areas in which the program is in effect; (4) shall provide information on the program and its application procedures to agencies that could operate the program and that are located in areas covered neither by the program nor by the special supplemental food program for women, infants, and children authorized under section 17 of the Child Nutrition Act of 1966;"

(c) Notwithstanding any other provision of law, in implementing the commodity supplemental food program under section 4 of the Agriculture and Consumer Protection Act of 1973, the Secretary of Agriculture shall allow agencies distributing agricultural commodities to low-income elderly people under such programs on the date of enactment of this Act to continue such distribution at levels no lower than existing caseloads.

(d) Effective October 1, 1985 --

(1) section 209 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed; and

(2) clause (5) of section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), as so redesignated by subsection (b)(3), is amended by striking out "amount appropriated for the provision of commodities to State agencies" and inserting in lieu thereof "sum of (A) the amount appropriated for the commodity supplemental food program and (B) the value of all additional commodities donated by the Secretary to State and local agencies that are provided without charge or credit for distribution to program participants".

## TITLE XVI -- AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

### Subtitle A -- Amendments to the Temporary Emergency Food Assistance Act of 1983

#### EMERGENCY FEEDING ORGANIZATIONS -- DEFINITIONS

Sec. 1601. Section 201A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by inserting, before the semicolon at the end of paragraph (1), the following:

"(including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and

similar public or private nonprofit eligible recipient agencies) hereinafter in this title referred to as 'emergency feeding organizations'".

#### REPEAL OF PROVISIONS RELATING TO THE FOOD SECURITY WHEAT RESERVE

Sec. 1602. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by --

- (1) striking out the subsection designation for subsection (a); and
- (2) striking out subsection (b).

(b) The second sentence of section 203A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out ", except that wheat from the Food Security Wheat Reserve may not be used to pay such costs".

#### REPEAL OF PROVISIONS RELATING TO PROCESSING AGREEMENTS

Sec. 1603. (a) Section 203 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note), is repealed.

(b) Section 203B(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "and to private companies that process such commodities for eligible recipient agencies under sections 203 and 203A of this Act".

#### STATE COOPERATION

Sec. 1604. Section 203B of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following:

"(d) Each State agency receiving commodities under this title may --

"(1) enter into cooperative agreements with State agencies of other States for joint provision of such commodities to an emergency feeding organization that serves needy persons in a single geographical area part of which is situated in each of such States; or

"(2) transfer such commodities to any such emergency feeding organization in the other State under such agreement.".

#### REPORT ON COMMODITY DISPLACEMENT

Sec. 1605. Section 203C(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following: "The Secretary shall submit to Congress each year a report as to whether and to what extent such displacements or substitutions are occurring.".

#### AUTHORIZATION FOR FUNDING AND RELATED PROVISIONS

Sec. 1606. Section 204 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by --

- (1) redesignating subsection (c) as subsection (d); and
- (2) after subsection (b), inserting the following:

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"(c)(1) There are authorized to be appropriated \$50,000,000 for each of the fiscal years ending September 30, 1986, and September 30, 1987, for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by emergency feeding organizations under this title. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis, dividing such funds among the States in the same proportions as the commodities distributed under this title for such fiscal year are divided among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States in the same manner as the original allocations were made.

"(2) Each State shall make available to emergency feeding organizations in the State not less than 20 per centum of the funds provided as authorized in paragraph (1) that it has been allocated for a fiscal year, as necessary to pay for, or provide advance payments to cover, the direct expenses of the emergency feeding organizations for distributing commodities to needy persons. As used in this paragraph, the term 'direct expenses' includes costs of transporting, storing, handling, and distributing commodities incurred after they are received by the organization; costs associated with determinations of eligibility, verification, and documentation; costs involved in publishing announcements of times and locations of distribution; and costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this title. If a State makes a payment, using State funds, to cover direct expenses of emergency feeding organizations, the amount of such payment shall be counted toward the amount a State must make available for direct expenses of emergency feeding organizations under this paragraph.

"(3) States to which funds are allocated for a fiscal year under this subsection shall submit financial reports to the Secretary, on a regular basis, as to the use of such funds. No such funds may be used by States or emergency feeding organizations for costs other than those involved in covering the expenses related to the distribution of commodities by emergency feeding organizations."

#### REAUTHORIZATIONS

Sec. 1607. Section 210 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by --

(1) in subsection (c) --

(A) striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "the period beginning October 1, 1983, and ending September 30, 1987";

(B) striking out "prior to the beginning of the fiscal year ending September 30, 1985" and inserting in lieu thereof "as early as feasible but not later than the beginning of each of the fiscal years ending September 30, 1985, September 30, 1986, and September 30, 1987"; and

(C) striking out "second twelve months" and inserting in lieu thereof "such fiscal year"; and

(2) adding at the end thereof the following:

"(d) The regulations issued by the Secretary under this section shall include provisions that set standards with respect to liability for commodity losses under the program under this title in situations in which there is no evidence of negligence or fraud, and conditions for payment to cover such losses. Such provisions shall take into consideration the special needs and circumstances of emergency feeding organizations, including use of volunteers, limited financial resources, and the effect that sanctions could have on the ability of such organizations to meet the food needs of low-income populations."

#### PROGRAM TERMINATION

Sec. 1608. Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended

by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1987".

#### REPORT

Sec. 1609. Not later than April 1, 1987, the Secretary of Agriculture shall report to Congress on the activities of the program conducted under the Temporary Emergency Food Assistance Act of 1983. Such report shall include information on --

- (1) the volume and types of commodities distributed under the program;
- (2) the types of State and local agencies receiving commodities for distribution under the program;
- (3) the populations served under the program and their characteristics;
- (4) the Federal, State, and local costs of commodity distribution operations under the program (including transportation, storage, refrigeration, handling, distribution, and administrative costs); and
- (5) the amount of Federal funds provided to cover State and local costs under the program.

#### Subtitle B -- Commodity Distribution Amendments

#### DISTRIBUTION OF SURPLUS COMMODITIES; PROCESSING AGREEMENTS

Sec. 1611. Effective October 1, 1985, section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by --

- (1) inserting "(1)" after "(a)";
- (2) in the first sentence, inserting "(including, but not limited to, cheese, nonfat dry milk, and wheat)" after "commodities" the first place it appears; and
- (3) adding, at the end thereof, the following:

"(2)(A) Effective through September 30, 1987, whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies. The expense of reprocessing shall be paid by such eligible recipient agencies.

"(B) To maintain eligibility to enter into, and to continue, any agreement with the Secretary of Agriculture under subparagraph (A), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such agreements."

#### TITLE XVII -- NUTRITION PROGRAMS

#### Subtitle A -- Food, Nutrition, and Consumer Education

#### FINDINGS

Sec. 1701. Congress finds that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer education to enable them to use their food budgets, including food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

## PURPOSE

Sec. 1702. The purpose of the program provided for under section 1703 is to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977, to assist them to --

- (1) increase their ability to manage their food budgets, including food stamps and other food assistance;
- (2) increase their ability to buy food that satisfies nutritional needs and promotes good health; and
- (3) improve their food preparation, storage, safety, preservation, and sanitation practices.

## PROGRAM

Sec. 1703. The cooperative extension services of the States shall, with funds made available under this subtitle, carry out an expanded program of food, nutrition, and consumer education for low-income individuals in a manner designed to achieve the purpose set forth in section 1702. In operating the program, the cooperative extension services may use the expanded food and nutrition education program, and other food, nutrition, and consumer education activities of the cooperative extension services or similar activities carried out by them in collaboration with other public or private nonprofit agencies or organizations. In carrying out their responsibilities under the program, the cooperative extension services are encouraged to --

- (1) provide effective and meaningful food, nutrition, and consumer education services to as many low-income individuals as possible;
- (2) employ educational methodologies, including innovative approaches, that accomplish the purpose set forth in section 1702; and
- (3) to the extent practicable, coordinate activities carried out under the program with the delivery to low-income individuals of benefits under food assistance programs.

## ADMINISTRATION

Sec. 1704. (a) The program provided for under section 1703 shall be administered by the Secretary of Agriculture through the Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service. The Secretary shall ensure that the Extension Service coordinates activities carried out under this subtitle with the ongoing food, nutrition, and consumer education activities of other agencies of the Department of Agriculture.

(b) The Secretary of Agriculture, not later than April 1, 1989, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the effectiveness of the program provided for under section 1703.

## AUTHORIZATION OF APPROPRIATIONS

Sec. 1705. (a) There are hereby authorized to be appropriated to carry out this subtitle \$5,000,000 for the fiscal year ending September 30, 1986; \$6,000,000 for the fiscal year ending September 30, 1987; and \$8,000,000 for each of the fiscal years ending September 30, 1988, September 30, 1989, and September 30, 1990.

(b) Any funds appropriated under this section for a fiscal year shall be allocated in the manner specified in subparagraphs (A) and (B) of section 1425(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

(c) Any funds appropriated to carry out this subtitle shall supplement any other funds appropriated to the Department of Agriculture for use by the Department and the cooperative extension services of the States for food, nutrition, and consumer education for low-income households.

Subtitle B -- Nutrition Monitoring

SURVEY BY THE DEPARTMENT OF AGRICULTURE

Sec. 1711. The Secretary of Agriculture shall --

(1) in conducting the Department of Agriculture's continuing survey of food intakes of individuals and any nationwide food consumption survey, include a sample that is representative of low-income individuals and, to the extent practicable, the collection of information on food purchases and other household expenditures by such individuals;

(2) to the extent practicable, continue to maintain the nutrient data base established by the Department of Agriculture; and

(3) encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of the nutritional and dietary status of individuals.

Division E -- Miscellaneous

TITLE XVIII -- MISCELLANEOUS

Subtitle A -- Processing, Inspection, and Labelling

EGG PROCESSING

Sec. 1801. Section 8 of the Egg Products Inspection Act (21 U.S.C. 1037) is amended by --

(1) redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(2) inserting after subsection (c) the following:

"(d) No person shall process, for commerce, any eggs for human food in any manner that --

"(1) does not allow examination of the content of individuals eggs being processed; and

"(2) allows egg content to commingle with the egg shell or shell membrane during processing."

INSPECTION AND OTHER STANDARDS FOR IMPORTED POULTRY PRODUCTS

Sec. 1802. (a) Section 18 of the Poultry Products Inspection Act (21 U.S.C. 467) is amended by adding at the end thereof the following:

"(d) Notwithstanding any other provision of law, all poultry or poultry products capable of use as human food, offered for importation into the United States, shall be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such imported poultry articles that do not meet such standards shall not be permitted entry into the United States. The Secretary shall enforce this provision through (1) the imposition of random inspections for such species verification and for residues, and (2) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary."

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(b) This section shall take effect six months after the date of enactment of this Act.

#### INSPECTION AND OTHER STANDARDS FOR IMPORTED MEAT AND MEAT FOOD PRODUCTS

Sec. 1803. Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by striking out the last sentence and inserting in lieu thereof the following:

"Each foreign country from which such meat articles are offered for importation into the United States shall obtain a certification issued by the Secretary stating that the country maintains a program using reliable analytical methods to ensure compliance with the United States standards for residues in such meat articles. No such meat articles shall be permitted entry into the United States from a country for which the Secretary has not issued such certification. The Secretary shall periodically review such certifications and shall revoke any certification if the Secretary determines that the country involved is not maintaining a program that uses reliable analytical methods to ensure compliance with United States standards for residues in such meat articles. The consideration of any application for a certification under this subsection and the review of any such certification, by the Secretary, shall include the inspection of individual establishments to ensure that the inspection program of the foreign country involved is meeting such United States standards."

#### EXAMINATION AND REPORT OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

Sec. 1804. (a)(1) The Comptroller General of the United States shall conduct a study of Department of Health and Human Services and Department of Agriculture product purity and inspection requirements and regulations currently in effect for imported food products and agricultural commodities. The study shall evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form.

(2) The study shall include a review of Federal regulations and inspection procedures currently in effect to detect in imported live animals chemical and chemical residues the use of which is prohibited in the production of domestic live animals.

(3) The study shall include recommendations regarding the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States.

(4) The study shall include recommendations on the adequacy of the Department of Health and Human Services and the Department of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and food products.

(e) The study also shall evaluate the feasibility of requiring all imported meat and meat food products, agricultural commodities, and products of such commodities to bear a label stating the country of origin of such commodities and products. The study shall include an evaluation of the feasibility of requiring any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles --

(1) by displaying a sign indicating that imported meat is served in such establishment; or

(2) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) The Secretary shall submit the results of the study conducted under subsection (a) to the Committee on

Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than one year after the date of enactment of this Act.

Subtitle B -- Beef Promotion and Research Act of 1985

#### AMENDMENT TO BEEF RESEARCH AND INFORMATION ACT

Sec. 1811. (a) This section may be cited as the "Beef Promotion and Research Act of 1985".

(b) Sections 2 through 20 of the Beef Research and Information Act (7 U.S.C. 2901-2918) are amended to read as follows:

"congressional findings and declaration of policy

"Sec. 2. (a) Congress finds that --

"(1) beef and beef products are basic foods that are a valuable part of human diet;

"(2) the production of beef and beef products plays a significant role in the Nation's economy, beef and beef products are produced by thousands of beef producers and processed by numerous processing entities, and beef and beef products are consumed by millions of people throughout the United States and foreign countries;

"(3) beef and beef products should be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

"(4) the maintenance and expansion of existing markets for beef and beef products are vital to the welfare of beef producers and those concerned with marketing, using, and producing beef products, as well as to the general economy of the Nation;

"(5) there exist established State and national organizations conducting beef promotion, research, and consumer education programs that are invaluable to the efforts of promoting the consumption of beef and beef products; and

"(6) beef and beef products move in interstate and foreign commerce, and beef and beef products that do not move in such channels of commerce directly burden or affect interstate commerce of beef and beef products.

"(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided herein, of an orderly procedure for financing (through assessments on all cattle sold in the United States and on cattle, beef, and beef products imported into the United States) and carrying out a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for beef and beef products. Nothing in this Act shall be construed to limit the right of individual producers to raise cattle.

"definitions

"Sec. 3. For purposes of this Act --

"(1) the term 'promotion' means any action, including paid advertising, to advance the image and desirability of beef and beef products with the express intent of improving the competitive position and stimulating sales of beef and beef products in the marketplace;

"(2) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of beef and beef products, other related food science research, and new product development;

"(3) the term 'consumer information' means nutritional data and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparing, and use of beef and beef products;

"(4) the term 'industry information' means information and programs that will lead to the development of new markets, marketing strategies, increased efficiency, and activities to enhance the image of the cattle industry;

"(5) the term 'Board' means the Cattlemen's Beef Promotion and Research Board established under section 5(1);

"(6) the term 'Committee' means the Beef Promotion Operating Committee established under section 5(4);

"(7) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(8) the term 'cattle' means live domesticated bovine animals regardless of age;

"(9) the term 'beef' means flesh of cattle;

"(10) the term 'beef products' means edible products produced in whole or in part from beef, exclusive of milk and products made therefrom;

"(11) the term 'producer' means any person who owns or acquires ownership of cattle, except that a person shall not be considered to be a producer if the person's only share in the proceeds of a sale of cattle or beef is a sales commission, handling fee, or other service fee;

"(12) the term 'importer' means any person who imports cattle, beef, or beef products from outside the United States;

"(13) the term 'United States' means the several States and the District of Columbia;

"(14) the term 'qualified State beef council' means a beef promotion entity that is authorized by State statute or is organized and operating within a State, that receives voluntary contributions and conducts beef promotion, research, and consumer information programs, and that is recognized by the Board as the beef promotion entity within such State;

"(15) the term 'Secretary' means the Secretary of Agriculture; and

"(16) the term 'Department' means the Department of Agriculture.

"issuance of orders

"Sec. 4. (a) During the period beginning on the effective date of this section and ending thirty days after receipt of a proposal for a beef promotion and research order, the Secretary shall publish such proposed order and give due notice and opportunity for public comment on such proposed order. Such proposal may be submitted by any organization meeting the requirements for certification under section 6 or any interested person, including the Secretary.

"(b) After notice and opportunity for public comment are given, as provided for in subsection (a), the Secretary shall issue a beef promotion and research order. The order shall become effective not later than one hundred and twenty days following publication of the proposed order.

#### "REQUIRED TERMS IN ORDERS

"Sec. 5. An order issued under section 4(b) shall contain the following terms and conditions:

"(1) The order shall provide for the establishment and selection of a Cattlemen's Beef Promotion and Research

Board. Members of the Board shall be cattle producers and importers appointed by the Secretary from (A) nominations submitted by eligible State organizations certified under section 6 (or, if the Secretary determines that there is no eligible State organization in a State, the Secretary may provide for nominations from such State to be made in a different manner), and (B) nominations submitted by importers under such procedures as the Secretary determines appropriate. In determining geographic representation for cattle producers on the Board, whole States shall be considered as a unit. Each unit that includes a total cattle inventory greater than five hundred thousand head shall be entitled to at least one representative on the Board. If there are units that do not have total cattle inventories equal to or greater than five hundred thousand head, such units shall be combined and provided collective representation on the Board. A unit may be represented on the Board by more than one member. For each additional million head of cattle within a unit, such unit shall be entitled to an additional member on the Board. The Board may recommend a change in the level of inventory per unit necessary for representation on the Board and, on such recommendation, the Secretary may change the level necessary for representation on the Board. The number of members on the Board that represent importers shall be determined by the Secretary on a proportional basis, by converting the volume of imported beef and beef products into live animal equivalencies.

"(2) The order shall define the powers and duties of the Board, which shall be exercised at an annual meeting, and shall include only the following powers:

"(A) To administer the order in accordance with its terms and provisions.

"(B) To make rules and regulations to effectuate the terms and provisions of the order.

"(C) To elect members of the Board to serve on the Committee.

"(D) To approve or disapprove budgets submitted by the Committee.

"(E) To receive, investigate, and report to the Secretary complaints of violations of the order.

"(F) To recommend to the Secretary amendments to the order.

In addition, the order shall determine the circumstances under which special meetings of the Board may be held.

"(3) The order shall provide that the term of appointment to the Board shall be three years with no member serving more than two consecutive terms, except that initial appointments shall be proportionately for one-year, two-year, and three-year terms; and that Board members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

"(4) The order shall provide that the Board shall elect from its membership ten members to serve on the Beef Promotion Operating Committee, which shall be composed of ten members of the Board and ten producers elected by a federation that includes as members the qualified State beef councils. The producers elected by the federation shall be certified by the Secretary as producers that are directors of a qualified State beef council. The Secretary also shall certify that such directors are duly elected by the federation as representatives to the Committee. The Committee shall develop plans or projects of promotion and advertising, research, consumer information, and industry information, which shall be paid for with assessments collected by the Board. The Committee shall be responsible for developing and submitting to the Board, for its approval, budgets on a fiscal year basis of its anticipated expenses and disbursements, including probable costs of advertising and promotion, research, consumer information, and industry information projects. The Board shall approve or disapprove such budgets and, if approved, shall submit such budget to the Secretary for the Secretary's approval. The total costs of collection of assessments and administrative staff incurred by the Board during any fiscal year shall not exceed 5 per centum of the projected total assessments to be collected by the Board for such fiscal year. The Board shall use, to the extent possible, the resources, staffs, and facilities of existing organizations.

"(5) The order shall provide that terms of appointment to the Committee shall be one year, and that no person may serve on the Committee for more than six consecutive terms. Committee members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee. The Committee shall use staff and facilities of the Board and of industry organizations to prevent duplication and inefficient use of funds, except that staff of industry organizations may not receive compensation from the Board, but shall be reimbursed for their reasonable expenses incurred in performing their duties on behalf of the Committee.

"(6) The order shall provide that, to ensure coordination and efficient use of funds, the Committee shall enter into contracts or agreements for implementing and carrying out the activities authorized by this Act with established national nonprofit industry-governed organizations, including the federation referred to in paragraph (4), to implement programs of promotion, research, consumer information, and industry information. Any such contract or agreement shall provide that --

"(A) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shows estimated costs to be incurred for the plan or project;

"(B) the plan or project shall become effective on the approval of the Secretary; and

"(C) the person entering the contract or agreement shall keep accurate records of all of its transactions, account for funds received and expended, and make periodic reports to the Committee of activities conducted, and such other reports as the Secretary, the Board, or the Committee may require.

"(7) The order shall require the Board and the Committee to --

"(A) maintain such books and records, which shall be available to the Secretary for inspection and audit, as the Secretary may prescribe;

"(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(C) account for the receipt and disbursement of all funds entrusted to them.

"(8) The order shall provide that each person making payment to a producer for cattle purchased from the producer shall, in the manner prescribed by the order, collect an assessment and remit the assessment to the Board. The Board shall use qualified State beef councils to collect such assessments. The order also shall provide that each importer of cattle, beef, or beef products shall pay an assessment, in the manner prescribed by the order, to the Board. The assessments shall be used for payment of the costs of plans and projects, as provided for in paragraph (4), and expenses in administering the order, including more administrative costs incurred by the Secretary after the order has been promulgated under this Act, and to establish a reasonable reserve. The rate of assessment prescribed by the order shall be one dollar per head of cattle, or the equivalent thereof in the case of imported beef and beef products. A producer who can establish that the producer is participating in a program of an established qualified State beef council shall receive credit, in determining the assessment due from such producer, for contributions to such program of up to 50 cents per head of cattle or the equivalent thereof. There shall be only one qualified State beef council in each State. Any person marketing from beef from cattle of the person's own production shall remit the assessment to the Board in the manner prescribed by the order.

"(9) The order shall provide that the Board, with the approval of the Secretary, may invest, pending disbursement, funds collected through assessments only in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

"(10) The order shall prohibit any funds collected by the Board under the order from being used in any manner for

the purpose of influencing governmental action or policy, with the exception of recommending amendments to the order.

"(11) The order shall require that each person making payment to a producer, any person marketing beef from cattle of the person's own production directly to consumers, and any importer of cattle, beef, or beef products maintain and make available for inspection such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order. Such information shall be made available to the Secretary as is appropriate to the administration or enforcement of this Act, the order, or any regulation issued under this Act. In addition, the Secretary shall authorize the use of information regarding persons paying producers that is accumulated under a law or regulation other than this Act or regulations under this Act.

"All information so obtained shall be kept confidential by all officers and employees of the Department, and only such information so obtained as the Secretary deems relevant may be disclosed by them and then only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order. Nothing in this paragraph may be deemed to prohibit --

"(A) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

"(B) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"No information obtained under the authority of this Act may be made available to any agency or officer of the United States for any purpose other than the implementation of this Act and any investigatory or enforcement act necessary for the implementation of this Act. Any person violating the provisions of this paragraph shall, on conviction, be subject to a fine of not more than \$1,000, or to imprisonment for not more than one year, or both, and if an officer or employee of the Board or the Department, shall be removed from office.

"(12) The order shall contain terms and conditions, not inconsistent with the provisions of this Act, as necessary to effectuate the provisions of the order.

"certification of organizations to nominate

"Sec. 6. (a) The eligibility of any State organization to represent producers and to participate in the making of nominations under section 5(1) shall be certified by the Secretary. The Secretary shall certify any State organization that the Secretary determines meets the eligibility criteria established under subsection (b) and such determination as to eligibility shall be final.

"(b) A State cattle association or State general farm organization may be certified as described in subsection (a) if such association or organization meets all of the following eligibility criteria:

"(1) The association or organization's total paid membership is comprised of at least a majority of cattle producers or the association or organization's total paid membership represents at least a majority of the cattle producers in the State.

"(2) The association or organization represents a substantial number of producers that produce a substantial number of cattle in the State.

"(3) The association or organization has a history of stability and permanency.

"(4) A primary or overriding purpose of the association or organization is to promote the economic welfare of cattle producers.

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"(c) Certification of State cattle associations and State general farm organizations shall be based on a factual report submitted by the association or organization involved.

"(d) If more than one State organization is certified in a State (or in a unit referred to in section 5(1)), such organizations may caucus to determine any of such State's (or such unit's) nominations under section 5(1).

"requirement of referendum

"Sec. 7. (a) During the twenty-fourth month following implementation of the order issued under this Act, unless the Board recommends an earlier date, in which event such earlier date shall be used, the Secretary shall conduct a referendum among cattle producers who, during a representative period as determined by the Secretary, have been engaged in the production of cattle for the purpose of ascertaining whether the order shall be continued. The order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle. If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months after the Secretary determines that continuation of the order is not favored by a majority voting in the referendum and shall terminate the order in an orderly manner as soon as practicable after such determination.

"(b) After the initial referendum, the Secretary may conduct a referendum on the request of a representative group comprising 10 per centum or more of the number of cattle producers to determine whether cattle producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

"(c) The Department shall be reimbursed from assessments collected by the Board for any expenses incurred by the Department in connection with conducting any referendum under this section, except for the salaries of Government employees. Any referendum conducted under this section shall be conducted on a date established by the Secretary, whereby producers shall certify that they were engaged in the production of cattle during the representative period and, on the same day, shall be provided an opportunity to vote in the referendum. Each referendum shall be conducted at county extension offices, and there shall be provision for an absentee mail ballot on request.

"enforcement

"Sec. 8. The Secretary may issue orders to restrain or prevent any person from violating the order issued under section 4(b), or regulation issued thereunder, and may assess a civil penalty of not more than \$1,000 for violation of the order issued under section 4(b), following an opportunity for an administrative hearing on the record, whenever the Secretary believes that the administration and enforcement of this Act and the order would be adequately served by such procedure. The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the order or any regulation made or issued under this Act. Any civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

"investigations; power to subpoena and take oaths and affirmations; aid of courts

"Sec. 9. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this Act or to determine whether any person subject to this Act has engaged or is about to engage in any act that constitutes or will constitute a violation of this Act, the order, or any rule or regulation issued under this Act. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of

contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony regarding the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

"administrative provisions

"Sec. 10. (a) Nothing in this Act may be construed to preempt or supersede any other program relating to beef promotion organized and operated under the laws of the United States or any State.

"(b) The provisions of this Act applicable to the order shall be applicable to amendments to the order.

"authorization of appropriations

"Sec. 11. There are authorized to be appropriated such sums as may be necessary to carry out this Act. Sums appropriated to carry out this Act shall not be available for payment of the expenses or expenditures of the Board or the Committee in administering any provisions of the order issued under section 4(b) of this Act."

(c) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C -- Pork Promotion, Research, and Consumer Information Act of 1985

#### SHORT TITLE

Sec. 1821. This subtitle may be cited as the "Pork Promotion, Research, and Consumer Information Act of 1985".

#### FINDINGS AND DECLARATION OF PURPOSE

Sec. 1822. (a) Congress finds that --

(1) pork and pork products are basic foods that are a valuable and healthy part of the human diet;

(2) the production of pork and pork products plays a significant role in the economy of the United States, because pork and pork products are produced by thousands of producers, organized in a federation by county, State, and national associations that include many small and medium-sized producers, and because pork and pork products are consumed by millions of people throughout the United States on a daily basis;

(3) pork and pork products must be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

(4) the maintenance and expansion of existing markets and development of new markets for pork and pork products are vital to the welfare of pork producers and those concerned with producing and marketing pork and pork products, as well as to the general economy of the United States;

(5) pork and pork products move in interstate and foreign commerce, and pork and pork products that do not move in such channels of commerce directly burden or affect interstate commerce in pork and pork products; and

(6) in recent years, increasing quantities of low-cost, imported pork and pork products have been brought into the United States, replacing domestic pork and pork products in normal channels of trade.

(b)(1) It is, therefore, the purpose of this subtitle to authorize the establishment of an orderly procedure for financing, through an adequate assessment, an effective and coordinated program of promotion, research, and consumer information designed to strengthen the position of the pork industry in the marketplace and to maintain, develop, and expand markets for pork and pork products. Such procedure shall be implemented and such program shall be conducted at no cost to the Government of the United States.

(2) Nothing in this subtitle may be construed to --

(A) permit or require the imposition of quality standards for pork or pork products;

(B) provide for control of the production of pork or pork products, or

(C) otherwise limit the right of the individual pork producer to produce pork and pork products.

#### DEFINITIONS

Sec. 1823. For purposes of this subtitle --

(1) the term "porcine animals" means swine raised for slaughter, feeder pigs, or seedstock;

(2) the term "pork" means the flesh of porcine animals;

(3) the term "pork products" means products produced or processed in whole or in part from pork;

(4) the term "Secretary" means the Secretary of Agriculture;

(5) the term "person" means any individual, group of individuals, partnership, corporation, association, organization, cooperative, or any other entity;

(6) the term "pork producer" means any person who produces porcine animals in the United States for sale in commerce;

(7) the term "importer" means any person who imports porcine animals, pork, or pork products into the United States;

(8) the term "promotion" means any action, including paid advertising, to present a favorable image for porcine animals, pork, or pork products to the public with the express intent of improving the competitive position and stimulating sales of porcine animals, pork, or pork products;

(9) the term "research" means any type of research designed to advance, expand, or improve the image, desirability, nutritional values, usage, marketability, production, or quality of porcine animals, pork, or pork products as well as any dissemination to any person of the results of such research;

(10) the term "consumer information" means activities intended to broaden the understanding of sound nutritional principles as they relate to pork and pork products, including the role of pork and pork products in a balanced, healthy diet;

(11) the term "marketing" means the sale or other disposition in commerce of pork or pork products;

(12) the term "Delegate Body" means the National Pork Producers Delegate Body provided for under section 1827(b) of this subtitle;

(13) the term "Board" means the National Pork Producers Board of Directors provided for under section 1827(c) of this subtitle;

(14) the term "Committee" means the National Pork Producers Executive Committee provided for under section 1827(d) of this subtitle;

(15) the term "order" means a pork and pork products promotion, research, and consumer information order issued under section 1826;

(16) the term "State association" means the organization of pork producers in a State that is generally recognized as representing the pork producers of that State;

(17) the term "State" means any of the 50 States; and

(18) the term "gross amount of checkoff" means the total amount of assessment collected throughout the United States under section 1827(g) in any applicable period of time.

#### PORK AND PORK PRODUCTS ORDER

Sec. 1824. To effectuate the declared policy of this subtitle, the Secretary shall, in accordance with this subtitle, issue and, from time to time, may amend orders applicable to persons engaged in the production and sale of pork and pork products in the United States. Not more than one order shall be in effect at any given time. Each order issued under this section shall become effective not more than 90 days following the publication of such order.

#### NOTICE AND HEARING

Sec. 1825. During the period ending 30 days after receipt of a proposal for an order submitted by any person who might be affected by this subtitle, the Secretary shall publish the proposed order and give due notice of and opportunity for a hearing on the proposed order.

#### FINDINGS AND ISSUANCE OF AN ORDER

Sec. 1826. After notice of and opportunity for a hearing has been provided in accordance with section 1825, the Secretary shall issue and publish an order if the Secretary finds, and sets forth in such order, that, on the evidence introduced at such hearing, the issuance of the order and all the terms and conditions thereof will assist in carrying out the purpose of this subtitle.

#### REQUIRED TERMS AND CONDITIONS IN ORDERS

Sec. 1827. (a) Any order issued by the Secretary under this subtitle shall contain the terms and conditions described in this section and, except as provided in section 1828, no others.

(b)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days of the effective date of the order, of a National Pork Producers Delegate Body, which shall consist of one or more members from each State. Nominations of members of the Delegate Body shall be submitted by each State association. Each State entitled to only one Delegate Body member may nominate an alternate who may attend Delegate Body meetings, but who shall serve only when the member is absent from a meeting. If a State association does not submit nominations, or there is no State association in a State, the Secretary may provide for nominations from that State to be made in a different manner.

(2) Members of the Delegate Body shall serve for a term of one year.

(3) At the first annual meeting, the Delegate Body shall select a Chairman by a majority vote. At every annual meeting thereafter, the Chairman of the Delegate Body shall be the President of the Committee provided for in subsection (d).

(4) The members of the Delegate Body shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Delegate Body.

(5) The Delegate Body shall nominate 11 pork producer members for appointment to the Committee from among the members of the Board provided for in subsection (c) and shall submit such nominations to the Secretary. The Delegate Body shall meet annually to make such nominations. A majority of the Delegate Body shall vote in person to nominate members to the Committee.

(c)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days after the effective date of the order, of a National Pork Producers Board of Directors whose primary function shall be to serve as liaison between the State associations and the Committee and to counsel with and advise the Committee on policy matters. The Board shall consist of one member from each State who is also a member of the Delegate Body and who is appointed from nominations submitted by each State association or, if a State association does not submit nominations or if there is no association in a State, from nominations submitted in a manner provided for by the Secretary.

(2) Members of the Board shall serve for 3-year terms, with no member serving more than two consecutive 3-year terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Chairman of the Board shall be the President of the Committee provided for in subsection (d)(3).

(4) The members of the Board shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

(d)(1) The order shall provide for the establishment and appointment by the Secretary of an 11-member National Pork Producers Executive Committee consisting of pork producers from among the members of the Board from nominations submitted to the Secretary by the Delegate Body in accordance with subsection (b)(5).

(2) Members of the Committee shall serve for 3-year terms with no member serving more than two consecutive 3-year terms, except that initial appointments to the Committee shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Committee shall select its President by a majority vote.

(4) A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, and a majority of votes cast at any meeting at which a quorum is present shall determine any motion or election.

(5) Members of the Committee shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee.

(6) The powers and duties of the Committee shall be to --

(A) develop on its own initiative, as well as to receive from other persons, proposals for promotion, research, and consumer information plans or projects and submit to the Secretary for approval any such plans or projects. Each plan or project must be approved by the Secretary before becoming effective;

(B) administer the order in accordance with its terms and provisions and consistent with the provision of this subtitle;

(C) prescribe rules and regulations to effectuate the terms and provisions of the order;

(D) receive, investigate, and report to the Secretary, complaints of violations of the order,

(E) make recommendations to the Secretary with respect to amendments that should be made to the order; and

(F) employ a staff and conduct routine business.

(e) The order shall provide that the Committee shall prepare and submit to the Secretary, for the Secretary's approval, budgets (on a fiscal period basis) of its anticipated expenses and disbursements in the administration of the order, including projected costs of pork and pork products promotion, research, and consumer information plans or projects.

(f) The order shall provide that the Committee, with the approval of the Secretary, may enter into contracts or agreements with any person for the development and conduct of the activities authorized under the order and for the payment of the cost thereof with funds collected through assessments under the order. Any such contract or agreement shall provide that --

(1) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shall show the estimated costs to be incurred from the plan or project;

(2) any such plan or project shall become effective on the approval of the Secretary; and

(3) the person entering the contract or agreement shall keep accurate records of all of its transactions and make periodic reports to the Committee of the activities it has conducted and accounting for funds received and expended, and such other reports as the Secretary or the Committee may require.

(g) The order shall provide that, in the manner prescribed by the order --

(1) each person who makes payment to a pork producer for porcine animals, pork, or pork products produced in the United States; and

(2) each importer with respect to imported porcine animals, pork, and pork products;

shall pay an assessment to the Committee, unless such person or importer proves that an assessment was previously paid under this subtitle by any person with respect to such porcine animals, pork, or pork products. The rate of assessment prescribed by the initial order shall be three-tenths of one per centum of the market value of the porcine animals, pork, or pork products involved in the sale or of the imported porcine animals, pork, or pork products. In orders issued after the initial order, the rate of assessment may be increased pursuant to a majority vote of the Delegate Body. No such increase may exceed one-tenth of one per centum of the market value and the rate of assessment may not exceed five-tenths of one per centum unless the Delegate Body, after the initial referendum called for in section 1829(a), recommends additional increases in the rate of assessment in any amount it determines and such additional increases are approved in a mandatory referendum conducted under section 1830(b).

(h) The order shall provide that funds collected by the Committee from the assessments shall be distributed in the following manner:

(1) Each State association that is operating a State pork promotion program under State law or on a voluntary basis as of the date of enactment of this Act shall receive an amount equal to the product of the gross amount of checkoff and the percentage applicable to such State association determined by the Delegate Body, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of such association.

(2) The National Pork Producers Council, a nonprofit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, shall receive an amount equal to 60 per centum of the gross amount of checkoff, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of that organization.

(3) The Committee shall retain the remaining funds for use in --

(A) financing promotion, research, and consumer information plans or projects in accordance with this section;

(B) expenses for the administration, maintenance, and functioning of the Committee as may be authorized by the Secretary;

(C) accumulation of reasonable reserve funds to permit an effective promotion, research, and consumer information program to continue in years when the assessment income may be reduced; and

(D) administrative costs incurred by the Secretary to carry out this subtitle after an order has been promulgated under this subtitle, including any expenses incurred for the conduct of referenda under this subtitle.

(i) The order shall provide that no promotion funded with assessments collected under this subtitle may make any false or misleading claims on behalf of pork or pork products or false or misleading statements with respect to the attributes or use of any competing product.

(j) The order shall provide that no funds collected through assessments may be used, in any manner, for the purpose of influencing legislation as defined in subsections (d) and (e)(2) of section 4911 of the Internal Revenue Code of 1954.

(k) The order shall provide that the Committee shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be required by the Secretary for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and shall cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

(l) The order shall provide that the Committee, with the approval of the Secretary, may invest, pending disbursement under a plan or project, funds collected through assessments only in obligations of the United States, or of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

#### PERMISSIVE PROVISIONS

Sec. 1828. (a) On the recommendation of the Delegate Body or Committee, and with the approval of the Secretary, any order issued by the Secretary under this subtitle may contain one or more of the provisions described in this section.

(b)(1) The order may provide that each person purchasing porcine animals from pork producers for commercial use and each importer shall maintain and make available for inspection such books and records as may be specified by the order and file reports at the time, in the manner, and having the content prescribed by the order, including documentation of the State of origin of the porcine animals being purchased or the place of origin of the porcine animals, pork, or pork products being imported. Such information shall be made available to the Secretary and the Committee as is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any order issued under to this subtitle.

(2) All information obtained under paragraph (1) shall be kept confidential by all employees of the Secretary and of the Committee. Only such information as the Secretary deems relevant shall be disclosed and only in a suit or administrative bearing brought at the direction or on the request of the Secretary, or to which the Secretary or any officer of the United States is a party, involving the order with reference to which the information was furnished or acquired. Nothing in this paragraph shall prohibit --

(A) issuance of general statements based on the reports of a number of persons subject to any order or statistical data collected therefrom if such statements or data do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating any order issued under this subtitle, together with a statement of the particular provisions of the order violated by such person.

Any person willfully violating this paragraph shall, upon conviction, be subject to a fine of not more than \$1,000 or to imprisonment for not more than one year, or to both, and, if an employee of the Committee or the Secretary, shall be removed from office.

(c) The order may contain terms and conditions incidental to, and not inconsistent with, the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the order.

#### REQUIREMENT OF REFERENDUM

Sec. 1829. (a) The Secretary shall conduct a referendum during a period not earlier than two years, and not later than three years, after the date of the enactment of this Act, among pork producers who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, for the purpose of ascertaining whether the order then in effect shall be continued. Such order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the pork producers voting in the referendum. If continuation of the order is not approved by a majority of the pork producers voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months and shall terminate the order in an orderly manner as soon as practicable after such determination.

(b) The Secretary shall be reimbursed from assessments collected by the Committee for any expenses (other than compensation payable to officers and employees of the United States) incurred in connection with conducting any referendum under this section and section 1830.

#### SUSPENSION AND TERMINATION OF ORDERS; ADDITIONAL REFERENDA

Sec. 1830. (a) After the initial referendum provided for in section 1829(a), the Secretary shall, whenever the Secretary finds that any order issued under this subtitle or any provision of the order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of such order or such provisions.

(b) After the initial referendum provided for in section 1829(a), the Secretary shall, on request of a number of pork producers who, during a representative period (as determined by the Secretary) have marketed the equivalent of at least 50 porcine animals and compromise 15 per centum or more of the number of pork producers subject to the order, conduct a referendum to determine whether the producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the pork producers voting in the referendum who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

(c) The termination or suspension of any order, or any provision of the order, shall not be considered an order within the meaning of this subtitle.

#### PETITION AND REVIEW

Sec. 1831. (a) Any person subject to any order issued under this subtitle may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and requesting a modification of the order or an exemption from the order. Such person shall thereupon be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary. After the hearing, the Secretary shall make a determination granting or denying the petition.

(b) The district courts of the United States in any district in which the person is an inhabitant or does business are hereby vested with jurisdiction to review such determination, if a complaint for that purpose is filed within 20 days after the date the person receives notice of such determination. Service of process in such proceedings may be had on the Secretary by delivering a copy of the complaint to the Secretary. If the court determines that the determination is not in accordance with law, the court shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires.

#### ENFORCEMENT

Sec. 1832. (a) The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order, rule, or regulation issued under this subtitle. Any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of this subtitle would be adequately served by suitable written notice or warning to any person committing such violation or by administrative action under subsection (b).

(b)(1) Any person who willfully violates any provision of any order, rule, or regulation issued by the Secretary under this subtitle may be assessed a civil penalty by the Secretary of not more than \$1,000 for each such violation and, in the case of a willful failure to pay, collect, or remit any assessment as required by any order, in addition to the amount due, a penalty equal to the amount of the assessment payable with respect to porcine animals, pork, or pork products with respect to which the failure applies. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from violating such order, rule, or regulation. No penalty shall be assessed, nor cease and desist order issued, unless the Secretary gives such person notice and opportunity for a hearing on the record with respect to such violation. Any order issued under this paragraph by the Secretary shall be final and conclusive unless such person files an appeal from such order with the appropriate United States court of appeals not later than 30 days after such person receives notice of such order.

(2) Any person against whom an order is issued under paragraph (1) may obtain review of such order in the court of appeals of the United States for the circuit in which such person resides or does business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a valid cease and desist order issued under paragraph (1) by the Secretary shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing on the record, of not more than \$5,000 for each offense. Each day during which such failure continues shall be deemed a separate violation of such order.

(4) If any person fails to pay a valid civil penalty imposed under this subsection by the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the order imposing such civil penalty shall not be subject to review.

(c) The remedies provided in subsections (a) and (b) shall be in addition to, and not exclusive of, other remedies that may be available.

#### INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

Sec. 1833. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this subtitle or to determine whether any person subject to the provisions of this subtitle has engaged

or is about to engage in any act that constitutes or will constitute a violation of any provision of this subtitle or of any order, rule, or regulation issued under this subtitle. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or does business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony touching the matter under investigation. Any failure to obey an order issued under this section by the court may be punished by the court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

#### ADMINISTRATIVE PROVISION

Sec. 1834. The provisions of this subtitle applicable to orders shall be applicable to amendments to orders.

#### AUTHORIZATION OF APPROPRIATIONS

Sec. 1835. There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this subtitle, subject to reimbursement from the Committee under section 1827(h)(3)(D). Any sums appropriated to carry out this subtitle shall not be available for payment of the expenses or expenditures of the Committee in administering any provisions of any order issued under this subtitle.

#### PREEMPTION

Sec. 1836. This subtitle is intended to occupy the field of promotion, research, and consumer education involving pork and pork products and the obtaining of funds therefor from pork producers. Any regulation of such activities or requirements with respect to the promotion, research, and consumer education involving pork (other than any regulation or requirement relating to matters of public health) that is in addition to or different from those made under this subtitle may not be imposed by any State.

Subtitle D -- Watermelon Research and Promotion Act

#### SHORT TITLE

Sec. 1841. This subtitle may be cited as the "Watermelon Research and Promotion Act".

#### FINDINGS AND DECLARATION OF POLICY

Sec. 1842. (a) Congress finds that --

- (1) the per capita consumption of watermelons in the United States has declined steadily in recent years;
- (2) watermelons are an important cash crop to many farmers in the United States and are an economical, enjoyable, and healthful food for consumers;
- (3) approximately 2,607,600,000 pounds of watermelons with a farm value of \$158,923,000 were produced in 1981 in the United States;
- (4) watermelons move in the channels of interstate commerce, and watermelons that do not move in such channels directly affect interstate commerce;
- (5) the maintenance and expansion of existing markets and the establishment of new or improved markets and uses

for watermelons are vital to the welfare of watermelon growers and those concerned with marketing, using, and handling watermelons, as well as the general economic welfare of the Nation; and

(6) the development and implementation of coordinated programs of research, development, advertising, and promotion are necessary to maintain and expand existing markets and establish new or improved markets and uses for watermelons.

(b) It is declared to be the policy of Congress that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the development, financing (through adequate assessments on watermelons harvested in the United States for commercial use), and carrying out of an effective, continuous, and coordinated program of research, development, advertising, and promotion designed to strengthen the watermelon's competitive position in the marketplace, and establish, maintain, and expand domestic and foreign markets for watermelons produced in the United States. The purpose of this subtitle is to so authorize the establishment of such procedure and the development, financing, and carrying out of such program. Nothing in this subtitle may be construed to dictate quality standards nor provide for the control of production or otherwise limit the right of individual watermelon producers to produce watermelons.

#### DEFINITIONS

Sec. 1843. As used in this subtitle --

(1) the term "Secretary" means the Secretary of Agriculture;

(2) the term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other entity;

(3) the term "watermelon" means all varieties of watermelon grown by producers in the forty-eight contiguous States of the United States;

(4) the term "handler" means any person (except a common or contract carrier of watermelons owned by another person) who handles watermelons in a manner specified in a plan issued under this subtitle or in regulations promulgated thereunder;

(5) the term "producer" means any person engaged in the growing of five or more acres of watermelons;

(6) the term "promotion" means any action taken by the Board, under this subtitle, to present a favorable image for watermelons to the public with the express intent of improving the competitive position of watermelons in the marketplace and stimulating sales of watermelons, and shall include, but not be limited to, paid advertising; and

(7) the term "Board" means the National Watermelon Promotion Board provided for in section 1847.

#### ISSUANCE OF PLANS

Sec. 1844. To effectuate the declared policy of this subtitle, the Secretary shall, under the provisions of this subtitle, issue, and from time to time may amend, orders (applicable to producers and handlers of watermelons) authorizing the collection of assessments on watermelons under this subtitle and the use of such funds to cover the costs of research, development, advertising, and promotion with respect to watermelons under this subtitle. Any order issued by the Secretary under this subtitle shall hereinafter in this subtitle be referred to as a "plan". Any plan shall be applicable to watermelons produced in the forty-eight contiguous States of the United States.

#### NOTICE AND HEARINGS

Sec. 1845. (a) When sufficient evidence, as determined by the Secretary, is presented to the Secretary by

watermelon producers and handlers, or whenever the Secretary has reason to believe that a plan will tend to effectuate the declared policy of this subtitle, the Secretary shall give due notice and opportunity for a hearing on a proposed plan. Such hearing may be requested by watermelon producers or handlers or by any other interested person, including the Secretary, when the request for such hearing is accompanied by a proposal for a plan.

(b) After notice and opportunity for hearing as provided in subsection (a) of this section, the Secretary shall issue a plan if the Secretary finds, and sets forth in such plan, on the evidence introduced at the hearing that the issuance of the plan and all the terms and conditions thereof will tend to effectuate the declared policy of this subtitle.

#### REGULATIONS

Sec. 1846. The Secretary may issue such regulations as may be necessary to carry out the provisions of this subtitle and the powers vested in the Secretary under this subtitle.

#### REQUIRED TERMS IN PLANS

Sec. 1847. (a) Any plan issued under this subtitle shall contain the terms and provisions described in this section.

(b) The plan shall provide for the establishment by the Secretary of the National Watermelon Promotion Board and for defining its powers and duties, which shall include the powers to --

- (1) administer the plan in accordance with its terms and conditions;
- (2) make rules and regulations to effectuate the terms and conditions of the plan;
- (3) receive, investigate, and report to the Secretary complaints of violations of the plan; and
- (4) recommend to the Secretary amendments to the plan.

(c) The plan shall provide that the Board shall be composed of representatives of producers and handlers, and one representative of the public, appointed by the Secretary from nominations submitted in accordance with this subsection. An equal number of representatives of producers and handlers shall be nominated by producers and handlers, and the representative of the public shall be nominated by the producer and handler members of the Board, in such manner as may be prescribed by the Secretary. If producers and handlers fail to select nominees for appointment to the Board, the Secretary may appoint persons on the basis of representation as provided for in the plan. If the Board fails to nominate a public representative, the Secretary shall choose such representative for appointment.

(d) The plan shall provide that all Board members shall serve without compensation, but shall be reimbursed for reasonable expenses incurred in performing their duties as members of the Board.

(e) The plan shall provide that the Board shall prepare and submit to the Secretary for the Secretary's approval a budget, on a fiscal period basis, of its anticipated expenses and disbursements in the administration of the plan, including probable costs of research, development, advertising, and promotion.

(f) The plan shall provide for the fixing by the Secretary of assessments to cover costs incurred under the budgets provided for in subsection (e), and under section 1848(f), based on the Board's recommendation as to the appropriate rate of assessment, and for the collection of the assessments by the Board.

(g) The plan shall provide that --

(1) funds collected by the Board shall be used for research, development, advertising, or promotion of watermelons and such other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any referendum and administrative costs incurred by the Department of Agriculture under this

subtitle;

(2) no advertising or sales promotion program under this subtitle shall make any reference to private brand names nor use false or unwarranted claims in behalf of watermelons or their products or false or unwarranted statements with respect to attributes or use of any competing products;

(3) no funds collected by the Board shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsections (b)(4) and (f); and

(4) assessments shall be made on watermelons produced by producers and watermelons handled by handlers, and the rate of such assessments shall be the same, on a per-unit basis, for producers and handlers. If a person performs both producing and handling functions, both assessments shall be paid by such person.

(h) The plan shall provide that, notwithstanding any other provisions of this subtitle, any watermelon producer or handler against whose watermelons an assessment is made and collected under this subtitle and who is not in favor of supporting the research, development, advertising, and promotion program provided for under this subtitle shall have the right to demand a refund of the assessment from the Board, under regulations, and on a form and within a time period (not less than 90 days), prescribed by the Board and approved by the Secretary. A producer or handler who timely makes demand in accord with the regulations, on submission of proof satisfactory to the Board that the producer or handler paid the assessment for which the refund is sought, shall receive such refund within 60 days after demand therefor.

(i) The plan shall provide that the Board, subject to the provisions of subsections (e), (f), and (g), shall develop and submit to the Secretary, for the Secretary's approval, any research, development, advertising, or promotion program or project, and that a program or project must be approved by the Secretary before becoming effective.

(j) The plan shall provide the Board with authority to enter into contracts or agreements, with the approval of the Secretary, for the development and carrying out of research, development, advertising, or promotion programs or projects, and the payment of the cost thereof with funds collected under this subtitle.

(k) The plan shall provide that the Board shall (1) maintain books and records, (2) prepare and submit to the Secretary such reports from time to time as may be prescribed for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and (3) cause a complete audit report to be submitted to the Secretary at the end of each fiscal period.

#### PERMISSIVE TERMS IN PLANS

Sec. 1848. (a) Any plan issued under this subtitle may contain one or more of the terms and provisions described in this section, but except as provided in section 1847 no others.

(b) The plan may provide for the exemption, from the provisions of the plan, of watermelons used for nonfood uses, and authority for the Board to establish satisfactory safeguards against improper use of such exemption.

(c) The plan may provide for the designation of different handler payment and reporting schedules with respect to assessments, as provided for in sections 1847 and 1849, to recognize differences in marketing practices and procedures used in different production areas.

(d) The plan may provide for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and other sales promotion of watermelons and for the disbursement of necessary funds for such purposes. Any such program or project shall be directed toward increasing the general demand for watermelons, and promotional activities shall comply with the provisions of section 1847(g).

(e) The plan may provide for establishing and carrying out research and development projects and studies to the end that the marketing and use of watermelons may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(f) The plan may provide authority for the accumulation of reserve funds from assessments collected under this subtitle, to permit an effective and continuous coordinated program of research, development, advertising, and promotion in years when watermelon production and assessment income may be reduced, except that the total reserve fund may not exceed the amount budgeted for two years operation.

(g) The plan may provide for the use of funds from assessments collected under this subtitle, with the approval of the Secretary, for the development and expansion of sales of watermelons in foreign markets.

(h) The plan may contain terms and conditions incidental to and not inconsistent with the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the plan.

#### ASSESSMENT PROCEDURES

Sec. 1849. (a) Each handler required to pay assessments under a plan, as provided for under section 1847(f), shall be responsible for payment to the Board, as it may direct, of the assessments. A handler also shall collect from any producer, or shall deduct from the proceeds paid to any producer, on whose watermelons a producer assessment is made, the assessments required to be paid by the producer. The handler shall remit producer assessments to the Board as the Board directs. Such handler shall maintain a separate record with respect to each producer for whom watermelons were handled. Such records shall indicate the total quantity of watermelons handled by the handler, including those handled for producers and for the handler, the total quantity of watermelons handled by the handler that are included under the terms of the plan, as well as those that are exempt under the plan, and such other information as may be prescribed by the Board. To facilitate the collection and payment of assessments, the Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures used in any State or area. The handler shall be assessed an equal amount as the producer. No more than one assessment on a producer nor more than one assessment on a handler shall be made on any watermelons.

(b) Handlers responsible for payment of assessments under subsection (a) shall maintain and make available for inspection by the Secretary such books and records as required by the plan and file reports at the times, in the manner, and having the content prescribed by the plan, to the end that information and data shall be made available to the Board and to the Secretary that is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any plan or regulation issued under this subtitle.

(c) All information obtained under subsections (a) and (b) shall be kept confidential by all officers and employees of the Department of Agriculture and of the Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or on the request, of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the plan with reference to which the information to be disclosed was furnished or acquired. Nothing in this subsection shall be deemed to prohibit --

(1) the issuance of general statements based on the reports of a number of handlers subject to a plan if such statements do not identify the information furnished by any person; or

(2) the publication by direction of the Secretary of the name of any person violating any plan together with a statement of the particular provisions of the plan violated by such person.

Any such officer or employee violating the provisions of this subsection shall on conviction be subject to a fine of not more than \$1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

## PETITION AND REVIEW

Sec. 1850. (a) Any person subject to a plan may file a written petition with the Secretary, stating that the plan or any provision of the plan, or any obligation imposed in connection therewith, is not in accordance with law and praying for a modification thereof or to be exempted therefrom. The person shall be given an opportunity for a hearing on the petition, in accordance with regulations prescribed by the Secretary. After the hearing, the Secretary shall make a ruling on the petition, which shall be final if in accordance with the law.

(b) The district courts of the United States in any district in which the person is an inhabitant, or in which the person's principal place of business is located, are hereby vested with jurisdiction to review such ruling, provided that a complaint for that purpose is filed within twenty days from the date of the entry of the ruling. Service of process in such proceedings may be had on the Secretary by delivering to the Secretary a copy of the complaint. If the court determines that the ruling is not in accordance with law, it shall remand the proceedings to the Secretary with directions either to (1) make such ruling as the court shall determine to be in accordance with law, or (2) take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted under subsection (a) shall not impede or delay the United States or the Secretary from obtaining relief under section 1851(a).

## ENFORCEMENT

Sec. 1851. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any plan or regulation made or issued under this subtitle. The facts relating to any civil action that may be brought under this subsection shall be referred to the Attorney General for appropriate action, except that nothing in this subtitle shall be construed as requiring the Secretary to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of the plan or regulation would be adequately served by administrative action under subsection (b) or suitable written notice or warning to any person committing the violations.

(b)(1) Any person who violates any provision of any plan or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee required of the person thereunder, may be assessed a civil penalty by the Secretary of not less than \$500 nor more than \$5,000 for each violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation. No penalty shall be assessed nor cease and desist order issued unless the person is given notice and opportunity for a hearing before the Secretary with respect to the violation. The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the person affected by the order files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (1) may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days after the date of the order and by simultaneously sending a copy of the notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which the violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in paragraphs (1) and (2), of not more than \$500 for each offense. Each day during which the failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or

after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

#### INVESTIGATION AND POWER TO SUBPOENA

Sec. 1852. (a) The Secretary may make such investigations as the Secretary deems necessary to carry out effectively the Secretary's responsibilities under this subtitle or to determine whether a handler or any other person has engaged or is engaging in any acts or practices that constitute a violation of any provision of this subtitle, or of any plan or regulation issued under this subtitle. For the purpose of an investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring the person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by the court as contempt thereof. All process in any such case may be served in the judicial district in which the person is an inhabitant or wherever the person may be found. The site of any hearing held under this subsection shall be within the judicial district in which the handler or other person is an inhabitant or in which the person's principal place of business is located.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpoena of the Secretary, or in any cause or proceeding, criminal or otherwise, based on, or growing out of, any alleged violation of this subtitle, or of any plan or regulation issued thereunder, on the grounds that the testimony or evidence, documentary or otherwise, required of the person may tend to incriminate the person or subject the person to a penalty or forfeiture. However, no person shall be prosecuted or subjected to any penalty or forfeiture on account of any transaction, matter, or thing concerning which the person is compelled, after having claimed the person's privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

#### REQUIREMENT OF REFERENDUM

Sec. 1853. The Secretary shall conduct a referendum among producers and handlers not exempt under sections 1843(5) and 1848(b) who, during a representative period determined by the Secretary, have been engaged in the production or handling of watermelons, for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers and handlers. The referendum shall be conducted at the county extension offices. No plan issued under this subtitle shall be effective unless the Secretary determines that the issuance of the plan is approved or favored by not less than two-thirds of the producers and handlers voting in such referendum, or by the producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period by producers and handlers voting in such referendum, and by not less than a majority of the producers and a majority of the handlers voting in the referendum. The ballots and other information or reports that reveal or tend to reveal the vote of any producer or handler or the person's volume of watermelons produced or handled shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall on conviction be subject to the penalties provided in section 1849(c) of this subtitle.

#### SUSPENSION OR TERMINATION OF PLANS

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Sec. 1854. (a) Whenever the Secretary finds that a plan or any provision thereof obstructs or does not tend to effectuate the declared policy of this subtitle, the Secretary shall terminate or suspend the operation of the plan or provision.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of the Board or 10 per centum or more of the watermelon producers and handlers eligible to vote in a referendum, to determine if watermelon producers and handlers favor the termination or suspension of the plan. The Secretary shall terminate or suspend the plan at the end of the marketing year whenever the Secretary determines that the termination or suspension is favored by a majority of those voting in the referendum, and who produce or handle more than 50 per centum of the volume of the watermelons produced by the producers or handled by the handlers voting in the referendum. Any such referendum shall be conducted at county extension offices.

#### AMENDMENT PROCEDURE

Sec. 1855. The provisions of this subtitle applicable to plans shall be applicable to amendments to plans.

#### SEPARABILITY

Sec. 1856. If any provision of this subtitle or the application thereof to any person or circumstances is held invalid, the validity of the remainder of this subtitle and the application of such provision to other persons and circumstances shall not be affected thereby.

#### AUTHORIZATION OF APPROPRIATIONS

Sec. 1857. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle, except that the funds so appropriated shall not be available for the payment of any expenses or expenditures of the Board in administering any provision of any plan issued under authority of this subtitle.

#### Subtitle E -- Marketing Orders

#### MAXIMUM PENALTY FOR ORDER VIOLATIONS

Sec. 1861. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "\$500" and inserting in lieu thereof "\$5,000".

(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

#### LIMITATION ON AUTHORITY TO TERMINATE MARKETING ORDERS

Sec. 1862. (a) Section 8c(16) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by --

(1) in subparagraph (A) --

(A) striking out "The Secretary" and inserting in lieu thereof "(i) Except as provided in clause (ii), the Secretary"; and

(B) adding at the end thereof the following:

"(ii) The Secretary may not terminate any order issued under this section for a commodity for which there is no Federal program established to support the price of such commodity unless the Secretary finds that termination is

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avored by a majority of the producers referred to in subparagraph (B). The Secretary may make such finding with respect to termination only in the manner specified in subparagraph (B)."; and

(2) in subparagraph (C), striking out "The termination" and inserting in lieu thereof "Except as otherwise provided in this subsection with respect to the termination of an order issued under this section, the termination".

(b) The amendment made by subsection (a) shall apply with respect to the termination of any order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and in effect on or after July 10, 1985.

#### CONFIDENTIALITY OF INFORMATION

Sec. 1863. Section 8d(2) of the Agricultural Adjustment Act (7 U.S.C. 608d(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by --

(1) inserting in the first sentence ", or provided by a producer or handler under section 8c," after "pursuant to this section"; and

(2) in clause (A) of the second sentence, striking out "the information furnished by any person", and inserting in lieu thereof "or disclose any specific item of information furnished by any person, or reveal the identity of such person".

#### Subtitle F -- Grain Inspection

#### GRAIN STANDARDS

Sec. 1871. Section 4 of the United States Grain Standards Act (7 U.S.C. 76) is amended by adding at the end thereof the following:

"(c) If the Government of any country requests that moisture content remain a criterion in the official grade designations of grain, such criterion shall be included in determining the official grade designation of grain shipped to such country.

"(d) The Administrator shall issue regulations establishing a new grade for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of such grain."

#### IMPROVED QUALITY STANDARDS FOR EXPORTED GRAIN

Sec. 1872. Section 6 of the United States Grain Standards Act (7 U.S.C. 78) is amended by adding at the end thereof the following:

"(c)(1) To protect the quality of grain exported from the United States, no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain when there is a possibility that the recombined product may be exported from the United States; and no dockage or foreign material of any origin may be added to any grain that may be exported when the result will be to reduce the grade or quality of the grain or to reduce its ability to resist spoilage.

"(2) Nothing in paragraph (1) shall be construed to prohibit --

"(A) the treatment of grain to suppress, destroy, or prevent insects and fungi injurious to stored grain;

"(B) the export of dockage or foreign material removed from grain when such dockage or foreign material is pelletized or a part of a processed ration for livestock, poultry, or fish and is exported separately and uncombined with any whole grain;

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"(C) the blending of grain with similar grain of a different grade to adjust the quality of the resulting mixture;

"(D) the addition to grain of confetti, or any other material that serves the same purpose, in an amount necessary to facilitate identification of ownership or origin of a particular lot of grain; and

"(E) the addition of any other foreign material that may be determined by the Secretary to be in the interest of grain producers and to be neutral or constructive in achieving the goal of protecting the quality of grain exported from the United States.

"(3) Adjustment of the moisture content of grain that may be exported is permitted by the blending of such grain with a similar grain of different moisture content if the difference between the moisture contents of the grains being blended does not exceed 4 per centum, but the addition of water to grain that may be exported is prohibited except by aeration of such grain with natural air."

Subtitle G -- Agricultural Stabilization and Conservation Committees

#### ASC COMMITTEE REFORM

Sec. 1881. (a)(1) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the first through the seventh sentences and inserting in lieu thereof:

"In carrying out the provisions of this section, the Secretary shall use the services of local and State committees selected as hereinafter provided. The Secretary shall designate local administrative areas as units for administration of programs. There shall be three local administrative areas in each county, except that, in counties with less than one hundred and fifty farmers, the county committee selected as hereinafter provided may reduce the number of local administrative areas to one, and except that the Secretary may include more than one county or parts of different counties in a local administrative area when the Secretary determines that there are insufficient farmers in an area to establish a slate of candidates for a community committee and hold an election. Each local administrative area shall have one community committee consisting of at least three members elected to three-year terms in a community election to be held every third year, except that there may be more than one community committee per administrative area in counties that, as of the date of enactment of the Food Security Act of 1985, have more than three community committees. Only one local administrative area shall hold an election in any given year in each county. Community committee members shall serve without pay. Community committees shall meet at least twice annually. Only farmers within a local administrative area who are producers who participate or cooperate in programs administered within their area shall be eligible for nomination and election to the community committee for that area. Only farmers who are participating or cooperating producers within an area shall be eligible to vote in the election in that area. Each county shall have a county committee which shall consist of three members, who shall be elected on a rotating basis -- one each year from within one of the three administrative areas. The community committee candidate receiving the greatest number of votes shall be the county committee member and shall serve a three-year term. In an administrative area with more than one community committee, the one community committee candidate receiving the greatest number of votes shall be the county committee member. Should the candidate receiving the greatest number of votes decline to serve on the county committee, the candidate receiving the greatest number of votes and who is willing to serve shall become the county committee member. In counties with only one community and in administrative areas containing more than one county or parts of different counties, community and county committee members shall be elected for three-year terms in accordance with regulations to be issued by the Secretary. The Secretary, by regulation, may set levels of, and provide, pay for county committees."

(2) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the 13th sentence.

(b) To ensure continuity of the farmer-elected committee system, the Secretary shall provide by regulation for the orderly implementation of the amendments made by subsection (a) by authorizing members of local and county

committees duly elected on or before the effective date of this Act to serve out their unexpired terms.

#### Subtitle H -- Miscellaneous

##### COMMODITY CREDIT CORPORATION STORAGE CONTRACTS

Sec. 1891. Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended by inserting, after the colon at the end of the second proviso, the following: "AND PROVIDED FURTHER, That any contract entered into by the Corporation for the use of a storage facility shall provide at least that (1) the rental rate charged for an extended term in excess of one year shall be at an annual rate less than that which is charged for a one-year contract, (2) any obligation of the Corporation to pay for the use of any space in a facility shall be relieved to the extent that the Corporation does not use the space and payment is made by another person for the use of such space, and (3) if the Corporation determines that it no longer needs the space reserved in the facility, the Corporation may be relieved, for the remaining term of the contract, of its obligations to an extent and in a manner that will provide significant savings to the Corporation while permitting the owner of the facility reasonable time to lease such space to another person:".

##### WEATHER AND CLIMATE INFORMATION IN AGRICULTURE

Sec. 1892. (a) Congress finds that --

(1) agricultural and silvicultural operations are vulnerable to damage from atmospheric conditions that accurate and timely reporting of weather information can help prevent;

(2) the maintenance of current weather and climate analysis and information dissemination systems, and Federal, State, and private efforts to improve these systems, is essential if agriculture and silviculture are to mitigate damage from atmospheric conditions;

(3) agricultural and silvicultural weather services at the Federal level should be maintained with joint planning between the National Oceanic and Atmospheric Administration and the Department of Agriculture; and

(4) efforts should be made, involving user groups, weather and climate information providers, and Federal and State governments, to expand the use of weather and climate information in agriculture and silviculture.

(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to maintain an active Federal involvement in providing agricultural and silvicultural weather and climate information and that efforts should be made, among users of this information and among private providers of this information, to improve use of this information.

##### EMERGENCY FEED PROGRAM

Sec. 1893. Clause (2) of section 1105(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(b)) is amended by striking out "feed for such person's livestock" and inserting in lieu thereof "feed that has adequate nutritive value and is suitable for each of such person's respective particular types of livestock".

##### ILLEGAL ACTIVITIES

Sec. 1894. Notwithstanding any other provision of law, any person, corporation, or other legal entity convicted under Federal or State law of planting, growing, cultivating, producing, storing, or harvesting cannabis (marihuana) or other prohibited drug-producing plant on any part of the lands owned or controlled by such person or entity, or of permitting any such activity on lands owned or controlled by the person or entity, shall be ineligible for the year (or years) in which the illegal activity occurs to receive any benefits under any loan, purchase, payment, indemnity, land diversion, conservation, or other program administered by the Department of Agriculture for the benefit of agricultural producers.

## DEPARTMENT OF DEFENSE LAND

Sec. 1895. Notwithstanding any other provision of law, land owned by or under control of the Department of Defense or any agency thereof, that is leased for the production of agricultural commodities, shall not be eligible for participation in any program administered by the Department of Agriculture.

## TITLE XIX -- NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

## SHORT TITLE

Sec. 1901. This title may be cited as the "National Agricultural Policy Commission Act of 1985".

## DEFINITIONS

Sec. 1902. As used in this title --

- (1) the term "Commission" means the National Commission on Agricultural Policy established under section 1903;
- (2) the term "Governor" means the chief executive officer of a State; and
- (3) the term "State" means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Trust Territory of the Pacific Islands.

## ESTABLISHMENT OF COMMISSION

Sec. 1903. (a) There is established a National Commission on Agricultural Policy to conduct a study of the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States.

(b) In addition to the members specified in subsection (c), the Commission shall be composed of fifteen members appointed or designated by the President and selected as follows:

(1) The President shall request Governors of States to nominate members representing individuals and industries directly affected by agricultural policies, including --

- (A) producers of major agricultural commodities in the United States;
- (B) processors or refiners of United States agricultural commodities;
- (C) exporters, transporters, or shippers of United States agricultural commodities;
- (D) suppliers of production equipment or materials to United States farmers;
- (E) providers of financing or credit for agricultural purposes; and
- (F) consumers of United States agricultural commodities.

(2) The Governor of a State may submit to the President a list of not less than two, nor more than four, nominees to serve on the Commission who represent individuals and industries referred to in paragraph (1).

(3)(A) Except as provided in subparagraphs (B) and (C), the President shall appoint 15 individuals from a total of, to the extent practicable, not less than sixty individuals nominated by States under paragraph (2) to serve on the Commission.

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(B) The President may appoint to the Commission not more than --

- (i) one individual nominated by a particular State; and
- (ii) eight individuals of the same political party.

(C) If the President determines that the individuals nominated by States under paragraph (2) are not broadly representative of the individuals and industries referred to in paragraph (1), the President may substitute no more than three other individuals to serve on the Commission who represent such individuals and industries.

(c)(1) The chairmen and ranking minority members of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate shall --

(A) serve as ex officio members of the Commission; and

(B) have the same voting rights as the members of the Commission selected and appointed under subsection (b).

(2) The chairmen and ranking minority members may designate other members of the respective committees to serve in their stead as members of the Commission.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) The Commission shall elect a chairman from among the members of the Commission who are selected and appointed under the provisions of subsection (b).

(f) The Commission shall meet at the call of the chairman or a majority of the Commission.

#### CONDUCT OF STUDY

Sec. 1904. The Commission shall study the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States, including --

- (1) the effectiveness of existing agricultural programs in improving farm income;
- (2) the manner in which the programs may be improved to retain a family-farm system of agricultural production;
- (3) the effect of legislative and administrative changes in agricultural policy on planning and long-term profitability of farmers;
- (4) the effect on farmers of the existing system and structure of formulating and implementing agriculture policy;
- (5) the effect of national and international economic trends on United States agricultural production;
- (6) the means of adjusting the agricultural policies, programs, and practices of the United States to meet changing economic conditions;
- (7) potential areas of conflict and compatibility between the structure of making agricultural policy and long-term stability in policy and practices;
- (8) changing demographic trends and the way they affect agriculture and agricultural policy consistency; and
- (9) the role of State and local governments in future agricultural policy.

#### REPORTS

Sec. 1905. Not later than twelve months after the date of the enactment of this Act, and each twelve months thereafter during the existence of the Commission, the Commission shall submit an annual report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1904. The Commission shall not comment on legislation pending before Congress unless specifically requested to do so by the Chairman of an appropriate committee.

#### ADMINISTRATION

Sec. 1906. (a) The heads of executive agencies, the General Accounting Office, the International Trade Commission, and the Congressional Budget Office, to the extent permitted by law, shall provide the Commission with such information as the Commission may require in carrying out duties and functions of the Commission.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Members who are private citizens of the United States may be allowed travel expenses, including a per diem in lieu of a subsistence expense, as authorized by law for persons serving intermittently in the Government service under sections 5701 through 5707 of title 5 of the United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5 of United States Code governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish the Commission with such personnel and support services as are necessary to assist the Commission in carrying out duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or Office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or the Office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act, the Secretary of Agriculture shall maintain records of --

(A) the disposition of any funds that may be at the disposal of the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for the purpose of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committees Act and sections 4301 through 4308 of title 5 of the United States Code.

#### AUTHORIZATION OF APPROPRIATIONS

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Sec. 1907. (a) There are authorized to be appropriated such sums as are necessary to carry out this title.

(b) To the maximum extent practicable, expenses of the Commission shall be carried out using funds available to the Secretary of Agriculture.

#### TERMINATION

Sec. 1908. This title and the Commission shall terminate five years after the date of enactment of this Act.

#### TITLE XX -- NATIONAL AQUACULTURE IMPROVEMENT ACT OF 1985

#### SHORT TITLE

SEC. 2001. This Act may be cited as the "National Aquaculture Improvement Act of 1985".

#### FINDINGS, PURPOSE, AND POLICY

Sec. 2002. Section 2 of the National Aquaculture Act of 1980 (which Act is hereinafter referred to as the "Act of 1980") (16 U.S.C. 2801) is amended --

(1) by amending subsection (a)(3) --

(A) by striking out "10 per centum" and inserting in lieu thereof "13 percent", and

(B) by striking out "3 per centum" and inserting in lieu thereof "6 percent";

(2) by amending subsection (a)(7) by inserting "scientific," before "economic,", and by inserting "the lack of supportive Government policies," immediately after "management information,";

(3) by amending subsection (b) --

(A) by striking out "and" at the end of paragraph (2),

(B) by redesignating paragraph (3) as paragraph (4), and

(C) by inserting after paragraph (2) the following new paragraph:

"(3) establishing the Department of Agriculture as the lead Federal agency with respect to the coordination and dissemination of national aquaculture information by designating the Secretary of Agriculture as the permanent chairman of the coordinating group and by establishing a National Aquaculture Information Center within the Department of Agriculture; and"; and

(4) by amending subsection (c) by inserting "for reducing the United States trade deficit in fisheries products," immediately after "potential" in the first sentence.

#### DEFINITIONS

Sec. 2003. Section 3 of the Act of 1980 (16 U.S.C. 2802) is amended --

(1) by redesignating paragraph (8) as paragraph (9); and

(2) by inserting after paragraph (7) the following new paragraph:

"(8) The term 'Secretary' means the Secretary of Agriculture.".

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## NATIONAL AQUACULTURE DEVELOPMENT PLAN

Sec. 2004. Section 4 of the Act of 1980 (16 U.S.C. 2803) is amended as follows:

(1) Subsection (a) is amended --

(A) by striking out "Secretaries" each place it appears in paragraph (2) and inserting in lieu thereof "Secretary";

(B) by amending the first sentence of paragraph (2) by inserting "the Secretary of Commerce and the Secretary of the Interior," immediately after "shall consult with".

(C) by striking out paragraph (3).

(2) Subsection (b) is amended --

(A) by inserting "to" immediately after "determine" in paragraph (1);

(B) by striking out "Secretaries deem" in paragraph (6) and inserting in lieu thereof "Secretary deems"; and

(C) by striking out "Secretaries" in the matter following paragraph (6) and inserting in lieu thereof "Secretary".

(3) Subsection (c) is amended --

(A) by striking out "Secretaries determine" in paragraph (1) and inserting in lieu thereof "Secretary determines";

(B) by striking out "and" at the end of subparagraph (A);

(C) by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ";and"; and

(D) by inserting immediately after subparagraph (B) the following new subparagraph:

"(C) the concurrence of the Secretaries."

## FUNCTIONS AND POWERS OF SECRETARIES

Sec. 2005. Section 5 of the Act of 1980 (16 U.S.C. 2804) is amended as follows:

(1) Subsection (c) is amended to read as follows:

"(c) Information Services. -- (1) In addition to performing such other mandatory functions under this Act --

"(A) the Secretaries shall collect and analyze scientific, technical, legal, and economic information relating to aquaculture, including acreages, water use, production, marketing, culture techniques, and other relevant matters;

"(B) the Secretary shall --

"(i) establish, within the Department of Agriculture, a National Aquaculture Information Center that shall serve as a repository for the information generated under subparagraph (A) and other provisions of this Act and shall, on a request basis, make that information available to the public,

"(ii) arrange with foreign nations for the exchange of information relating to aquaculture and support a translation service, and

"(iii) conduct a study of the extent to which the United States aquaculture industry has access to relevant Federal programs which assist the agricultural sector and report to Congress on the findings of such study by December 31,

1986;

"(C) the Secretary of Commerce shall conduct a study, and report to Congress thereon by December 31, 1987, to determine whether existing capture fisheries could be adversely affected by competition from products produced by commercial aquacultural enterprises and include in such study an assessment of any adverse effect, by species and by geographical region, on such fisheries and recommend measures to ameliorate any such effect; and

"(D) the Secretary of the Interior, in consultation with the Secretary of Commerce, shall undertake a study, and report to Congress thereon by December 31, 1987, to identify exotic species introduced into the United States waters as a result of aquaculture activities, and to determine the potential benefits and impacts of the introduction of exotic species.

"(2) Any production information submitted to the Secretaries under paragraph (1)(A) shall be confidential and may only be disclosed if required under court order. The Secretaries shall preserve such confidentiality. The Secretaries may release or make public any information in any aggregate or summary form that does not directly or indirectly disclose the identity, business transactions, or trade secrets of any person who submits such information."

(2) Subsection (d) is amended --

(A) by striking out "Secretaries" each place it appears and inserting in lieu thereof "Secretary";

(B) by inserting "and in consultation with the Secretary of Commerce and the Secretary of the Interior," immediately after "group" in the first sentence;

(C) by striking out "under section 4(d)" in the second sentence;

(D) by striking out "deem" in the second sentence and inserting in lieu thereof "deems"; and

(E) by striking out the last sentence and inserting in lieu thereof "The first report required under this subsection shall be submitted to Congress by February 1, 1987, and subsequent reports on February 1 of every other year thereafter."

#### COORDINATION OF NATIONAL ACTIVITIES REGARDING AQUACULTURE

Sec. 2006. Section 6 of the Act of 1980 (16 U.S.C. 2805) is amended as follows:

(1) Subsection (a) is amended by inserting ", who shall be the permanent chairman of the coordinating group" immediately after "Agriculture" in paragraph (1).

(2) Subsection (c) is repealed.

(3) Subsections (d), (e), and (f) are redesignated as subsections (c), (d), and (e), respectively.

(4) Subsection (e) (as redesignated) is amended --

(A) by striking out "subsection (d)" in the second sentence and inserting in lieu thereof "subsection (c)".

#### AUTHORIZATION OF APPROPRIATIONS

Sec. 2007. Section 10 of the Act of 1980 (16 U.S.C. 2809) is amended by striking out "1985" in each of paragraphs (1), (2), and (3) and inserting in lieu thereof "1985, and \$1,000,000 for each of fiscal years 1986, 1987, and 1988".

Mr. de la GARZA. Mr. Chairman, further to facilitate and expedite the debate today, I ask unanimous consent that all debate on title VIII on peanuts, and all amendments thereto on that title, be limited to 1 hour, the time to be divided

equally between the proponents and the opponents.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. de la GARZA. Mr. Chairman, I ask unanimous consent that debate on title XV and all amendments thereto, which is the food stamps section, be limited to 1 hour, to be divided equally between the proponents and the opponents, and further, that the debate on the Petri amendment to title XXI be limited to 1 hour, the time to be equally divided between the proponents and the opponents.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. ENGLISH. Reserving the right to object, Mr. Chairman, I did not hear the gentleman mention cargo preference, and I was wondering exactly what the time limit is to be on that.

I yield to the gentleman.

Mr. de la GARZA. Mr. Chairman, I did not ask for that at this point.

Mr. ENGLISH. Mr. Chairman, I withdraw by reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. Glickman].

(Mr. GLICKMAN asked and was given permission to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Chairman, I cannot add to much to what has been said, but I would urge a vote against the Madigan amendment. Basically, I would urge that we consider the fate and the structure of American agriculture right now. It is at a serious crossroads. We have lost thousands of farmers and are likely to lose hundreds of thousands more if the same old stuff continues.

Now, while this bill that the chairman has brought to the floor is much better than what the President has proposed and therefore it deserves a "yes" vote on final passage, it essentially is a continuation fundamentally of past practices.

Now, American agriculture is at a crossroads where we can see 30 or 40 years from now 10, 20, or 30 percent of the farmers out of business, maybe even 50 percent.

What is past is prolog. The past 30 years has seen a reduction dramatically in the number of farmers in America and that trend is continuing.

What the language in the bill offered by my colleague, the gentleman from Iowa, does is give farmers a choice if they want to take another fork in the road, and to go down that fork in the road they have to approve it by a super majority, 60 percent of the farmers voting, to have a program that, yes, does involve a more mandatory component; yes, does involve a fairly radical change in agriculture, but it is a new fork in the road that gives them the choice of voting on that just might save their lives.

Now, it is indeed possible that a majority of farmers would not support it and therefore we would continue under the voluntary program, the same old program of what we have been doing for the last 30 or 40 years. If that is the way, so be it; but why not let these farmers have the choice of deciding.

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The future of American agriculture is very bleak indeed and this amendment by the gentleman from Illinois [Mr. Madigan] will make it even bleaker.

Mr. Chairman, I urge opposition to the Madigan amendment and support for the Bedell amendment.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Utah [Mr. Nielson].

(Mr. NIELSON of Utah asked and was given permission to revise and extend his remarks.)

Mr. NIELSON of Utah. Mr. Chairman, I rise in strong support of the Madigan amendment.

Mr. MADIGAN. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. Stenholm].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Chairman, I rise in support of the Madigan amendment to strike the Bedell amendment.

I do this, sincerely commending the efforts of the gentleman from Iowa [Mr. Bedell] to deal with the farm income problem. I recognize that the gentleman has worked extremely hard.

There is no question in my mind that income for wheat and corn farmers would go up theoretically by \$277 million for wheat and \$1.5 billion for corn farmers in the first year; but my opposition to the Bedell amendment comes from three major areas.

The first is, at what cost will this wheat and corn farm income increase be to other segment of agriculture, on the cattle industry, on the poultry industry, on the dairy industry and on the cotton industry?

I know the gentleman contends that he takes care of the export problems, but let me point out very clearly to this committee this House of Representatives, those who are not on the Agriculture Committee. I am on that committee. I saw the Bedell amendment after we voted on it in the Agriculture Committee. I never got a chance to look at it before we voted on it.

There are trade implications. If we are going to deal with something as major as the complete and total subsidization of wheat and corn in the world markets, should we not in the House Agriculture Committee have considered the trade implications? Should we not have contended with the Ways and Means Committee? Should we not have consulted between the two committees?

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I am happy to yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I just would like to point out to the gentleman and to the Members that the gentleman spoke vehemently against the Bedell amendment in the Agriculture Committee, did he not?

Mr. STENHOLM. Yes; but I did not know what I was talking on. That is why I was opposing it. I did not even see it. I did not have a copy of the amendment before we voted on it.

Mr. VOLKMER. Mr. Chairman, if the gentleman will yield further, it is the same amendment that we had in July and that we took up and debated, and the gentleman had a copy long before.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Kansas.

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Mr. ROBERTS. Mr. Chairman, that is exactly the point. With the time constraints, I did not even have a chance to read into the record or for my colleagues to listen about the enforcement problems.

Who is going to enforce this act? There are treble damages, and if you reduce your acreage base, if you are caught selling your grain to your neighbor to his feed lot.

Now, that is just a small portion of this and we did not even get a chance to address it under these time constraints.

Mr. STENHOLM. Mr. Chairman, that is a fact. Most members of the Agriculture Committee did not see the Bedell amendment before it was voted on.

My second point is that I served on the State ASC committee during the previous administration. I am a very strong believer in the county-elected ASC system. Were this amendment to pass and a referendum occur next February, the policing of this certificate system will be tremendous.

I cannot say that we should not allow we farmers to vote. My opposition to the Bedell amendment is, Vote on what? This amendment, we should have spent more time on it if we wanted farmers to vote on it. We voted, we debated, we spend considerable time on the Volkmer amendment, and the House Agriculture Committee voted it down twice, 24 to 17 and 22 to 19.

The collective best judgment on the House Agriculture Committee is that we should not go to mandatory-referendum-certificated penalties on individuals who want to grow corn and wheat. That was the collective judgment of the House Agriculture Committee, not the Bedell amendment.

Nowhere were we ever in agreement that this is the direction to go. I think it is a cruel hoax on our farmers who do need the increased income, no question about that. We must have increased income, but I submit that nothing in this farm bill as it is, as is proposed by any amendment, is going to take care of the short-term economic farm problems in Iowa, in Texas, or the United States. Until we bring about a balanced budget for the Government of the United States, our farmers are going to continue to take it on the chin, and for us to make the kind of changes suggested and to take the Bedell approach, which is a compromise and again I commend the gentleman for his efforts to try to bring it about and I believe the gentleman would agree that we have tried to be helpful in some of the areas to try to make it work better; but it is physically impossible to do it under the current structure of the amendment.

I urge support for the Madigan amendment.

#### PARLIAMENTARY INQUIRY

Mr. de la GARZA. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. de la GARZA. Mr. Chairman, under the unanimous-consent agreement on the time and on opening the bill for amendment at any point, does the Chair intend to proceed title by title?

The CHAIRMAN. It is the intention of the Chair to proceed title by title for amendments.

Mr. de la GARZA. I thank the Chair.

Mr. Chairman, one of our concluding speakers is on the way. I wonder if the gentleman for Illinois would agree to yield time to one of his speakers on his side at this point.

Mr. MADIGAN. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska [Mr. Bereuter].

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

Mr. BEREUTER. I thank the gentleman for yielding this time to me.

Mr. Chairman, I have complimented the committee previously in the general debate; please consider this a reiteration of those compliments I have a very short period of time to discuss this amendment which is crucial to the future of my State, and much like the gentleman from Kansas, Mr. Roberts, I believe that if this was a California economy in total jeopardy or a New England economy, we would have adequate time to discuss it, even a special session if necessary.

I am probably one of those 5 percent or less of the Members of this body who does not have his feet set firmly in concrete on this particular issue at the moment, but I do have a couple of questions.

First of all, I recall the words, for example, of my colleague, the gentleman from North Dakota [Mr. Dorgan], who said; "what we have is not working," and he is absolutely right. On the other hand, the Bedell alternative is a very high-risk proposal. It is a high-risk proposal because basically we will be in competition with the European Community, and I think it is crucial that we not take out of production a third of our land or more because the dislocation, in the agribusiness community on mainstreet America, in whole communities, and in whole state and regions of the country even with a farm economy with restored health, is going to be incredible. Farmers voting on a referendum are voting not just for themselves and their families but for everyone in States like Nebraska and the whole western Grain Belt. Therefore, I think that Members of Congress who support the Bedell referendum, if it is approved by the farmers in February, are simply going to have to commit themselves if events prove it necessary to the extraordinarily large export subsidies to avoid that kind of dislocation. I think that is a commitment that Members of Congress must understand and accept if they support the Bedell amendment here.

I would ask the gentleman from Iowa [Mr. Bedell] if he would respond quickly to a couple of questions.

Mr. BEDELL. I would be glad to.

Mr. BEREUTER. One: I assume that the export subsidies provided for under the gentleman's alternative do not carry with them cargo preference requirements with those subsidies.

Mr. BEDELL. That is the intent of the author.

Mr. BEREUTER. I thank the gentleman.

I would also hope that if, in fact, the Bedell amendment referendum is sustained in this bill and approved by the farm voters, that the Committee on Agriculture, with the leadership of the chairman and the leadership of the gentleman from Iowa [Mr. Bedell] would serve as a forum for discussions between now the passage of the Farm Bill and the referendum date so that the Nation might have the benefit of a full public dialog on this issue, because the future of so many American people and whole States are affected by the outcome of such a referendum.

Mr. BEDELL. I completely agree with the gentleman and that would certainly be my intent.

Mr. BEREUTER. I thank the gentleman.

Mr. Chairman, I would vote the agriculture groups are extremely divided on this issue. Even within the farm and agribusiness groups that have taken positions one finds, great division of opinion: So I believe it is essential, with the largest surpluses of grain in the history of the world out there, with bumper crops all over America today, that again we come back and carefully reexamine the kinds of export subsidies that will be required to meet and beat the subsidized competition of the European Economic Community and other competitive Nations. I hope that in debate here and in conference, we look for alternatives to the status quo of existing farm programs that will work, including the

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Stangeland-Roberts Marketing Loan approach as well.

The CHAIRMAN. The Chair will announce that the gentleman from Illinois [Mr. Madigan] has 3 minutes remaining and the gentleman from Texas [Mr. de la Garza] has 12 minutes remaining.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished majority whip, the gentleman from Washington [Mr. Foley].

(Mr. FOLEY asked and was given permission to revise and extend his remarks.)

Mr. FOLEY. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in opposition to the Madigan amendment. This bill has been the subject of long and very difficult debate for not only weeks, but months, of work by the Committee on Agriculture, and on a number of occasions the committee was sharply divided and not, I might say, usually on partisan grounds. It was usually divided among both sides of the aisle on various issues. This is one such division. There was a divided vote, and a relatively close vote, on retaining the so-called Bedell referendum in the bill.

It was, however, decided by the committee to make this an integral part of the Committee on Agriculture's report on the farm bill of 1985, and I urge all Members on both sides of the aisle, to the extent I can, to keep the bill together so we can bring this bill forward as a unified report of the Committee on Agriculture.

I might note that almost without exception, we have stayed with the Committee bill so far in this consideration. Since through the the consideration of earlier titles we have stayed with the committee position, and I would hope Members will stay with the committee position on this and allow the Bedell amendment and the Bedell referendum to continue to be a part of the farm bill as reported by the House of Representatives.

Mr. MADIGAN. Mr. Chairman, I yield 1 minute to the gentleman from Colorado [Mr. Brown].

Mr. BROWN of Colorado. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of the Madigan amendment, not in opposition to the gentleman from Iowa because he is a man of compassion and has a sincere interest in the lot of farmers.

Mr. Chairman, this amendment is a disaster for agriculture, and let me suggest why. We have heard from the gentleman from Minnesota, from the gentleman from Kansas, and others. If we look at the cost of transporting an animal, from the growing areas of this country to the Canadian and Mexican borders, that cost is going to run, for a 750-pound animal, from about \$10 to \$25. The cost differential for feeding that animal in Mexico or Canada under this bill, with \$2 a hundred difference in the price of corn, will be from \$50 to \$75. This bill will cause the export of our livestock for feeding with less expensive grain.

What we are talking about is providing an incentive to remove animals from this country for livestock feeding overseas. We are talking about decimating the best customers our grain farmers have. The shift outside the country will occur because the cost of feeding will be enough cheaper outside the country to offset the cost of transportation. Remember that we don't have a quota on importing the animals after they have been fed.

Anyone who knows the feeding process in Iowa, in Minnesota, in North Dakota, and South Dakota, knows this will be a disaster for their people. The bill will dramatically reduce the domestic consumption of grain. The bill will drive the grain farmers best customer out of the country because of the price differential.

The higher cost of feeding in the United States will eliminate much of our \$4.2 billion in annual exports of meat and related products. Our exports will be reduced because it will be less expensive for the products to be produced overseas than in the United States if the Bedell amendment passes.

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Mr. de la GARZA. Mr. Chairman, I move to strike the requisite number of words, and I take this time on behalf of our committee to thank all the Members for their attendance and attention to this very important amendment.

Again, Mr. Chairman, I ask my colleagues to stay with the committee. We labored long and hard.

This process began at the beginning of last year. We had hearings throughout the country, and then at the beginning of July we began the mark-up process. Unfortunately, we find ourselves here on the floor at this late date, at this point in time, due to the budget process, of having to comply with the budget requirements. Our fiscal 1986 budget was not finished until August, and that is why we were forced to wait until now to bring the bill to the floor. But at last, the long process is nearing an end.

There are great philosophical differences on one issue or another before the House, but let me say that where we are now is that we have on the extreme right a submission of the President that was not embraced by anyone. We have on the extreme left a proposition that would be mandatory for everyone and would include, nonetheless, a referendum, but would not be acceptable to the House -- as was seen by the action on the proposal offered by our colleague, the gentleman from Missouri [Mr. Volkmer].

Then we go toward the center, and somewhat to the right we have what came from the subcommittee, a more or less standard loan rate and target price, with some modifications, freezing target levels and trying not to reduce income, which has been our intent all along.

Then on the other side of that center line we have the proposal by our distinguished colleague, the gentleman from Iowa [Mr. Bedell].

So we have then, I would say, the best of two worlds. We have a proposition, the norm, from the subcommittee which would be a fallback to the proposition offered by the gentleman from Iowa, and this would then give the farmers an opportunity to vote.

I am not going to discuss who votes and who does not vote under the Bedell proposal. Perhaps even that could be refined later. The issue is, again, that agriculture is in very difficult circumstances, and I have said, and someone may wonder if I am changing position, and I am not, that we cannot do radical surgery. It is too much of a risk; too much of a gamble. This proposal is not new. It has been tried before, but certainly it is an opportunity for us to go the center, to take two routes.

Farmers will choose. Do they go the standard way or do they go this other way. Related provisions regarding exports we have further down the line in another section. Those provisions address how we would utilize the tools of government to try and stabilize the export situation.

What we need to do at this point, we have to sell what we produce. We do not produce to store it, whoever pays for it. We have to sell what we produce. Again, I repeat my phrase. It is not a question of supply and demand but, rather demand and supply.

We are working toward that end with the committee bill. We are seeking to anticipate future production trends. Some of the experts predict, Luther Tweeten, for example, predicts, that imbalance of supply and demand would be almost the same from now until the end of the century, almost the same every year.

Further, we have to be able to deal with, we should be dealing with, the variable prices weekly. We need the tools to do this. The Bedell proposal allows us a shorter span of time to deal with the variables in the prices.

What the farmer needs is not charity, nor food stamps. Basically, I would say respectfully not even understanding or sympathy. He needs the price for his crop.

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We do not have unlimited supplies of money. The Treasury does not have unlimited funds to just prop up and pay the farmer for whatever he grows, however much he needs or we need for a reliable supply into the marketplace here and abroad.

So that, Mr. Chairman, is very briefly, without passion, just an attempt to state as best I can the facts. We think that we have in the committee version a proposal that is compatible with what we perceive to be the needs, and now is not the time to turn our backs on the farmer. We need to do something.

There are differences of opinion. You have seen that there are differences of opinion.

But I think, even on a close vote, that it is very difficult for Members from a particular district -- it is very hard, Mr. Chairman -- to see a farmer or visit with the farmer who tells you with tears in his eyes, "Do something. Do something."

This is an attempt to try to do something somewhere near the center in a way that provides the farmers two alternatives, and then let them choose: this or that. I would hope that the membership of the House would support the committee and stay with the committee to allow farmers to make that choice.

The CHAIRMAN. The gentleman from Texas [Mr. de la Garza] has 5 1/2 minutes remaining.

Mr. de la GARZA. Mr. Chairman, I yield back the balance of my time.

Mr. MADIGAN. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Illinois [Mr. Madigan] is recognized for 2 minutes.

Mr. MADIGAN. Mr. Chairman, I want to read into the Record the list of the farm organizations that do not agree with the gentleman from Iowa [Mr. Bedell] and his provision: the National Cattlemen's Association, the American Farm Bureau Federation, the National Grange, the National Grain and Feed Association, the National Pork Producers Council, the National Association of Wheat Growers, the National Corn Growers Association and the American Soybean Association. They all oppose the provision by the gentleman from Iowa [Mr. Bedell] and support the motion to strike.

Is it possible that all of those farm organizations are wrong and that the gentleman from Iowa [Mr. Bedell] is right? I suppose that is possible, but it is not very likely.

Let me read the list of the business organizations that say we would lose jobs in America if the Bedell provision becomes law: the American Bakers Association, the American Cotton Shippers Association, the American Meat Institute, the Florida Phosphate Council, the Food Marketing Institute, the Independent Bakers Association, the Milk Industry Foundation, Millers' National Foundation, the National-American Wholesale Grocers Association, and the National Broiler Council. All those business organizations are against Bedell and for the motion to strike. It is unlikely that they are all wrong.

With regard to another provision in the bill, the gentleman from Texas [Mr. de la Garza], our distinguished chairman, said it was no time to gamble with untried ideas. I suggest to the gentleman, ladies and gentleman of the Committee of the Whole, that that is no less true with regard to the Bedell provision.

Questions have been raised by the Congressional Budget Office that have never been answered by the proponents. Questions have been raised by the Trade Department in the Department of Agriculture that have never been answered.

I have a letter from the Special Trade Representative opposing the Bedell provision and saying it was not corrected with regard to the trade deficiencies by the amendment adopted the day before yesterday.

I urge everyone who cares about the future of agriculture in America to support the motion to strike, and I yield

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back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. Madigan].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MADIGAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were -- ayes 251, noes 174, not voting 9, as follows:

(See Roll No. 333 in the ROLL segment.)

Mr. PERKINS, Mr. ANNUNZIO, and Mrs. LLOYD changed their votes from "aye" to "no."

Mrs. LLOYD, Mrs. BOGGS, Mrs. SCHROEDER, Mr. CHAPPEL, and Mr. DICKS changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. WEAVER. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Oregon [Mr. Weaver] is recognized for 5 minutes.

There was no objection.

Mr. WEAVER. Mr. Chairman, with that vote we just placed the American farmer in his grave. It was his last hope and his last chance.

I talked to Members, and I asked them why they voted "aye," and most of them responded that they thought it was just another price support program. That is exactly what the Bedell language was not.

It was to give the farmer a chance to control supply with marketing certificates, to bring it into balance with demand so the price could rise to a point where he could make a profit, pay off his debts, and stay in business producing food for this country. Now he has no chance.

The supports in the bill are so low that they are tantamount to bankruptcy, and that is what is going to happen now to the average American farmer. He no longer has a hope. A few fat cats will stay in business. Perhaps some Members were called by some fat cats and told to support the Madigan amendment. But the average American farmer in this country knew that this was his last hope, and I only hope that somehow, some way, we can get into this bill or a bill soon after some kind of language to allow the American farmer to control his own supply, to be a businessman and produce what the market will take.

Remember, and I wish we had been able to get the message across, the Bedell language was simply a way the farmer controlled his supply. It was not a price support program that raised Government spending. It would have cut tens of billions of dollars from the deficit, tens of billions of dollars of deficit reduction had the Bedell language become law. It would have raised the prices for the farmers who could have stayed in business.

I deeply, deeply regret the action.

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When I came to Congress 10 years ago this was the language I wanted to see in the farm bill, and I had hoped finally we could have done that. I am sorry we voted this way, but the will of the House is the will of the House.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Are there any amendments to title VI, cotton?

Are there any amendments to title VII, rice?

Are there any amendments to title VIII, peanuts?

AMENDMENT OFFERED BY MR. LUNDINE

Mr. LUNDINE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment Offered By Mr. Lundine: Page 159, strike out line 2 and all that follows through line 12 on page 185, and insert in lieu thereof the following:

NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA

Sec. 801. Effective only for the 1986 through 1988 crops of peanuts, subsections (k) through (p) of section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(k)-(p)) are amended to read as follows:

"(k) The national poundage quota for peanuts for each marketing year shall be 800,000 tons for 1986; 600,000 tons for 1987; and 400,000 tons for 1988.

"(l) The national poundage quota established under subsection (k) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(m)(1) A farm poundage quota shall be established for each farm which had a farm poundage quota for the 1985 crop year.

"(2) The poundage quota apportioned to a State under subsection (1) of this section shall be allocated among such farms in the State so that the poundage quota allocated to each farm shall be equal to the percentage of the poundage quota allocated to such farm for 1985.

"(n)(1) For each farm for which a farm poundage quota was established for the 1985 crop of peanuts, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each farm.

"(2) Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1981 through 1985.

"(3) In the event that peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(o)(1) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second and third years of the period.

"(2) The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held.

"(3) If more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(p) For the purposes of this part and title I of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.):

"(1) The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (m) of this section --

"(A) that are eligible for domestic edible use as determined by the Secretary,

"(B) that are marketed or considered marketed from a farm, and

"(C) that do not exceed the farm poundage quota of such farm for such year.

"(2) The term 'additional peanuts' means, for any marketing year --

"(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and

"(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (m) of this section.

"(3) The term 'crushing' means --

"(A) the processing of peanuts to extract oil for food uses and meal for feed uses, or

"(B) the processing of peanuts by crushing or processing into flakes or otherwise when authorized by the Secretary.

"(4) The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available."

#### SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

Sec. 802. Effective only for the 1986 through 1988 crops of peanuts, subsections (i) and (j) of section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a (i) and (j)) are amended to read as follows:

"(i)(1) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm.

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"(2) The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same country or in a county contiguous to such county in the same State and that had a farm poundage quota for the 1985 crop.

"(3) Notwithstanding the foregoing provisions of this subsection --

"(A) in the case of any county in any State for which the poundage quota allocated to the State was less than 10,000 tons for the 1985 crop,

"(B) in any other State, in the case of any county for which the poundage quota allocated to the county was less than 10,000 tons for the 1985 crop, and

"(C) in the case of any farm in any county in which the farm poundage quota established for the farm was not produced on the farm during any two of the three marketing years preceding the year of which the determination is being made, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(j) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

"(2) No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590H(b)) determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota.

"(3) No transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section.

"(4) Such other terms and conditions that the Secretary may by regulation prescribe."

#### MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

Sec. 803. Effective only for the 1986 through 1988 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by striking out subsections (f) through (l) and inserting in lieu thereof the following new subsections:

"(f)(1)(A) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year in which such marketing occurs.

"(B) For purposes of this section, the marketing year for peanuts shall be the twelve-month period beginning on August 1 and ending on July 31.

"(C) The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either --

"(i) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers,

"(ii) marketed through an area marketing association designated pursuant to section 108B(e)(1) of the Agricultural

Act of 1949, or

"(iii) marketed under contracts between handlers and producers, pursuant to the provisions of subsection (j) of this section.

"(D)(i) Such penalty shall be paid --

"(I) by the person who buys or otherwise acquires the peanuts from the producer, or

"(II) if the peanuts are marketed by the producer through an agent, by such agent.

"(ii) If a person or agent is required to pay a penalty under clause (i) of this subparagraph, such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

"(E) If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty.

"(F) Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins.

"(G) If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 35B(n) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. The penalty in respect thereof shall be paid and remitted by the producer.

"(2)(A) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

"(B) Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document may not be considered marketing violations except in cases of fraud or conspiracy.

"(g)(1) Only quota peanuts may be retained for use as seed or for other uses on a farm.

"(2) Peanuts retained under paragraph (1) shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under section 395(c) of this Act, are unique strains, and are not commercially available.

"(3) Additional peanuts may not be retained for use on a farm and may not be marketed for domestic edible use, except as provided in subsection (k) of this section.

"(4) Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(h) On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that

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could reasonably have been produced from the peanuts so acquired.

"(i)(1) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designed pursuant to section 108B(e)(1) of the Agricultural Act of 1949.

"(2) Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(3) Failure by the handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

"(j) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval prior to August 1 of the year in which the crop is produced.

"(k)(1) Subject to the provisions of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary.

"(2) Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all cost incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus --

"(A) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by the producer,

"(B) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer by not later than December 31 of the marketing year, or

"(C) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

"(3) For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(e)(1) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price as determined under this section equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this paragraph in order to facilitate the orderly marketing of additional peanuts.

"(l)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest which was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the

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person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4)(A) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe.

"(B) The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and may not be reviewable by any other officer or agency of the Government.

"(C) Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations.

"(D) All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that --

"(A) the violation on which the penalty is based was minor or inadvertent, and

"(B) the reduction of the penalty will not impair the operation of the peanut program.

"(m) Notwithstanding any other provision of law, the Secretary may not permit peanuts which are otherwise ineligible for price support as quota peanuts because of defects, as determined by the Secretary, to be eligible for price support at levels applicable to quota peanuts regardless of whether the quota allocated to the farm has been fully utilized for the crop year. The Secretary may, if deemed necessary, make peanuts so ineligible for price support as quota peanuts, if they have been pledged as collateral for a price support loan, available to buyers for seed use or edible use at prices which are applicable to quota peanuts."

#### PRICE SUPPORT PROGRAM

Sec. 804. Effective only for the 1986 through 1988 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A (7 U.S.C. 1445c-1)) the following new section:

"Sec. 108B. Notwithstanding any other provision of law: "(a)(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1986 through 1988 crops.

"(2) Except as provided in paragraphs (3) and (4) of this subsection, the national average quota support rate for each of the 1986 through 1988 crops of quota peanuts shall be \$500 per ton for the 1986 crop, \$480 per ton for the 1987 crop, and \$460 per ton for the 1988 crop.

"(3) The Secretary may increase the national average quota support rate for a crop of peanuts prescribed under paragraph (2) by an amount determined by the Secretary, taking into account the factors referred to in section 401(b) of this Act.

"(4) Such levels of support may not be reduced by any deductions for inspection, handling, or storage, except that the Secretary may make adjustments for the location of peanuts and such other factors as are authorized by section 403 of this Act.

"(b)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1988 crops at such levels as the Secretary finds appropriate, taking into account the factors referred to in section 401(b) of this Act.

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"(2) The Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(c)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall make price support available to producers through loans, purchases, or other operations on peanuts of the 1989 crop at such level as the Secretary finds appropriate, taking into account the factors referred to in section 401(b) of this Act.

"(2) The Secretary shall set the support rate at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(d) The Secretary shall announce each of the levels of support determined under subsection (b) or (c) not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(e)(1)(A) In carrying out subsections (a), (b), and (c) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.11 of title 7, Code of Federal Regulations (1984 ed.)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purposes of conducting such loan activities.

"(B) The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and in section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(C) Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(D) Loans made under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(2)(A) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by type, area, and segregation for --

"(i) quota peanuts of the 1986 through 1988 crops handled under loan,

"(ii) additional peanuts of the 1986 through 1988 crops placed under loan,

"(iii) additional peanuts produced without a contract between a handler and a producer as described in section 359(j) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359(j)), and

"(iv) all peanuts of the 1989 crop placed under loan.

"(B) Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each producer.

"(C) For the 1986 through 1988 crops, net gains for peanuts in each pool shall consist of --

"(i) for quota peanuts --

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool, plus

"(II) an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food

and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts, and

"(ii) for additional peanuts --

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts, less

"(II) any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i) of this subparagraph.

"(D) Notwithstanding any other provision of this section, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such producer.

"(E) For the 1989 crop, net gains shall be the amount over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool.

"(f) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any of the 1986 through 1988 crops of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(o) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(o))."

#### REPORTS AND RECORDS

Sec. 805. Effective only for the 1986 through 1988 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

#### SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

Sec. 806. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1989 crops of peanuts:

- (1) Subsections (a) through (j) of section 358 (7 U.S.C. 1358(a)-(j));
- (2) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a(a)-(h));
- (3) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359(a), (b), (d), and (e));
- (4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.); and
- (5) Section 371 (7 U.S.C. 1371).

#### SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

Sec. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1989 crops of peanuts.

Mr. LUNDINE [during the reading]. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Under the unanimous-consent request that was agreed to, 1 hour will be devoted to this title and all amendments thereto.

#### PARLIAMENTARY INQUIRIES

Mr. MADIGAN. I thank the Chair for that clarification. That time is to be evenly divided between the majority and the minority; is that the understanding, Mr. Chairman?

The CHAIRMAN. This title and all amendments thereto. Time has not been allocated.

Mr. ROSE. Mr. Chairman, I thought our understanding was that time would be divided between the proponents and the opponents of the Lundine amendment. That was my understanding.

Mr. MADIGAN. I am trying to establish the parameters of the agreement. If that is the agreement, I have no objection to it. I just want to be sure that everybody understands whatever it is that we have got here.

Mr. ROSE. I thought that was our understanding. I will be happy to accommodate any Member on the gentleman's side who wishes to speak in opposition to the Lundine amendment.

Mr. MADIGAN. Mr. Chairman, is it the Chair's understanding that the time on peanuts is divided between the proponents and opponents?

The CHAIRMAN. That is correct.

Mr. MADIGAN. May we then identify who is managing the time for the proponents and opponents?

Mr. ROSE. May I inquire, Mr. Chairman, does the gentleman from Illinois have the time?

The CHAIRMAN. The gentleman from Illinois has the time.

Mr. ROSE. Mr. Chairman, I would request that I be allowed to manage the time for the opponents of the Lundine amendment, and Mr. Lundine can capably manage his own 30 minutes.

Mr. MADIGAN. So that the time would be evenly divided between Mr. Rose and Mr. Lundine.

Mr. ROSE. Yes. sir.

Mr. MADIGAN. I have no objection to that.

The CHAIRMAN. The Chair intends to recognize the gentleman from New York [Mr. Lundine], but before the Chair does that, let the Chair announce that there is another amendment to this title which may be offered.

Mr. LUNDINE. Mr. Chairman, I ask unanimous consent that debate on the Lundine amendment be restricted to 50 minutes, to be equally divided.

Mr. Chairman, I will inform the minority that I will honor requests for time in favor of the amendment, as Mr. Rose has indicated he will to those opposed.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

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Mr. LUNDINE. Mr. Chairman, I have a technical amendment to the Lundine amendment to H.R. 2100. This technical amendment has been shared with both the majority and minority counsel, and I ask unanimous request to modify my amendment in conformity with the technical amendment.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read the modification as follows:

Modification offered by Mr. Lundine to the amendment offered by Mr. Lundine; In section 804, strike out "Effective only for the 1986 through 1988 crops of peanuts," and substitute in lieu thereof "Effective only for the 1986 through 1990 crops of peanuts,".

In section 804, in the amendment that adds section 108B to the Agriculture Act of 1949:

Strike out in section 108B(c)(1), "of the 1989 crop" and insert in lieu thereof "of each of the 1989 and 1990 crops,";

Strike out in section 108B(e)(2)(A)(iv) and section 108B(e)(2)(E), "1989 crop" and insert in lieu thereof "1989 and 1990 crops".

In sections 806 and 807, strike out "1986 through 1989" and substitute in lieu thereof "1986 through 1990".

Mr. LUNDINE (during the reading). Mr. Chairman, I ask unanimous consent that the modification be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Without objection, the modification is agreed to.

There was no objection.

The text of the Lundine amendment, as modified, is as follows:

Amendment offered by Mr. Lundine, as modified: Page 159, strike out line 2 and all that follows through line 12 on page 185, and insert in lieu thereof the following:

#### NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA

Sec. 801. Effective only for the 1986 through 1988 crops of peanuts, subsections (k) through (p) of section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(k)-(p)) are amended to read as follows:

"(k) The national poundage quota for peanuts for each marketing year shall be 800,000 tons for 1986; 600,000 tons for 1987; and 400,000 tons for 1988.

"(1) The national poundage quota established under subsection (k) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(m)(1) A farm poundage quota shall be established for each farm which had a farm poundage quota for the 1985 crop year.

"(2) The poundage quota apportioned to a State under subsection (1) of this section shall be allocated among such farms in the State so that the poundage quota allocated to each such farm shall be equal to the percentage of the

poundage quota allocated to such farm for 1985.

"(n)(1) For each farm for which a farm poundage quota was established for the 1985 crop of peanuts, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each farm.

"(2) Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1981 through 1985.

"(3) In the event that peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(o)(1) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second and third years of the period.

"(2) The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held.

"(3) If more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(p) For the purposes of this part and title I of the Agriculture Act of 1949 (7 U.S.C. 1441 et seq.):

"(1) The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (m) of this section --

"(A) that are eligible for domestic edible use as determined by the Secretary,

"(B) that are marketed or considered marketed from a farm, and

"(C) that do not exceed the farm poundage quota of such farm for such year.

"(2) The term 'additional peanuts' means, for any marketing year --

"(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and

"(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (m) of this section.

"(3) The term 'crushing' means --

"(A) the processing of peanuts to extract oil for food uses and meal for feed uses, or

"(B) the processing of peanuts by crushing or processing into flakes or otherwise when authorized by the Secretary.

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"(4) The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available."

#### SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

Sec. 802. Effective only for the 1986 through 1988 crops of peanuts, subsections (i) and (j) of section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 135a (i) and (j)) are amended to read as follows:

"(i)(1) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm.

"(2) The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the 1985 crop.

"(3) Notwithstanding the foregoing provisions of this subsection --

"(A) in the case of any county in any State for which the poundage quota allocated to the State was less than 10,000 tons for the 1985 crop,

"(B) in any other State, in the case of any county for which the poundage quota allocated to the county was less than 10,000 tons for the 1985 crop, and

"(C) in the case of any farm in any county in which the farm poundage quota established for the farm was not produced on the farm during any two of the three marketing years preceding the year for which the determination is being made,

all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(J) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

"(2) No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota.

"(3) No transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section.

"(4) Such other terms and conditions that the Secretary may by regulation prescribe."

#### MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

Sec. 803. Effective only for the 1986 through 1988 crops of peanuts, section 359 of the Agricultural Adjustment

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Act of 1938 (7 U.S.C. 1359) is amended by striking out subsections (f) through (l) and inserting in lieu thereof the following new subsections:

"(f)(1)(A) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year in which such marketing occurs.

"(B) For purposes of this section, the marketing year for peanuts shall be the twelve-month period beginning on August 1 and ending on July 31.

"(C) The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either --

"(i) placed under loan at the additional loan rate in effect for such peanuts under section 1088 of the Agricultural Act of 1949 and not redeemed by the producers,

"(ii) marketed through an area marketing association designated pursuant to section 1088(e)(1) of the Agricultural Act of 1949, or

"(iii) marketed under contracts between handlers and producers, pursuant to the provisions of subsection (j) of this section.

"(D)(i) Such penalty shall be paid --

"(I) by the person who buys or otherwise acquires the peanuts from the producer, or

"(II) if the peanuts are marketed by the producer through an agent, by such agent.

"(ii) If a person or agent is required to pay a penalty under clause (i) of this subparagraph, such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

"(E) If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty.

"(F) Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins.

"(G) If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(n) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. The penalty in respect thereof shall be paid and remitted by the producer.

"(2)(A) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

"(B) Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document may not be considered marketing violations except in cases of fraud or conspiracy.

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"(g)(1) Only quota peanuts may be retained for use as seed or for other uses on a farm.

"(2) Peanuts retained under paragraph (1) shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.

"(3) Additional peanuts may not be retained for use on a farm and may not be marketed for domestic edible use, except as provided in subsection (k) of this section.

"(4) Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(h) On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(i)(1) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(e)(1) of the Agricultural Act of 1949.

"(2) Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(3) Failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

"(j) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval prior to August 1 of the year in which the crop is produced.

"(k)(1) Subject to the provisions of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary.

"(2) Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus --

"(A) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by the producer,

"(B) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer by not later than December 31 of the marketing year, or

"(C) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

"(3) For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following

the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(e)(1) of the Agricultural Act of 1949 shall have the sole authority to accept or reject lot list bids when the sales price as determined under this section equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this paragraph in order to facilitate the orderly marketing of additional peanuts.

"(1)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest which was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4)(A) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe.

"(B) The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and may not be reviewable by any other officer or agency of the Government.

"(C) Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations.

"(D) All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that --

"(A) the violation on which the penalty is based was minor or inadvertent, and

"(B) the reduction of the penalty will not impair the operation of the peanut program.

"(m) Notwithstanding any other provision of law, the Secretary may not permit peanuts which are otherwise ineligible for price support as quota peanuts because of defects, as determined by the Secretary, to be eligible for price support at levels applicable to quota peanuts regardless of whether the quota allocated to the farm has been fully utilized for the crop year. The Secretary may, if deemed necessary, make peanuts so ineligible for price support as quota peanuts, if they have been pledged as collateral for a price support loan, available to buyers for seed use or edible use at prices which are applicable to quota peanuts."

#### PRICE SUPPORT PROGRAM

Sec. 804. Effective only for the 1986 through 1990 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A (7 U.S.C. 1445c-1) the following new section:

"Sec. 108B. Notwithstanding any other provision of law:

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"(a)(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1986 through 1988 crops.

"(2) Except as provided in paragraphs (3) and (4) of this subsection, the national average quota support rate for each of the 1986 through 1988 crops of peanuts shall be \$500 per ton for the 1986 crop, \$480 per ton for the 1987 crop, and \$460 per ton for the 1988 crop.

"(3) The Secretary may increase the national average quota support rate for a crop of peanuts prescribed under paragraph (2) by an amount determined by the Secretary, taking into account the factors referred to in section 401(b) of this Act.

"(4) Such levels of support may not be reduced by any deductions for inspection, handling, or storage, except that the Secretary may make adjustments for the location of peanuts and such other factors as are authorized by section 403 of this Act.

"(b)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1988 crops at such levels as the Secretary finds appropriate, taking into account the factors referred to in section 401(b) of this Act.

"(2) The Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(C)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall make price support available to producers through loans, purchases, or other operations on peanuts of each of the 1989 and 1990 crops, at such level as the Secretary finds appropriate, taking into account the factors referred to in section 401(b) of this Act.

"(2) The Secretary shall set the support rate at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(d) The Secretary shall announce each of the levels of support determined under subsection (b) or (c) not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(e)(1)(A) In carrying out subsections (a), (b), and (c) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.11 of title 7, Code of Federal Regulations (1984 ed.)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities.

"(B) The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and in section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(C) Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(D) Loans made under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(2)(A) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by type, area, and segregation for --

"(i) quota peanuts of the 1986 through 1988 crops handled under loan,

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"(ii) additional peanuts of the 1986 through 1988 crops placed under loan,

"(iii) additional peanuts produced without a contract between a handler and a producer as described in section 359(j) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359(j)), and

"(iv) all peanuts of the 1989 and 1990 crops placed under loan.

"(B) Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each producer.

"(C) For the 1986 through 1988 crops, net gains for peanuts in each pool shall consist of --

"(i) for quota peanuts --

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool, plus

"(II) an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts, and

"(ii) for additional peanuts --

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts, less

"(II) any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i) of this subparagraph.

"(D) Notwithstanding any other provision of this section, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such producer.

"(E) For the 1989 and 1990 crops, net gains shall be the amount over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool.

"(f) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any of the 1986 through 1988 crops of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(o) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(o))."

#### REPORTS AND RECORDS

Sec. 805. Effective only for the 1986 through 1988 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

#### SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

Sec. 806. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1990 crops of peanuts:

(1) Subsections (a) through (j) of section 358 (7 U.S.C. 1358(a)-(j));

- (2) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a(a)-(h));
- (3) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359(a), (b), (d), and (e));
- (4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.); and
- (5) Section 371 (7 U.S.C. 1371).

#### SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

Sec. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1990 crops of peanuts.

The CHAIRMAN. The gentleman from New York [Mr. Lundine] is recognized for 25 minutes.

Mr. LUNDINE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am offering an amendment to the Food and Security Act (H.R. 2100) to phase out the current Peanut Price Support Program over the next 4 years. In 1981, I offered a similar amendment to the farm bill which the House overwhelmingly approved. We should take this action again this year as the Peanut Program remains in dire need of reform.

First, I want to assure my colleagues that my amendment is not an antifarmer amendment. I am from an agricultural district myself, and the last thing I want to do is to increase the number of farmers facing hard times nearly equal in severity to those suffered during the great depression.

Under the terms of my amendment, any American farmer can grow and market peanuts in the United States, a right currently reserved only to poundage quota owners. The poundage quota is, in effect, a license to grow peanuts and sell them in this country. This exclusive right dates back to the allotments originally granted by the Government to the relatively few farmers growing peanuts in the 1930's.

One aspect of this program which particularly disturbs me is the fact that many quota owners earn handsome profits by leasing their quotas to less privileged farmers who assume all the risks and hardships of actually growing peanuts. In fact, according to the U.S. Department of Agriculture [USDA], 50 percent of the quota owners do not farm peanuts themselves, but, instead, lease their quotas to others. This system is unfair to young farmers and those with fewer resources who do not own quota and are deprived of the right to receive a decent price for their crop on the domestic market. In addition, the quota system further distorts the market for peanuts by setting the level of quota at 1.1 million tons, which is 200 to 300 million pounds below the level of domestic demand.

Without the valuable quotas, a farmer can grow peanuts outside the monopolistic quota system, but such peanuts, referred to as additional, are earmarked for less lucrative export market or crushed into oil or meal at prices less than half the price of quota peanuts. Most peanut farmers simply cannot survive but only sells additional peanuts.

Second, the Peanut Program leads to artificially high consumer costs. The USDA estimates that the current program adds an additional 14 percent to the cost of a jar of peanuts (\$250 to \$300 million per year), a consumer tax which USDA says is on the rise. When we consider that peanut butter is an important source of protein for low-income families, the need for reform in this program is all the more evident.

Additionally, current supply limitations provide very little incentive for development of new food uses for the nutritious peanut. The market for peanut products is stagnating. My amendment would remove these production controls which have become an albatross around the neck of the peanut product market.

As an American consumer, I must pay \$2.85 for a 10-pound bag of domestically produced peanuts. If I were to

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travel abroad, however, I would only have to pay \$1.80 for that same bag of American-grown peanuts. Clearly, Mr. Chairman, this is not fair! The reason for this inequity is, as we can see in this graph, that our domestic support price of 28 cents per pound vastly exceeds the free market price of 15 cents per pound. The difference between those two lines is the windfall profit which peanut quota holders have been receiving for the last 50 years at the expense of the American consumer.

My final point, Mr. Chairman, is that this program is a boondoggle which benefits the few at the expense of the many. In fact, USDA data indicates that family farmers are not benefiting from the current program. In this chart, we can see that 3 percent of the 2,300 peanut farms in this country receive \$60 million a year, and 17 percent of all peanut farms receive \$156 million per year. This represents 60 percent of the consumer subsidy. In other words, well over half of the hidden tax paid by American consumers goes into the pockets of less than 20 percent of America's peanut farmers.

In this next chart, we can see how the 12 largest quota holders earn \$250,000 each every year in consumer subsidy because of the excess costs associated with the quota system. To reiterate, Mr. Chairman, what this suggests to me, is that the majority of Americans who produce or could produce peanuts, are clearly being short-shrifted by the current program.

My last chart illustrates that peanut farmers, over the last decade, have been receiving disproportionate returns on their production as compared to farmers who grow corn, cotton, sorghum, soybeans, or wheat. At this point, Mr. Chairman, we need to recall my earlier statement that 50 percent of this profit does not go directly to the farmer, but rather to quota holders who are absentee landlords and never participate in the actual farming.

To conclude, my colleagues, allow me to repeat that my amendment is a proagriculture, proproducer amendment. It will afford to all Americans the right to grow peanuts and to sell them in this country. In addition, it will benefit consumers as it will bring down the cost of peanut products, especially peanut butter which is a dietary staple for many American children and the elderly. Finally, my amendment will reform and deregulate this feudal program and will bring its functioning in line with all other farm programs.

I urge my colleagues to support this amendment.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. LUNDINE. I yield to the gentleman from Alabama.

Mr. DICKINSON. I appreciate the gentleman's yielding.

As we who are familiar with the product recognize, there is an ongoing tug of war between the producers and the growers and the farmers of peanuts and those who manufacture, who make them into candy and make them into confections and sell them on the retail market. I wonder if the gentleman who has spoken so eloquently on the Peanut Program could tell us how many peanut farmers the gentleman has in his district or in his State?

Mr. LUNDINE. Well, I have approximately 515,000 people who eat peanut products. I do not have any peanut farmers.

Mr. DICKINSON. I am not talking about eating. I am talking about producing. How many farmers does the gentleman have in his district?

Mr. LUNDINE. I do not have any peanut farmers in my district.

Mr. DICKINSON. That is what I thought. The gentleman is not protecting the farmers, he is out there protecting somebody else.

I thank the gentleman.

Mr. HATCHER. Mr. Chairman, will the gentleman yield?

Mr. LUNDINE. I yield to the gentleman from Georgia.

Mr. HATCHER. Is the gentleman aware that in the 1981 farm bill we tightened up the lease and transfer and that in fact for the last 4 years you cannot lease and transfer more than 1 year out of every 3, and that that was an effort to meet the objections the gentleman is speaking of?

Mr. LUNDINE. The improvements we made in the farm bill, in the Peanut Program, in 1981, were because the majority of my colleagues stood up and wanted to do away with an archaic feudalistic program.

The slight improvements made by the Committee on Agriculture this year deserve recognition for the threat of again the program being abolished, but they are very slight.

At this time I would like to reserve the balance of my time so that the other Members who wish to speak on this amendment may do so.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. Stenholm], a distinguished member of the committee.

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. I would like to follow up, Mr. Chairman, with the last questioning of the gentleman from New York [Mr. Lundine] and point out that, as a result of the efforts of the gentleman from New York [Mr. Lundine], and others, in the 1981 Farm Act, we have made significant changes in the direction of the Peanut Program. We have met the budget responsibilities, and I will say to the members of the committee there is a lot of smoke and mirrors in regard to budgets in this body, but in the area of the Peanut Program there is no smoke and mirrors. The cost is less than \$5 million a year, and that is directly as a result of this body saying that is what we want done. We have reduced the quotas we have taken from nonproducers. We put them into the hands of the farmers. What more could anyone want, as far as the farm program?

I want to bring out two additional points, though. We just spent a lot of time on corn and wheat. I would point out that as of August, the parity price of corn was 59 percent as the target price in the farm bill that is being debated. What we are talking about in the farm bill that we are debating, the parity price for corn, 59 percent we are trying to guarantee our corn producers. In wheat, it is 63 percent. We have heard that that is inadequate. The Peanut Program is 61 percent, the quota price.

We talk about consumers. Let us not kid anyone. Whether the taxpayer pays the cost or the consumer, they are one and the same, and the committee has attempted to balance equity between the commodities in the committee bill to this point.

I want to further make the point, as far as the price of peanuts and the price of peanut butter and cookies, and all of the other things that we hear.

Mr. LUNDINE. Mr. Chairman, will the gentleman yield before he goes on to the next point?

Mr. STENHOLM. I yield to the gentleman from New York.

Mr. LUNDINE. Could I ask the gentleman, what is the source of his information for the cost of the program?

I have a letter from the Secretary of Agriculture that says that the average cost has been \$40 million per year over

the last 10 years. Is the gentleman citing another source than the USDA?

The CHAIRMAN. The time of the gentleman from Texas [Mr. Stenholm] has expired.

Mr. ROSE. Mr. Chairman, I yield 1 additional minute to the gentleman from Texas [Mr. Stenholm] and I will ask the gentleman if he will yield to me.

Mr. STENHOLM. I yield to the gentleman from North Carolina.

Mr. ROSE. I would like to thank the gentleman from Texas for the statement he has made, and I would answer the gentleman from New York by saying that when the USDA came before our committee, they testified that the Peanut Program that we have in this bill would cost \$5 million over the next 4 years. They have changed their figures in the very last few weeks.

The cost of the Peanut Program, according to CBO's estimate, based on what USDA testified in the House and Senate committees, was \$3 million over the whole life of the program.

Now, I am very upset at USDA for coming in at the last minute with gerrymandered, blown-out-of-proportion figures.

I would say to the gentleman that he said 10 years. That is going back over programs that we have long ago corrected.

I yield an additional minute to the gentleman from Texas [Mr. Stenholm].

Mr. LUNDINE. If the gentleman will yield, I would submit that it is possible that the reason for the change in the USDA estimate is the change in the way peanut farmers are marketing or withholding their product from the market.

I here hold in my hand a report from the Georgia Peanut Producers Association, which indicates a conspiracy to withhold quota peanuts from the market, and I wonder if the gentleman from North Carolina might explain -- --

Mr. STENHOLM. If I might reclaim my time, we have only a limited amount of time, and as to these conspiracy theories we hear a lot about. Let me ask the gentleman a question: Thanks to you, we have reduced the cost of the Peanut Program to \$5 million in 1985 and for 1986. We are talking today the next 5. And I submit to you that under the bill as it has been reported from the House Agriculture Committee, the cost of the program will be less than \$5 million a year in the next 5 years. That is what we are trying to do. We do not want to talk about the last 10.

There is one final comment I would make, as far as the consumers' cost.

The CHAIRMAN. The time of the gentleman from Texas [Mr. Stenholm] has expired.

Mr. ROSE. Mr. Chairman, I yield 1 additional minute to the gentleman from Texas [Mr. Stenholm].

Mr. STENHOLM. In constant dollars -- and this is what we need to keep in consideration when we talk about consumer costs -- in 1950, the peanut price cost to the consumer was 45 cents. In 1984, it was 25 cents in constant dollars, when you take inflation out of it and all of these other things. So to say that it is the cost of the Peanut Program, as the gentleman contends, you cannot say that, that the peanut farmer is doing it. It is the overall inflation in the United States. The peanut farmer is getting half of what he got in 1950, as far as cash in his pocket.

And again I make my point that when we talk about compatibility and fairness between commodities, corn is being supported in the bill, and we have heard from our corn farmers saying it is adequate, at 59 percent of parity. Wheat, 63 percent of parity. The support price to the peanut farmer is 61 percent parity which is fair and in line with other commodities, and that is what the committee has tried to do, tried to create a fair program for all the commodities.

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I urge defeat of the Lundine amendment.

Mr. ROSE. Mr. Chairman, I yield myself 5 1/2 minutes.

Mr. Chairman, I really get upset when I hear the Peanut Program called a boondoggle.

I have here a profit picture of Fischer Nuts, Peter Pan, Skippy, Hershey, Planter, Nabisco, Procter & Gamble, all 15 to 20 percent profit. These people are making money hand over fist out of the peanut farmer. In a Skippy peanut candy bar there is 1 cent worth of peanuts. In an 18-ounce jar of peanut butter there is 59 cents worth of peanuts.

Now, what do you pay in the store for an 18-ounce jar of peanut butter? If it is the generic brand, you pay something just over \$1, \$1.19, \$1.29, I would even say \$1.38. You pay \$2, on the average, maybe \$1.88, for the national brand peanuts.

Now, if the American housewife thinks that she is being ripped off and wants to save some money, I suggest that she start buying generic brands of peanut butter. She will save billions of dollars over what she pays buying what the peanut lobbyists are around here telling you is a ripoff for the American consumer.

The gentleman from New York [Mr. Lundine] mentioned Canada. He did not talk about what peanut butter costs in Canada. He talked about what a bag of peanuts costs in Canada. Peanut butter in Canada is made from additional peanuts grown in America, and the consumer in Canada pays 20 percent more than the American housewife does. They forgot to tell him that -- 20 percent more the Canadian housewife pays because the peanuts that they buy are on the so-called free market.

I submit to you that we have a program that is not broke. USDA testified in our committee that the projected cost of the program that we are here voting on right now is \$5 million in the first year and in each of the years of this bill.

The administration's proposal was \$75 million. The Lundine-Lugar amendment, \$60 million.

Now, I ask you, this program works, it guarantees a decent income to the people who grow and raise peanuts. It is a very, very risky business. We give the cheapest nut that you can get in America -- and I hesitate to expand on that, because there are a lot of nuts that might be cheaper in America, but the edible nuts that you can get in this country, peanuts, are the absolute cheapest.

I submit to you that my good friend from New York, as my dear friend from Alabama suggested, is representing well the interests of the people that he represents. He has the peanut butter manufacturers in his district. I understand. I have got peanut growers in my district. I try to represent them as best I can.

But I say to you that 59 cents is all that the grower is getting out of that jar, 1 cent is all that the peanut grower is getting out of a Snickers. If you cut the cost of peanuts in half, do you think that the American consumer is going to get a better break? Of course not.

I ask you to vote down the Lundine amendment and stick with the committee.

Mr. FOWLER. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to my friend, the gentleman from Georgia.

Mr. FOWLER. I would like to associate myself with the remarks of the gentleman from North Carolina [Mr. Rose].

This is a program that, despite almost insurmountable odds in the last 5 or 6 years, has worked.

It provides a cost-efficient and cost-effective product that is a great necessity, not only to the nutrition of our

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country and to the world but for the livelihood of the growers. I applaud the gentleman's remarks and I would like to endorse them and oppose the Lundine amendment.

Mr. Chairman, I rise in strong support of the Peanut Program. More than 565,000 acres in my State of Georgia are planted in peanuts, and more than 50,000 Georgians are directly employed in the production of peanuts. This is obviously a matter of great importance to the economy, and the people, of Georgia.

While the continuation of the Peanut Program is vital to so many Georgians, it costs the taxpayer very little. Changes in the program made in 1977 and 1981 have resulted in a 90-percent decrease in Government costs. The Peanut Program cost only \$1.2 million in 1984.

In addition, the changes made in 1981 have allowed almost 3,000 new peanut farms to be established, expanding opportunities for new farmers to participate fully in the Peanut Program.

Despite allegations to the contrary, consumer prices for peanut butter have not been greatly increased as a result of the Peanut Program. The wholesale price of peanut butter has increased 2 1/2 times faster than the prices which peanut farmers receive for their product. From 1977 to 1984, wholesale peanut butter prices shot up 68 percent, while the farmers' return on his peanut crop increased only 28 percent.

I am proud to represent the Nation's leading producer of peanuts, and I urge my colleagues to support the Peanut Program as approved by the House Agriculture Committee.

Mr. LUNDINE. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I will be happy to talk to the gentleman on his time in just a minute.

Mr. Chairman, I would say to my colleagues that we have worked long and hard in the Agriculture Committee since 1981 to make the Peanut Program a no-cost program. In 1981 it was defeated because it did have a high price tag to it. We went to work in conference and built a practically no-cost Peanut Program. Do you know that this program that is in this bill is so designed that if one area of the country loses money on its Peanut Program, and there are profits from another area, as there always are, the areas will share the losses and the profits.

This is a revolutionary concept for various areas of the country to share in the costs of running the program. We guarantee you that we will come back before you 5 years from now and show you with pride a track record that will be even below \$5 million.

Mr. LUNDINE. Mr. Chairman, I yield 5 minutes to the gentlewoman from New Jersey [Mrs. Roukema].

Mrs. ROUKEMA. I thank the gentleman for yielding to me at this time.

Mr. Chairman, I rise enthusiastically in support of Congressman Lundine's amendment to phase out the current peanut price support system over the next 4 years. The abolition of this Government-imposed peanut monopoly is the most straightforward consumer protection issue in this far-reaching legislation, and I commend the gentleman from New York for his efforts. His proposal makes all kinds of sense! It eliminates an outmoded and outrageous monopoly "thats not just peanuts." This program brings large profits to the allotment farmers and high prices to the consumers.

Peanuts today are the only food crop in this land which are under rigid production restrictions and marketing controls. It is the U.S. Government which determines where peanuts can be produced, who can produce them, and what quantity can be produced and marketed. In short, peanut farmers cannot grow peanuts without a license or an allotment.

Naturally, those peanut farmers already holding a Federal license, or poundage quota as it is formally known, are eager to maintain their current Government-imposed monopoly. But what of the farmer who does not hold a license? He or she has few options: Either rent a license from outsiders, grow peanuts for the substantially less-lucrative export

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market, or grow another crop.

As is the case with most monopolies, the current peanut program discourages efficiency. It rewards a privileged few by creating artificial crop shortages, and consumers are the ones who pay unjustifiably high prices for peanut products. In fact, the U.S. Department of Agriculture estimates that the current program adds an additional 14 percent to the cost of every jar of peanut butter sold in America. Translation: The American public spends an unnecessary \$250 to \$300 million each year to support its time-tested fondness for the peanut.

The Lundine amendment offered eliminates the artificial distinction which is now made between the price support level for domestic peanuts, and the price level for export peanuts; a distinction that causes a price differential of over \$200 per ton. I ask: Why should American consumers have to pay up to four times as much for a peanut than foreign customers have to pay? Such as the Arabs, the Japanese, and the Europeans.

After a 3-year adjustment period, the amendment would put a straight-forward loan support program for peanuts into place. This loan program would be similar to the current support program we have established for corn, wheat, soybeans, rice, and other crops.

Beginning in 1989, there would be one price level for all peanuts, which would be set by the Agriculture Department at a level that would ensure no government cost. These important reforms would eliminate the current poundage quota rent which accounts for more than 30 percent of the average cost of producing peanuts.

Let me emphasize that the U.S. Department of Agriculture fully supports the Lundine amendment as the best way to ensure the long-term prosperity of peanut farmers. It is time for us to recognize that continued Government control over supply is not in the interests of the American peanut farmer nor the American consumer. The loan rate to be maintained under this amendment will function as a safety net to guard farmers against unexpected market conditions. The program will be designed, however, to operate at no cost to the American taxpayer.

As one Member who serves on both the Education and Labor Committee, as I have for 5 years, and now in my second year as the ranking member of the Select Committee on Hunger, I have sat through hours and hours of testimony and discussion about the need for better nutrition in this country.

We express concern about child nutrition programs and under the Older Americans Act we have authorized nutrition sites for senior citizens. The Select Committee on Hunger has examined evidence of severe malnutrition. If there is on nutritional product which should be made more readily available to all Americans, particularly those in the risk groups, young children and our senior citizens, it is peanut products. We should not be penalizing them at the expense of the high-rolling, license-owning peanut producers.

I remind my colleagues that similar legislation passed this House by a strong 91-vote margin in 1981. I urge you to support the Lundine amendment and end an outmoded Government program that today does a disservice to the American farmer and the American consumer.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. Hopkins].

Mr. HOPKINS. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in support of the Peanut Program contained in the committee bill. The Peanut Program has been one of the most successful agricultural commodity programs that we have had and the committee bill, with some improvements, builds upon that successful track record.

Since the current two-tier system was put in place in 1977, and refined in 1981, Government costs have dropped dramatically. Last year's crop cost approximately \$6 million and most of that cost was incurred under the program's "disaster" provision. I think you will readily see we have a successful program that supports over 30,000 farm families

in 16 States at a very modest cost.

At the same time, peanut consumers have been assured of a reliable supply of high quality peanuts at very reasonable prices and exports of U.S. peanuts have increased steadily -- despite the strong dollar -- to the point where U.S. producers supply some 50 percent of the world market today.

I know many of my colleagues from peanut producing States desire to speak about the importance of the Peanut Program to their farmers and I do not want to take away from their time.

I urge my colleagues to support the committee bill.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. HOPKINS. I yield to the gentleman from North Carolina.

Mr. BROYHILL. I thank the gentleman for yielding to me.

Mr. Chairman, I want to commend the gentleman for his remarks. Certainly he has hit the right point about the cost of this program. I am glad that the gentleman brought out that fact.

I would like to just make one comment if the gentleman will permit me. I look at this amendment that has been offered by the gentleman from New York as resulting in a transfer of jobs from American farms to a foreign country. If you go as drastic as he wants you to go, the effect of it is going to be that the family farm, the peanut farmer, is going to go out of business, and where are you going to get the business? It is going to be adding to the trade imbalance. Those peanuts will be imported.

It seems to me that that is not in the best interests of not only the economy but the family farmer and that we should vote down this amendment.

Mr. HOPKINS. Mr. Chairman, I thank the gentleman for his contribution.

Mr. LUNDINE. Mr. Chairman, I yield myself 2 minutes.

The point has just been made about exports. As I pointed out in my opening statement, exporters are limited to only exporting additional peanuts at that very low price. It is a miracle that we have seen new people come into this business of growing peanuts since 1981, since the modifications in the program were made after the House wisely scuttled the futile program that existed up to that time.

If American peanut farmers can compete successfully today selling only additional, just think of how many exports we can get when we unleash the creative productivity of the American peanut producers and let them compete for domestic and export markets. We will see a great improvement in the balance of trade.

Mr. Chairman, I now yield 5 minutes to the gentleman from California [Mr. Brown].

Mr. BROWN of California. I thank the gentleman for yielding time to me.

Mr. Chairman, I have listened to this debate not only on the peanut program but on the farm bill as a whole with great interest, trying to discern if there were any elements of principle involved in the way that we were acting. So far I have been unable to discern any. We have, for example, voted for a strong program of Federal involvement in the dairy industry, for a system of production controls, despite the high cost to the consumer that is represented by these controls. We turned around and voted to knock out the Bedell provisions which would have provided for production controls for wheat and feed grains because we felt that was too great an intrusion. And now we are debating the peanut program, in which we have had the highest degree of Federal involvement for lo these many years, at a very obvious cost to the

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consumer, and which has resulted in the development of severe inequities within the peanut industry itself.

I do not see any thread of principle involved here. What I do see is a committee effort to develop a sound bill which reflects the needs of the farmers and the interests of the various competing agricultural groups as seen by the members of the committee. When the bill reaches the floor, as it now has, we are seeing a different set of forces at work which sometimes support and which sometimes change the work of the committee. But it is the interplay of these diverse political forces on each issue, not some integrating principle, which determines the outcome.

Now I want to express admiration and appreciation to my good friend from North Carolina who has done such a good job on developing the peanut program. He has over the last few years rescued the tobacco from oblivion, and he deserves a great deal of credit in his own constituency and region for doing that. I admire him for it. I cannot wholeheartedly agree with him that what he has tailored here is the best program, or that it is a no-cost program. He told us that about tobacco a few years ago, and I know he tried very hard to make the tobacco program a no-cost program. I say this with deep sympathy, because I do not object in principle to supporting the tobacco farmers and the peanut farmers. If I had been in Congress during the depression, I would have been one of the strongest supporters of these programs, and I would continue to support them today if I thought their intent was being fulfilled, but I do not. I do not think that the tobacco program is a no-cost program, nor is the peanut program going to be a no-cost program.

But that is not my primary reason for opposing the peanut program. Frankly, I am here out of a parochial concern for the welfare of the farmers of California, and I will tell you that in all sincerity. We want to produce peanuts. We want to produce the peanuts that are now only produced by the quota peanut producers, and we cannot do that.

Mr. ROSE. You can produce peanuts in California.

Mr. BROWN of California. Nonquota peanuts, yes.

Mr. ROSE. And do you know that if there is any shortage in the domestic -- --

Mr. BROWN of California. Did the gentleman ask me if I would yield to him?

Mr. ROSE. I thought the gentleman did yield. I apologize.

Mr. BROWN of California. No; but if you will ask, I will.

Mr. ROSE. Well, will the gentleman yield?

Mr. BROWN of California. I am happy to yield to my friend.

Mr. ROSE. Well, I appreciate it.

Why are your farmers not growing peanuts right now in California?

Mr. BROWN of California. There are a few who are, but they are forced to do so under this two-tiered system in which the peanuts they grow are supported at -- what is the percentage, half, or 60 percent?

Mr. ROSE. About 50 percent. Do you know that exports of those peanuts have gone up 40 -- --

Mr. BROWN of California. I continue to yield to my friend.

Mr. ROSE. Do I have to say that every time I speak with you? I will get my own time, but I thank the gentleman for what appeared to be yielding.

Mr. BROWN of California. Mr. Chairman, I am sincere in my appreciation of what the gentleman has done. I think

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he knows I am sincere, and I hope he will respect the sincerity of my desire to open up the peanut-growing business on an equal basis to the farmers of California or to any of the other areas of this great United States where they are now precluded from raising peanuts because of this system.

We can produce in the Imperial Valley of California superior peanuts at a lower cost compared to anyplace else in the United States. It fits in with our cropping structure. We are having to cut back on cotton now for various reasons. We need alternative crops that can fit into our cropping scheme.

Yet the farmers there, looking into the situation, question whether they can achieve as high a level of profitability growing nonquota peanuts as they could if this system were open to all farmers on a uniform basis of price support which would apply to all peanuts.

Mr. LUNDINE. Mr. Chairman, I yield 1 minute to the gentlewoman from New Jersey [Mrs. Roukema].

Mrs. ROUKEMA. Mr. Chairman, to follow on the comments of my colleague, the gentleman from California, just very briefly. Representative Brown mentioned at the beginning of his statement the questions of principle that are involved here. I think there have been some of us who have been trying to adhere to the principle of need, because we recognize that there are some farmers in this country who are in dire need and there have to be some adjustments for that in this bill. However, the peanut farmer is not in that kind of dire need.

Statistics from the U.S. Department of Agriculture show us that their return on investment is anywhere from 5 to 20 times the kind of return on investments that our wheat, corn, or soybean farmers are gaining.

So I appreciate the fact that we are talking about principle here, and the principle here is that this is a system that benefits and profits the wealthy owners of the licensing system to the exclusion of the gentleman's California farmers and all other farmers across this Nation who do not own allotment licenses.

Mr. ROSE. Mr. Chairman, may I inquire, how much time do I have left?

The CHAIRMAN pro tempore (Mr. Obey). The gentleman from North Carolina [Mr. Rose] has 12 1/2 minutes remaining and the gentleman from New York [Mr. Lundine] has 3 minutes remaining.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to a distinguished member of the subcommittee, the gentleman from Georgia [Mr. Hatcher].

Mr. PARRIS. Mr. Chairman, will the gentleman yield.?

Mr. HATCHER. I yield to the gentleman from Virginia.

(Mr. PARRIS asked and was given permission to revise and extend his remarks.)

Mr. PARRIS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the peanut program which historically has been of enormous benefit to my beloved Commonwealth of Virginia. I wish to indicate my support for the existing program without the Lundine proposal and would like to associate myself with the remarks of my friend from North Carolina [Mr. Rose] when he indicates that this program is working well and if it isn't broke we shouldn't try to fix it.

It is my sincere hope that the House will reject this proposal.

Mr. HATCHER. Mr. Chairman, I thank the gentleman for his support.

Mr. Chairman, in response to the gentlewoman who just spoke, I would like to say that I represent one of the largest

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peanut-producing areas in the country, and my constituents, I say to the dear gentlewoman, are broke. If they are not as broke as the farmers of the Midwest, I would submit to her that it is unseemly for any Member of Congress to come to the floor of the Congress and say, "Let's bring them all down and break their backs." We are having bankruptcies; we are having farmers sold out of a weekly basis.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. HATCHER. I yield to the gentleman from Kentucky.

Mr. ROGERS. Mr. Chairman, I thank the gentleman for yielding.

I wonder if the gentleman understands that there are those taking part in this debate opposed to this program who represent districts where the U.S. Government is subsidizing Amtrak fares in their districts to the tune last year of \$750 million, three-quarters of a billion dollars. And those Members are coming in here and criticizing this program. I really find that sort of distasteful.

Mr. HATCHER. I do, too, Mr. Chairman. And I have been asked by my urban colleagues on almost a monthly basis now to help them with programs like Amtrak, like roads, and like transportation that are critical to them and their constituents, and we have come through and done that.

I find myself here today asking those same urban colleagues and my other rural colleagues throughout the country to stay with us, to stay with a program that is working, while our farmers are not perhaps as desperate as they are in the Midwest, they are broke and they are going bankrupt every day.

So, Mr. Chairman, I ask the Members to stick with a program that is costing but about \$5 million a year, a program that is working.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to a distinguished member of the subcommittee, the gentleman from Georgia [Mr. Thomas].

[Mr. THOMAS of Georgia addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. ROSE. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Alabama [Mr. Dickinson].

(Mr. DICKINSON asked and was given permission to revise and extend his remarks.)

Mr. DICKINSON. Mr. Chairman, Congress has several goals it wants to accomplish through this farm bill.

First, we want to bring supply in line with demand and eliminate some of our huge surpluses;

Second, we want to reduce the enormous cost of our commodity programs to the Federal Government;

Third, we want to encourage and expand our agricultural exports; and

Fourth, we want to assist both the family farmer and the consumer.

The Peanut Program already accomplishes all of these goals.

By limiting the amount of peanuts that can be grown for use in the United States through the quota system, we have closed the gap between supply and demand. We don't have gigantic surpluses of peanuts like we do of certain of our other commodities. The program has eliminated them. The national poundage quota is now at 1.1 million tons. National

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demand is currently about 1.3 million tons, so were very close there.

By bringing supply in line with demand, we have eliminated Government purchases of surplus stock through farmers' default on nonrecourse loans. Since 1977, Government outlays for peanuts have been reduced by 90 percent. In 1983 the Peanut Program cost the U.S. Government nothing. Last year it cost our tax payers only \$1.4 million. what we have here is a virtually no-cost program. Compare these negligible figures to the \$60 million that the USDA calculates the Lundine amendment will cost next year.

At the same time that we have saved the Government millions, we have greatly expanded our export markets. Any farmer who wants to can grow peanuts for export, and the lower price support for additional peanuts makes our peanuts very competitive on the world market. Since the two-tiered price support system was started, we have increased peanut exports by 41 percent. The United States is now the world's largest exporter of peanuts.

Most peanut farmers are family farmers; 85 percent of them grow less than 100 acres of peanuts. They depend on this program for assurance of a stable price for their product.

Consumers also benefit from this program. The negligible cost of the program to the Government means that their tax dollars are saved. They benefit from stable supplies and stable prices for world's finest quality peanuts and one of the world's best and cheapest sources of protein.

The impetus to do away with this program comes from the manufacturers of products containing peanuts who would like to see the cost of their materials lowered. Many seriously doubt that savings from a lowering of the price of domestic peanuts would be passed on to the consumer. The consumer stands little to gain from the abolishment of this program, and there is every certainty that such a move will be a death blow to our 30,000 family peanut farmers.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the gentleman from Virginia [Mr. Sisisky].

(Mr. SISISKY asked and was given permission to revise and extend his remarks.)

Mr. SISISKY. Mr. Chairman, I say to the Members of the House that I have a parochial interest, too. I come from a peanut-growing area, representing peanut farmers. But let me tell the Members what else I represent. I represent processors. I represent probably the largest processor in the United States. You know his label. These are two peanut butter factories, producing the biggest brands in the United States.

But, more importantly, I represent 535,000 consumers. And guess what? If I really believed that we were doing harm to those consumers, I would be defending them.

I went to the Agriculture Committee meeting, and I worried about that small candy manufacturer. There was a gentleman from the Midwest who testified, and he said, "If you would cut the price of peanuts and cut this program out, I would reduce my price 30 percent."

Then I asked the chairman if I could interrupt him. I asked, "Are you using a penny's worth of peanuts in a 35-cent bar?"

And he said, "Just about that."

I asked, "If we cut it in half, would you really reduce it 30 percent?"

Then he started fidgeting around. No, he would not. He absolutely would not.

With this bill, we are representing the consumers and the processors. More importantly, let us not destroy the peanut farmer because he is producing other things. I ask the Members, please do not do it. The stable supply of peanuts is important to the nutrition of our young children, and this will preserve that program and the supply of peanuts.

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Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina [Mr. Jones], a distinguished member of the Agriculture Committee.

(Mr. JONES of North Carolina asked and was given permission to revise and extend his remarks.)

MR. JONES OF NORTH CAROLINA. MR. CHAIRMAN, I THANK THE GENTLEMAN FROM NORTH CAROLINA FOR YIELDING.

I, RISE TODAY IN SUPPORT OF THE PEANUT TITLE OF H.R. 2100 AND IN OPPOSITION TO THE AMENDMENT OFFERED BY THE GENTLEMAN FROM NEW YORK. I URGE MY COLLEAGUES ON BOTH SIDES OF THE AISLE TO VOTE LIKEWISE.

LOOKING AT THE OVERALL STATUS OF AMERICAN AGRICULTURE, WE ALL CAN SEE THAT THE FARMER, THE VERY HEART OF OUR ABILITY TO EXIST AS A FREE NATION, NEEDS DIRECTION AND ASSISTANCE. THEY DON'T NEED THEORIES AND NAUSEUM ABOUT WHY THEY ARE THE WORLD'S MOST EFFICIENT PRODUCERS YET FACE THE CONSTANT THREAT OF FORECLOSURE, BANKRUPTCY, OR BOTH. THEY NEED ASSISTANCE AND DIRECTION PROVIDED IN A STABLE ECONOMIC ENVIRONMENT.

SOME SUGGEST THE WAY TO ACHIEVE THIS GOAL IS TO MAKE AMERICAN AGRICULTURE AN EXAMPLE TO THE WORLD OF HOW A FREE MARKET SYSTEM WORKS. THIS GROUP SEEKS TO ADOPT MARKET CLEARING PRICE SUPPORTS AND LOAN LEVELS; TO DRASTICALLY REDUCE OR BETTER YET, ELIMINATE AND FORM OF PRODUCTION CONTROLS; TO ELIMINATE THE WORD "SUBSIDY" FROM THE VOCABULARY SO WE CAN POUND OUR CHEST AND SHOUT FOR THE WORLD TO HEAR "WE OPERATE IN A FREE MARKET, SUPPLY-SIDE ECONOMY."

NOT ONLY WILL THESE EFFORTS FALL ON DEAF EARS, THEY WILL PLACE OUR AGRICULTURAL ECONOMY IN A VACUUM: A VACUUM DESTINED TO DESTROY THE AMERICAN FARM AS WE KNOW IT AND A VACUUM WHICH WILL SERVE AS A SPRINGBOARD FOR INCREASED PRODUCTIVITY IN FOREIGN COUNTRIES.

AS A MEMBER OF MANY YEARS STANDING ON THE AGRICULTURE COMMITTEE AND ITS SUBCOMMITTEE ON TOBACCO AND PEANUTS, I AM PAINFULLY AWARE OF THE DIFFICULTY IN DRAFTING AGRICULTURE LEGISLATION. NEVERTHELESS, I AM CONVINCED THAT THE PEANUT TITLE OF THIS FARM BILL REPRESENTS CAPABLE DIRECTION TOWARD MAINTAINING AND FURTHER ACHIEVING ECONOMIC STABILITY FOR ALL CONCERNED.

Every Member of this House is concerned with the Federal deficit. Since 1977, Federal outlays for the Peanut Program have decreased from \$90 to approximately \$5 million annually.

Every Member of this House is concerned with the need to have a strong agriculture export program. Under the Peanut Program currently in force and continued by this title, American peanut growers have become the world's leading exporter of edible peanuts.

Every Member of this House is concerned over the critical situation the farm credit system faces. Not only is H.R. 2100 within the budgetary guidelines adopted by the House, title 8 requires that revenues from profitable peanut associations be applied to any losses from sister associations, thus further decreasing any possible loss to CCC.

Before casting your vote on the amendment before us now, carefully consider the consequences of adopting the amendment. First, the amendment has a price tag to the Government in 1985-86 of approximately \$45 to \$50 million. The 1985 peanut crop simply will not be purchased due to anticipation of lower price support levels in subsequent years. Consequently, the taxpayer will bear the costs.

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Second, you will not see decreased consumer prices. For example, FDA requires all brands of peanut butter to be 90 percent peanuts. In an 18-ounce jar, there is 59 cents' worth of peanuts, yet a name brand averages \$1.78 while generic brands average \$1.35 per jar. Both use edible or quota peanuts.

More to the point, peanut butter in Canada which uses the less expensive additional peanuts sells, on average, 20 percent higher than American brands.

Finally, maintaining the Peanut Program as embodied in title 8 is critically important not only to the farmers in North Carolina, but throughout the country. I urge my colleagues to support adoption of title 8 as reported by the Committee on Agriculture.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Florida [Mr. Fuqua].

Mr. FUQUA. Mr. Chairman, I stand before you today to speak in behalf of one of the best areas of our agricultural commodities program -- a program which is extremely cost effective, has been proven by over 50 years of activity and provides a quality product at minimal, federal cost. I am speaking, of course, of the Peanut Program.

The peanut industry is extremely important to our Nation in that it provides a lucrative product for trade on the world market, as the United States supplies more than half the world's peanuts. However, it affects us more directly here at home. Florida produces 6 percent of the Nation's peanuts and over 85 percent of them are grown in my district. I represent more than 1,200 registered peanut producers, who through their farms, provide jobs for over 3,000 employees. In Florida alone, cash receipts from the program pump \$65 million into the State's economy, with a total of \$350 million contributed by the industry as a whole.

My distinguished colleague from New York, Mr. Lundine, has offered an amendment to phase out the program. Of the reasons he cites to justify eradication, none can be proven. Of particular interest is the argument that a phaseout will reduce consumer prices of peanut products. There is absolutely no evidence that lower peanut prices to farmers will result in lower cost of peanut products. This is confirmed by the fact that between 1977 and 1984, peanut prices increased only 20 percent, while the wholesale price of peanut butter increased 68 percent.

We have many tough decisions to make this year in an effort to curb spending and reduce the Federal deficit. However, as a young farmer growing up in north Florida, an important lesson I learned was "if it's not broken, don't fix it." That is especially true regarding the Peanut Program. This program has a proven track record of providing stability to the family farm and producing a quality product. I urge my colleagues to stand firm for the future of the family farm and the American agricultural system and support the Peanut Program as it is written in the bill.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Alabama [Mr. Shelby].

(Mr. SHELBY asked and was given permission to revise and extend his remarks.)

Mr. SHELBY. Mr. Chairman, if we in Congress had had the vision to restructure agriculture commodity programs as we have the Peanut Program, maybe American agriculture would be in better shape than it is today.

The United States is now the leading world exporter of edible peanuts -- supplying almost 50 percent of the world market. The Peanut Program, in contrast to other commodity programs, has steadily increased exports -- by 41 percent since 1977. That's a record to be proud of, especially against the damaging impact of our strong dollar abroad.

The program operates at a very low cost to Government -- among the lowest of any commodity program and gives consumers, farmers, and manufacturers the highest return on their investment. For stability and consistency, not many programs rank higher.

In my conversations with peanut farmers across Alabama, I've learned that the Peanut Program is one of the few

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bright spots in American agriculture. Alabama's peanut crop ranked fifth in total cash receipts, at \$166.9 million in 1984.

I think there's a misperception that our Peanut Program has an inflationary impact on consumer goods. The fact is that farm-level peanut prices have a moderating effect on consumer prices -- other factors including production and marketing costs have pushed the price of peanut butter up over 50 percent.

Even so, American consumers pay an average of 15 percent less for peanut butter than do Canadians who import all of their peanuts.

Reforms enacted in 1977 and 1981 guarantee a peanut support price and program operation that is closer to that of the free market -- eliminating allotments and permitting anyone, with or without a quota to grow peanuts. Almost 3,000 new peanut farms have been established since 1981 -- over 200 in my State of Alabama alone -- and provisions in H.R. 2100 open up the program to even wider participation.

There's a false sense that because the Peanut Program is operating well -- supplying high quality peanuts at a low cost to the Government -- farmers are reaping in huge profits in an elite, feudalistic system. To the contrary, the average peanut farmer, in Alabama, and nationally, is a small family farmer harvesting less than 100 acres. Our average expenditure per grower was about \$300 during fiscal 1978-83.

Additionally, that farmer is susceptible to the same problems endured by farmers nationwide -- high interest rates and high production costs -- contributing to lower rates of return than the increased revenue figures of 20 percent would suggest.

I urge my colleagues to give their closest attention to the arguments against the Lundine amendment which will effectively gut the Peanut Program. We have a solid, viable commodity program, unique from others, and one which has benefited the entire U.S. peanut industry, benefited consumers and benefited manufacturers. I urge a "no" vote on the Lundine amendment.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Georgia [Mr. Rowland].

(Mr. ROWLAND of Georgia asked and was given permission to revise and extend his remarks.)

Mr. ROWLAND of Georgia. Mr. Chairman, I represent one of the largest peanut-producing districts in this country.

Earlier this year I had some farm forums in my district with over 600 farmers attending, who are diversified farmers. I do not have any rich peanut farmers in my district. Many of my farmers depend on this Peanut Program so they can do other types of farming.

Let me tell you this also, that many others have suggested that perhaps we ought to look at some of our other commodities and pattern those after the Peanut Program, which has been so successful.

Mr. Chairman, I urge you very much to defeat this Lundine amendment.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the gentleman from Oklahoma [Mr. English], a distinguished member of the subcommittee.

(Mr. ENGLISH asked and was given permission to revise and extend his remarks.)

Mr. ENGLISH. Mr. Chairman, I would like to make a couple of points very quickly.

First of all, it should be understood that the Peanut Program is a rare animal, it is a farm program that is working

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today. It is doing the job. I think it would be a serious mistake if we take one of the few programs that is working for our farmers and destroy it through this amendment.

Second, I think we have to recognize this amendment for what it is. It is not a consumer amendment. It is an amendment for those people who are producing peanut products. They are the ones who would benefit.

We have seen this happen time and time again. We have had the price of wheat drop dramatically. In fact, it has fallen by almost 50 percent. Have we seen that passed on to the urban consumer? We have not.

We have seen beef prices fall. Have we seen those savings passed on to the urban consumer? We have not.

I would say to you that we have seen the same thing with regard to sugar. We have not seen those savings passed on to the American consumer.

Therefore, Mr. Chairman, I ask for defeat of the amendment.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina [Mr. Valentine].

(Mr. VALENTINE asked and was given permission to revise and extend his remarks.)

Mr. VALENTINE. Mr. Chairman, I rise in opposition to the amendment.

Peanuts are important to North Carolina. They generate yearly revenues for the State of \$125 million. If we eliminate the peanut price-support system, as some of my honorable colleagues intend, the small peanut farmers of North Carolina will suffer cruelly, along with the economies of the State and Nation. I rise, therefore, in strong opposition to the amendment offered by the gentleman from New York.

The Peanut Program has served the American farmer and consumer for nearly half a century. Since 1938, it has assured plentiful supplies of high quality peanuts at fair and reasonable prices. Because of the Peanut Program, American consumers have enjoyed an inexpensive source of valuable protein, and thousands of American growers have been able to remain on their small family farms.

The most important fact to keep in mind as we discuss the Peanut Program is that it works. During the past 40 years, the program has stabilized the entire peanut industry. It has eliminated wild swings in production and prices. It has answered the needs of producers, handlers, manufacturers, and consumers.

To guarantee a steady peanut supply, the Peanut Program allows peanut production in three separate areas of the country. This pattern has protected the crop from the vagaries of weather and disease. If we allow the Peanut Program to vanish, production would shift from small farmers to large growers. These growers would use powerful mechanized techniques to concentrate production in a single geographical area. This dramatic change would subject peanut prices to wide and erratic fluctuations caused by weather, insects, and disease. Boom-and-bust agriculture would drive untold numbers of family farmers out of the business they love.

Government outlays for the current peanut program are impressively low --

Since 1977, they have fallen by 90 percent, a savings of more than \$500 million.

From 1978 to 1983, Government spending for the peanut program made up only one-tenth of 1 percent of spending for all agricultural commodities.

In 1983, there was no cost at all.

In 1984, only \$1.4 million in program administration allowed the Nation's peanut farmers to produce over \$1,117,800,000 in peanuts. In other words, for the Government's \$1.4 million investment, farmers produced over \$1.1 billion in peanuts. I would say that this was a pretty good investment.

The United States has become the world's No. 1 peanut exporter. With only 10 percent of the world's production, we have captured over 50 percent of the world's trade. This means that peanuts are a noticeable bright spot in an often dismal U.S. trade picture. From North Carolina, a third of the peanut crop is exported overseas, and another one-quarter of the State's production is shipped to locations across this country.

The peanut program has allowed new growers to grow and sell peanuts. Anyone can grow as many peanuts in the United States as they want.

Peanut product manufacturers claim that the peanut program has driven up prices to consumers. A contrasting view emerges, however, when we analyze the price of a product like peanut butter.

The major factors in the price of peanut butter are the costs of packaging, transportation, labor, and marketing, not the cost of peanuts themselves. In fact, the farm level price of peanuts represents only 59 cents out of the \$1.78 retail price of an average jar of peanut butter.

The wholesale price of peanut butter has increased 2 1/2 times as fast as the prices received by our farmers. In other words, from 1977 to 1984, wholesale peanut butter prices increased 68 percent, while the farmer's price of peanuts increased only 28 percent.

The Peanut Program has helped ensure that American peanuts are of the finest quality in the world. The recent importation of peanuts from throughout the world has only provided more proof that American peanuts are better than those grown anywhere else in the world. Imported peanuts have suffered from insect infestations as well as harmful chemical residues. In order to ensure the American consumer a quality food product, we must maintain the present Peanut Program.

Hundreds of small communities, concentrated in relatively small areas, base their economic well-being on peanut production. In my district and the neighboring First, two counties are responsible for no less than 30 percent of North Carolina production. If we eliminate the Peanut Program, I fear a devastating impact on these basically rural counties.

I have been as concerned about reducing the Federal budget deficit as any other Member of the House. But we serve no national purpose by killing a cost-effective program that has served the entire Nation for more than four decades.

I stand with the peanut growers 100 percent. I urge my colleagues to join me in preserving an outstanding success in American agricultural policy.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina [Mr. Hefner].

(Mr. HEFNER asked and was given permission to revise and extend his remarks.)

Mr. HEFNER. Mr. Chairman, I rise in opposition to the amendment.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Oklahoma [Mr. Watkins].

Mr. WATKINS. Mr. Chairman, I stand in opposition against the Lundine amendment and say that just a few years ago we took the allotment from the peanut farmer. During that time we shifted the quota and we lost over one-third of the peanut farmers during that time.

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Also during this particular time we have tried to survive, a lot of the peanut farmers tried to survive on less acreage and with the changes in the policies of the lease, we actually voted more to the peanut farmers. I think the Lundine figures are wrong.

I would like to say that some of the people are wanting the cheapest. Let me tell you, some of us stand up against imports of shoes and steel and other things and now they are trying to wipe out the peanut farmer. I think we need to think about it.

Mr. RAY. Mr. Chairman, the present Peanut Program is one that has been carefully fashioned over the past 10 years through the cooperation of both congressional Agriculture Committees along with all segments of the peanut industry.

The result has been a program that works to the benefit of everyone in the industry as well as the American consumer. It shows that the Federal Government, working in conjunction with the private sector, can fashion a Federal program that did what it was intended to do at very little or no cost to the American taxpayer. It has been a success story.

The program was changed dramatically in 1977 and fine-tuned in 1981. Those changes have allowed an adequate supply of quality peanuts for domestic edible consumption while, at the same time, allowing competitive quality peanuts to assist in developing our foreign markets. The present program allows producers to make a decent return on their investment and, most importantly, it allows them the ability to obtain financing for their peanut and other crops. Destruction of the Peanut Program would only exacerbate the extreme economic problems now being experienced in the agricultural community throughout the United States.

Mr. Chairman, I have heard no great outcry from consumers in my district that they are paying too high a price for peanut products, but I have heard a great outcry from my constituents who work in the peanut industry as to what would happen if the program were destroyed.

In conclusion, let me reemphasize that the Peanut Program works for every segment of the industry. It provides financial support for the growers, but not at the expense of American consumers and this country's taxpayers. Its destruction would create an economic crisis among my producers in Georgia.

Mr. Chairman, I implore my colleagues in the House to support the committee position and oppose the Lundine amendment.

MR. LEWIS OF CALIFORNIA. MR. CHAIRMAN, FOR THE LAST SEVERAL WEEKS, WE HAVE BEEN EULOGIZING THE POOR AMERICAN FARMER. WE HAVE AGONIZED OVER HIS PLIGHT AND HAVE REPEATEDLY PASSED PROVISIONS IN THIS FARM BILL THAT CALL FOR HIGHER PRICE SUPPORTS AND ADDITIONAL PROTECTIONS.

INDEED, SOME FARMERS ARE FACING EXTINCTION. AND THIS BODY HAS DECIDED THROUGH ITS DEBATE THAT THERE SHOULD BE PROTECTION FOR THE MAJORITY OF FARMERS OVER THE NEXT 5 YEARS.

BE THAT AS IT MAY, THE PEANUT PROGRAM, MY FRIENDS, DOES NOT BELONG IN EITHER OF THESE CATEGORIES. FOR IN PEANUTS, A FEW SELECT QUOTA HOLDERS WHO WERE FORTUNATE ENOUGH TO HAVE ANCESTORS WHO GREW THAT COMMODITY, HOLD A VESTED, CONTINUING WINDFALL PROFIT THAT HAS BEEN PASSED DOWN WITH THE LAND.

THE GOVERNMENT GUARANTEED PRICE OF RAW PEANUTS AND PRODUCTION CONTROLS HAVE RESULTED IN NET RETURNS TO THE PEANUT FARMER 4 TO 10 TIMES GREATER THAN IN ANY OTHER COMPETITIVE CROP ON A NATIONAL BASIS, AND 9 TO 20 TIMES GREATER WHEN COMPUTED ON A

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REGIONAL BASIS. FOR EXAMPLE, IF SOYBEAN PRODUCERS ENJOYED A SIMILAR PROGRAM, THE SUPPORT LEVEL WOULD BE \$13 PER BUSHEL, RATHER THAN THE CURRENT \$4.50 PER BUSHEL. THE SUPPORT LEVEL FOR CORN WOULD BE \$4.77 PER BUSHEL, RATHER THAN \$2.65.

CLEARLY, THIS PROGRAM IN ITS PRESENT FORM GUARANTEES MORE THAN A FAIR SHARE OF ECONOMIC RETURN TO AN ELITE FEW.

A LEADING AGRICULTURAL ECONOMIST HAS ESTIMATED, BASED ON USDA FIGURES, THAT THIS YEAR 12 FARMS WITH OVER 1,000 ACRES OF PEANUTS EACH HAVE RECEIVED \$250,000 EACH IN SUBSIDY PAYMENTS FROM THE CURRENT PROGRAM THROUGH ARTIFICIALLY INFLATED PRICES GUARANTEED BY THE GOVERNMENT AND PAID FOR BY THE CONSUMER.

SO, IF WE PHASE OUT THIS ARISTOCRATIC PROGRAM, DO WE DEVASTATE THE LITTLE GUY? I THINK NOT. WITH THIS AMENDMENT, WE WILL ELIMINATE, OVER THE NEXT FEW YEARS, A PROGRAM THAT IS FEUDAL AT BEST, AND AT WORST FACTORS OUT SOUND ECONOMICS AND CROP EFFICIENCY IN THE RUNNING OF PEANUT BUSINESS.

THE MOST OFFENSIVE FEATURE OF THIS PROGRAM IS ITS QUOTA SYSTEM. FIRST, IT BARS ALL FARMERS EXCEPT QUOTA HOLDERS FROM GROWING PEANUTS FOR THE DOMESTIC MARKET. SECOND, IT ALLOWS A SIGNIFICANT NUMBER OF ABSENTEE LANDLORDS TO MAKE MONEY FROM THE GOVERNMENT AND TAXPAYERS WITHOUT EVEN PARTICIPATING IN THE RISKS AND HARDSHIPS OF FARMING BUSINESS. I AM REFERRING TO APPROXIMATELY 50 PERCENT OF THE QUOTAS. THESE ARE HELD BY PEOPLE WHO DON'T FARM. THEY LEASE THEIR LAND TO GROWERS WHO PAY FOR THE PRIVILEGE OF FARMING. FINALLY, QUOTA RESTRICTS PEANUT PRODUCTION TO REGIONS THAT ARE LESS PRODUCTIVE, AND LOCKS OUT FRESH LANDS IN OTHER REGIONS THAT ARE NATURALLY BETTER EQUIPPED TO GROW THEM.

THIS PROGRAM MAKES A MOCKERY OF ALL WE HAVE SOUGHT TO ACHIEVE IN OUR 200 YEAR HISTORY. WHAT WE HAVE HERE IS A SYSTEM THAT REFLECTS MEDIEVAL WAYS WHEN ONLY A HANDFUL OF WEALTHY LANDOWNERS WERE ALLOWED TO PROSPER FROM WORKING THEIR OWN LANDS. TODAY, THE SMALL FARMER IS EFFECTIVELY PROHIBITED FROM PARTICIPATING IN THE U.S. PEANUT MARKET BY OUR OWN INSISTENCE TO SUPPORT A MONOPOLY.

THIS AMENDMENT IS AN OPPORTUNITY TO RID OURSELVES OF THE VESTIGES OF THE PAST. I URGE MY COLLEAGUES TO SUPPORT IT.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the distinguished chairman of the committee, the gentleman from Texas [Mr. de la Garza].

Mr. de la GARZA. Mr. Chairman, let me state that we have heard a lot of figures. I want to tell you I heard a quotation once that said, "Facts are the enemy of truth." So forget all the facts and listen to the truth.

I wish that my colleagues and the author of this amendment and those who support it, I wish you could come with me to Floresville in Wilson County, TX, when the peanut growers come and meet with me. I wish you could see how they dress. I wish you could see in their faces the pleading for all of agriculture, for rural America; so I ask my colleagues, we are still the best fed people in the world for the lowest amount of disposable income. Even in peanuts the lowest part of the price goes to the farmer. If you want to reduce peanut butter or candy prices, talk to your big manufacturers, that is where the highest percentage of the consumer cost is.

Mr. Chairman, we just lost an amendment because of philosophical differences. I plead with my colleagues, we cannot send the wrong message out there to the farmers that are dying on the farms -- and make no mistake, the peanut growers are in the same position as corn and wheat farmers.

The problem is not only with the Peanut Program, or with figuring a way to phase it out. As a matter of fact, in California, almonds are in trouble, walnuts are in trouble, pistachios are in trouble, all the nuts in California are in trouble.

Mr. LUNDINE. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, I think I heard an objection from one nut from California, excuse me.

In conclusion, Mr. Chairman, I think that my friend and respected colleague from Texas has said it correctly. If you are going to vote against the Lundine amendment, you are going to have to forget the facts. The facts as demonstrated during this debate, there is no refutation on the consumer price increase of 14 percent in the jar of peanut butter. It is established. It is established by documented evidence and it cannot be argued that it does not drive up consumer prices.

Now, the point has been made, do consumer prices come down as they go up? We have experience with that. Following the 1980 drought, the prices went up in 1981, but they also came down in 1982 and 1983; so I think that there is price elasticity here.

There has been no demonstration that more producers, as the gentleman from California has stated, would be of any harm to anyone in this country.

The Lundine amendment is a proproducer, proagriculture bill. You could grow peanuts in California. You can grow peanuts in lands all over this country.

Why have we seen such a parade of my dear friends to the well? Because they are protecting the quota holders, who can only grow peanuts for domestic consumption on their lands, and I do not blame them for protecting them; but one can see what could happen if we opened it up. It would be to the benefit of efficient producers and consumers alike.

Finally, I would like to ask the attention of my colleagues to again reflect on the fact that this is not like any other agriculture program. This Peanut Program is a boondoggle, with import restrictions, with quotas on production, with favored preferences for certain producers over other producers.

It is the most complicated, unworkable, indefensible program imaginable, except for those who are favored, and I do not blame folks who are favored to fight for their position.

In conclusion, let me say that the Lundine amendment is a compromise. Four years ago I moved to strike out the Peanut Program immediately, cold turkey. Today we are moving to phase it out over a reasonable period of time. The allotments, the feudalistic system, have had enough time.

Vote for the Lundine amendment. It is a reasonable compromise.

Mr. ROSE. Mr. Chairman, I yield myself the final minute.

Mr. Chairman, this has been a remarkable argument and a remarkable debate, but to hear again my friends say that the Peanut Program is a boondoggle is only to remind myself and my colleagues that the gentleman is fighting valiantly for those who manufacture peanut butter in his district.

I submit, if my farmers gave their peanuts to the candy and the peanut butter manufacturers of this country, the peanut companies would still object because our attitude would be wrong.

One cent is all there is in a Snickers bar. If we cut peanuts in half, do you think the Snicker bar is coming down 50 percent? No.

If we give the peanuts to the people who make peanut butter, how much do you think they are going to pass on to

the consumer? The answer is zip.

We are at rockbottom of a no-cost Peanut Program. We are struggling to survive in rural America. We have a program that works. We do not subsidize water that irrigates in California.

Mr. Chairman, vote down the Lundine amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. Lundine], as modified.

The question was taken; and the Chairman announced that the noes appeared to have it.

#### RECORDED VOTE

Mr. LUNDINE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were -- ayes 195, noes 228, not voting 11, as follows:

(See Roll No. 334 in the ROLL segment.)

The Clerk announced the following pairs:

On this vote:

Mr. Berman, for, with Mr. Barnard, against.

Messrs. GRAY of Illinois, OWENS, and DWYER of New Jersey changed their votes from "no" to "aye."

So the amendment, as modified, was rejected.

The result of the vote was announced as above recorded.

#### PERSONAL EXPLANATION

Mr. LEWIS of Florida. Mr. Chairman, on rollcall No. 334 I am recorded as voting "aye." I had intended to vote "nay."

The CHAIRMAN. Are there further amendments to title VIII?

#### AMENDMENT OFFERED BY MR. COMBEST

Mr. COMBEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Combest: Title VIII, page 169, before the period on line 9, insert the following: " PROVIDED, That, notwithstanding any other provision of this section, in the case of any county within the State of Texas for which a poundage allocation to such county was less than ten thousand tons for the preceding year's crop, transfers (including transfer by sale or lease) from an owner or operator of a farm from such county shall be permitted to any other owner or operator of a farm in any other country within the State."

Mr. COMBEST (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as

read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement previously entered into, there are 10 minutes left under title VIII.

The gentleman from Texas [Mr. Combest] will be recognized for 5 minutes in support of his amendment.

Mr. COMBEST. Mr. Chairman, the amendment is short. The amendment would allow within the State of Texas the transfer by sale or lease within counties of less than 10,000 tons quota to counties beyond the county line.

Basically what it would do would be to change and allow outside transfer of those allotments into smaller counties.

Mr. Chairman, this is not a mandatory program. It would be completely voluntary. It would only be if the individual who owned that allotment in the smaller county wanted to sell or lease to an outside county, and it would be a no-cost amendment and simply would transfer that allotment to another area. It would not increase the allotments or increase the quotas, but rather allow a farmer who did not wish to produce under that quota to sell or lease to another farmer who did wish to.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. COMBEST. I yield to the gentleman from Kansas.

(Mr. ROBERTS asked and was given permission to revise and extend his remarks.)

Mr. ROBERTS. Mr. Chairman, this is an amendment that is limited to the State of Texas. The proposal would offer new growers an opportunity to obtain poundage quotas without adversely affecting existing growers in the State. It would correct the situation under current law where quotaholders are frozen, a system that is perpetuated, with a few limited exceptions, by H.R. 2100. Essentially the only persons who can hold quotas are those who held them years ago. New growers are limited to a second-class citizenship, to the production of additional peanuts at a support rate that is several hundred dollars a ton lower than the rate for quota peanuts.

The proposal would apply solely to counties in Texas having a quota of less than 10,000 tons and is patterned after existing law which permits the transfer of quotas from one county to another within States having a quota of less than 10,000 tons. The effect of the proposal in Texas is to authorize out of county transfers of approximately half the total State quota of 300 million pounds.

The proposals should not adversely affect any existing growers -- it is to their advantage. A transfer outside a county would be entirely up to the election of the quotaholder. If he did not wish to make the transfer, he could not be forced to do so. Even if the quotaholder made the quota available for transfer outside the county, it could be retained within the county if local producers successfully competed in the bidding.

The reason that the amendment applies solely to Texas is that in recent years producers in west Texas have begun to produce peanuts. They have proven their ability to grow peanuts efficiently. They want to continue to do so on a parity with other producers in the State. They have been restricted, however, to the production of additional peanuts. To some extent in the past they have been able to obtain the benefits of a higher price than the loan rate for additional peanuts because the quota was not sufficient to meet the demand for domestic edible peanuts and the deficiency was made up through the sale of additional peanuts under loan. The west Texas producers received the benefit of the profits realized on these sales -- referred to in the trade as sales under the "buy-back provision."

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H.R. 2100 has largely closed this opportunity. It has increased the quota so that the entire demand for domestic edible peanuts will henceforth be filled by quota peanuts. Additional peanuts will rarely, if ever, be able to share in supplying the demand for domestic edible peanuts. The increase in the quota is not being allocated to new growers -- rather it will be divided among all farms that produced peanuts in two out of the past 3 years. Only a fractional share of the increased quota would go to new growers.

Even if the entire amount were to be allocated to new growers, that alone is not the answer. New growers within the State should be able to share in quotas which an old grower wishes to sell or lease. There is no reason for discriminating against these growers merely because they happen to farm in a different county than the county in which the quota is located.

Mr. BROWN of California. Mr. Chairman, would the gentleman yield?

Mr. COMBEST. I appreciate the support of the gentleman from Kansas.

I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I intend to support the gentleman's amendment. I think it will improve the operation of the program.

I just wish that he would be willing to consider an amendment to make it possible to extend the quota to California also. Would the gentleman consider doing something like that?

Mr. COMBEST. I can understand the gentleman's concern, but I would be reluctant to do that simply because we have tried to work this program out within Texas, within some problems that we have there, particularly in my district. Again, I certainly understand the concerns of the gentleman from California, because again we have those same concerns in Texas.

However, sir, I would be reluctant to accept that amendment, and I feel there would be some reluctance to accept it on the other side as well.

Mr. BROWN of California. I thank the gentleman for his concern.

Mr. COMBEST. You are very kind, sir.

Mr. Chairman, I reserve the balance of my time.

Mr. de la GARZA. Mr. Chairman, I rise in opposition to the amendment, and I do so with a great deal of respect and admiration for our other Member from Texas.

Mr. Chairman, we just voted on sustaining the committee on a very carefully drafted provision in the peanut area. There is provision there for movement, there is provision there for growth. There is provision there for sharing, for expansion.

This amendment would throw this all out of kilter, only for the State of Texas. I hate to take issue with my colleague from Texas. You might say this is a family affair in Texas, but it is unfair to the other States.

What we have in the legislation is room for growth for all of the States. What we have in the legislation for expansion is for all of the States, and we have in our committee report also considered the need of this area of Texas. We are working, but it is a very delicate situation.

This amendment would only unravel everything that we have done. This amendment would only be applicable in Texas, and I have to be chairman for all of the Nation, Mr. Chairman. We have to be members of the committee for all

of the Nation, and we have to provide national legislation.

This amendment is not in that tone and would not have that effect. On the contrary, it might have a tendency to disrupt in Texas where the manufacturers or where the shellers are, and it would be a disruption that eventually would be disastrous to both sides of the issue and where peanuts are grown in Texas.

I would hope that my distinguished colleague would continue working with us, as he has, continue working as diligently as he has. I assure you that he makes a valuable contribution to our committee. He is a valuable member of our committee, and it is with great pain personally that I have to oppose his amendment.

But we are dealing with national legislation. We cannot single out, we cannot carve out. We are trying very diligently to meet his need and we will continue to do so, I assure you.

So for the best interests of all concerned, I would hope that the committee, that our colleagues, would sustain the committee and vote no on the amendment so that we might continue working together to meet his needs, but doing it in an orderly fashion as we are already doing.

Mr. COMBEST. Mr. Chairman, to the distinguished chairman of the committee, for whom I have a great deal of respect, and certainly through the past several months in the development of a program, and certainly here with his able leadership on the floor, I would say that I would in no way want to only restrict this to Texas. Possibly that would be good, and if the chairman would desire, maybe we should consider what the gentleman from California, Mr. Brown, said, and make it a national amendment. I would not just want to restrict this to Texas and, you know, it has been a problem we have been trying to deal with in Texas. I would certainly not want the other Members of the body to think I was shorting them simply by trying to work within Texas only, and certainly I would be willing to accept that, if that is what the chairman wished.

I would certainly be continually willing to try to work with him and the Members on the committee to try to work this problem out.

I reserve the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. Combest].

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title VIII?

Mr. VENTO. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentleman from Minnesota [Mr. Vento] is recognized.

There was no objection.

Mr. VENTO. Mr. Chairman, I would like to engage in a colloquy my colleague from California, the chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, Mr. Panetta, concerning the Temporary Emergency Food Assistance Program [TEFAP].

Mr. PANETTA. I would be pleased to enter into a colloquy with the gentleman from Minnesota.

Mr. VENTO. The TEFAP program has been extremely beneficial for low-income households in Minnesota and I would like to thank the gentleman and the committee for their commitment to this program and their work to improve the TEFAP program. As you are aware, the TEFAP program provides hunger relief to needy individuals through monthly mass distributions of Government surplus commodities. Most affected households are experiencing long-term

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unemployment and persistent poverty and depend upon these commodities as a part of their daily food intake. And according to statistics that I have received from Minnesota food banks, the need for commodities has been increasing. As an example, in a food shelf in southern Minnesota, an area hard hit by the current agriculture crisis, the number of individuals through the door had increased almost tenfold between 1982 and 1984.

However, I am concerned about the problem that has been brought to my attention which is affecting my home State of Minnesota and approximately 15 other States, that will effectively cut Minnesota's allocation of cheese in half. The Secretary of Agriculture, exercising his discretionary authority, terminated an aspect of this program that allowed States to process bulk cheese. Minnesota, along with these 15 other States, have processing facilities within the State and had previously been processing 40-pound blocks of surplus cheese. The States received these surplus commodities and then processed them into 2- and 5-pound packages for distribution. This amount was in addition to the States' allocation of prepackaged 2- and 5-pound parcels of cheese.

This reduction in Minnesota's cheese allocation is occurring at a time when the demand for the cheese is actually rising. Not only is the need increasing in southwestern Minnesota, but throughout the rest of the State as well. If Minnesota is forced to absorb the anticipated shortfall resulting from the Secretary's decision, the needs simply will not be met.

I am very pleased with the USDA allocation that distributes approximately 500,000 pounds of cheese a month to Minnesota; however, if there is bulk cheese available for processing, and Minnesota along with other States have the facilities to process it, why shouldn't the States receive these allotments?

The real question here is not regarding the size or the makeup of the cheese, the question is, what is the amount of cheese available for distribution and will that amount be distributed as it is available? I would hope that the Secretary, when exercising his discretionary authority over this distribution program, takes into consideration the needs of the low-income individuals who are being helped by this program.

Mr. PANETTA. Mr. Chairman, if the gentleman will yield, I appreciate the gentleman bringing this matter to my attention and I would like to assure the gentleman that it is the intent of the committee that surplus commodities of cheese -- processed or nonprocessed -- be continued to be made available to the States in quantities sufficient to serve needy Americans, to the extent that this processed and nonprocessed cheese is available to the Secretary, and can be distributed consistent with legal requirements. I see no reason why distribution should have been reduced in recent months unless a shortage of processed or nonprocessed cheese has developed. As far as I know, the demand for surplus commodities remains high and the supply of cheese is considerable.

Mr. VENTO. I thank the gentleman for his assurances and for participating in this exchange, and am satisfied that the committee language and intent will insure the distribution of both processed and nonprocessed cheese as is necessary to serve the needy.

The CHAIRMAN. Are there amendments to title IX?

Are there amendments to title X, General Commodity Provisions?

Are there amendments to title XI?

Mr. de la GARZA. Mr. Chairman, are we still on title X?

The CHAIRMAN. The Chair will state that we can go back to title X.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent that we return to title X.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there amendments to title X?

#### AMENDMENTS OFFERED BY MR. MADIGAN

Mr. MADIGAN. Mr. Chairman, I offer two amendments to title X, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Illionis?

There was no objection.

The CHAIRMAN. The Chair would inquire of the gentlemen, are these amendments printed in the Congressional Record?

Mr. MADIGAN. Yes, they are, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. Madigan: Title X, page 239, after line 19, insert the following new section:

#### MARKETING YEAR

Sec. 1028. Section 301(b)(7) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(7)) is amended by striking out "Corn, October 1 -- September 30;" and inserting in lieu thereof "Corn, September 1-August 31."

Title X, page 239, after line 19, insert the following new section:

#### ANALYSIS OF INFORMATION -- CONFIDENTIALITY

Sec. 1029. (a) Neither the Secretary, nor any other officer or employee of the Department of Agriculture (hereinafter "the Department") or agency thereof, nor any other person may --

(1) Use the information furnished generally pursuant to sections 1622(g) and 2204(a) of title 7, United States Code, and specifically pursuant to sections 471, 501, 951, and 2248, title 7, United States Code, section 42, title 13, United States Code, and section 1516(a), title 15, United States Code, for any purpose other than statistical purposes which are defined as the development or reporting of aggregate data in such a way that the identity of specific establishment or individual data is not discernible and is not material to the intended uses of the data, or (2) disclose such information to the public unless it has been transformed into statistical or aggregate formats that do not allow the identification of the establishment or individual who supplied particular information.

(b) No department, agency, officer, or employee of the Government except the Secretary in carrying out the general purposes of sections 1622(g) and 2204(a), title 7, United States Code, and the specific purposes of sections 471, 501, 951, and 2248, title 7, United States Code, shall require for any reason, copies of the statistical information provided to the Department which have been retained by any such establishment or individual. Copies of such information which have been so retained shall be immune from mandatory disclosure of any type including legal process, and shall not, without the consent of the individual or establishment concerned, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(c) Any person who shall publish, cause to be published, or publicly release information collected pursuant to,

generally, sections 1622(g) and 2204(a) of title 7, United States Code, and specifically pursuant to sections 471, 501, 951, and 2248, title 7 United States Code, section 42, title 13, United States Code, and section 1516(a), title 15, United States Code, in any manner or for any purpose prohibited in section (a) shall be fined not more than \$10,000 or imprisoned for not more than one year, or both.

Mr. MADIGAN [during the reading]. Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I am happy to yield to my distinguished chairman.

Mr. de la GARZA. Mr. Chairman, I would advise the membership and my distinguished colleague that we have examined both amendments, as offered en bloc, and we have no objection to the amendments.

Mr. MADIGAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Illinois [Mr. Madigan].

The amendments were agreed to.

The CHAIRMAN. Are there other amendments to title X?

Are there amendments to title XI?

AMENDMENT OFFERED BY MR. DURBIN

Mr. DURBIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Durbin: Page 260, beginning in line 1, strike out "export subsidies" and all that follows through line 2, and insert in lieu thereof the following: "subsidies (including export subsidies, tax rebates on exports, financial assistance on preferential terms, provisions of funds to cover operating losses, assumption of costs or expenses of production, processing or distribution, differential export taxes or differential export duty exemptions, domestic consumption quotas, and other methods of furnishing or ensuring the availability of raw materials at artificially low prices) or other unfair trade practices of a foreign country that directly or indirectly benefit producers, processors, or exporters of agricultural commodities in that foreign country; and".

Mr. DURBIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Chair would inquire, was the amendment printed in the Congressional Record as of September 24?

Mr. DURBIN. Yes, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois [Mr. Durbin] is recognized for 5 minutes.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. DURBIN. I yield to the chairman of the committee.

Mr. de la GARZA. Mr. Chairman, I would inform the membership that we have examined the amendment and have no objection to it.

Mr. DURBIN. Mr. Chairman, the amendment which I have offered will strengthen the Secretary of Agriculture's authority to counteract export subsidies and other unfair trade practices which have resulted in the loss of U.S. agricultural export markets. This amendment broadens the current provisions of H.R. 2100 which require the Secretary of Agriculture to develop a program to counteract foreign "export subsidies" through the use of Commodity Credit Corporation stocks or funds.

Nations seeking to subsidize their exports have increasingly begun to develop new ways of achieving this result without violating the traditional definition of an "export subsidy." For example, Brazil and Argentina now employ a differential export tax system which has the same effect as an export subsidy. Spanish domestic consumption quotas on soybean oil and tax rebates on the export of soybean products have also hurt United States exports.

As a result of these practices, U.S. export revenues from soybeans and soybean products have declined significantly. The U.S. share of world soybean meal markets has decreased from 78 percent in 1973-74 to 30 percent in 1983-84. The U.S. share of soybean oil products decreased from 70 to 24 percent during this period. The U.S. balance of trade on soybean-related export earnings decreased from \$8 billion in 1980 to only \$5 billion in 1985.

The soybean industry sought relief from these practices through a petition filed in June 1983 under section 301 of the 1974 Trade Act. Despite the serious impact of these practices on U.S. exports, no relief has been granted by the U.S. Trade Representative. Apparently, our trade officials have been reluctant to act on these practices because GATT officials have not specifically identified practices such as those used by Brazil and Argentina against United States soybean processors as "export subsidies."

This amendment is designed to expand the authority given to the Secretary of Agriculture in H.R. 2100 to counteract export subsidies to include other unfair trade practices. The amendment also defines subsidies to include a number of specific practices such as differential export taxes, differential export duty exemptions, tax rebates on exports, financial assistance on preferential terms, funds to cover operating losses, and other methods of assuring the availability of raw materials at artificially low prices which have undermined the competitiveness of U.S. exports.

International markets are critically important to our Nation's agricultural economy. For example, soybean processors purchase approximately 60 percent of America's soybean crop to produce soybean meal and soybean oil. The loss of these markets will result in the further deterioration of farm prices. The loss of these markets will also jeopardize the jobs of 11,000 workers in the U.S. soybean processing industry.

I urge you to support this amendment to strengthen the Secretary of Agriculture's authority to protect U.S. agricultural producers from export subsidies and other unfair trade practices.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DURBIN. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding, and I advise the gentleman that we have had a chance to review his amendment. We think that it is a very good amendment and hope that it will be adopted.

Mr. DURBIN. Mr. Chairman, in light of the statements by the chairman and my colleagues, the gentleman from

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Illinois, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. Durbin].

The amendment was agreed to.

Mr. CONTE. Mr. Chairman, I ask unanimous consent to return to title X for one amendment, a bee amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

Mr. de la GARZA. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Conte: Page 211, line 12, add the following after the period: "The term "payments" as used in this section shall include the amount by which any repayment of construction costs pursuant to Federal reclamation law (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof and supplementary thereto) is exceeded by the full cost, as defined by section 202(3) (A)-(C) of the Reclamation Reform Act of 1982 (Public Law 97-293, 96 Stat. 1263), less \$5,000."

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. CONTE. Mr. Chairman, I'm offering today what I call the "Conte Killer Bee" amendment, because I'm going to try and kill one of the most outrageous price support programs we've got going: the honey price supports. To those who will be fighting my amendment, I know what you'll say about this program: "How sweet it is."

How sweet it is that more than 75 percent of the honey produced in the United States is purchased by the Government.

How sweet it is that virtually every ounce of honey sold in the United States today comes from a foreign country.

How sweet it is that just about 30 percent of the honey producers in the United States get 90 percent of the benefits: one farmer got over \$1 million.

How sweet it is that the 3 million pounds of honey is stored in a private warehouse at a cost of \$3,000 per month.

Well, Mr. Chairman, I'm here to put an end to this boondoggle which costs the Government \$100 million a year. It's a honey of a deal to a few queen bees, but it's the taxpayer who's getting stung.

Now, I don't want to drone on about this amendment, but I've been buzzing about this issue since the GAO report came out which recommended elimination of this wasteful program. I've combed through that report, and I don't want to bumble on this amendment. It's a sticky problem, but we've got to deal with it.

My amendment simply eliminates the program. It doesn't work: back in the 1950's, when honey prices dropped, Congress had a legitimate interest in insuring that enough beekeepers stayed in business to provide pollination. I'm a farmer myself -- and I like the bees who pollinate my tomato plants.

For years and years, the program worked well: The support price remained well below the market price, beekeepers sold to the market, and the programs cost virtually nothing.

But in 1981, we reached the crossover point: the hives opened up. Argentina, Canada, Mexico, and the People's Republic of China began sending in imports of honey to plug the gap caused from a decline in domestic production. Honey prices went up, and last year -- now, listen to this -- the Government was buying almost 120 million pounds of honey.

The administration supports my amendment. "It's probably the most absurd program we administer," said an official from the Agriculture Department.

This program is so out of wax that even the bees are laughing. And these beekeepers are raking in the dough, laughing all the way to the bank. They should be ashamed of themselves.

Shame on you, the queen bees of the honey industry. Shame on you, for horneting in on this boondoggle. These people are hoping that my amendment goes down today, hoping that it won't fly. They're swarming around here, trying to kill this amendment, but let me tell you: Even Winnie the Pooh wouldn't stick his paw into this honey pot.

The CHAIRMAN. Will the gentleman from Massachusetts give the Chair his attention on this issue?

The Clerk reported an amendment offered by the gentleman from Massachusetts dealing with reclamation.

It would be in order for the gentleman from Massachusetts [Mr. Conte] to ask unanimous consent that the amendment as reported be the one that the gentleman printed in the Record and spoke to concerning honey. Does the gentleman make that request at this time?

Mr. CONTE. Mr. Chairman, I ask unanimous consent that the amendment that I offered pertain to this honeybee amendment. The Clerk now has it at the desk.

The CHAIRMAN. Without objection, the Clerk will report the amendment.

There was no objection.

The Clerk read as follows:

Amendment Offered by Mr. Conte:

(1) Section 201 of the Agriculture Act of 1949; 7 U.S.C. 1446 is amended by striking in the first sentence the word "honey."

(2) Subsection (b) of such section is hereby repealed.

The CHAIRMAN. Does the gentleman from Texas continue to reserve on his point of order?

Mr. de la GARZA. Yes. Mr. Chairman. This is the amendment I was reserving the point of order on.

POINT OF ORDER

Mr. de la GARZA. Mr. Chairman, if I may be heard on my point of order, I would not object to the gentleman having made his plea for the amendment. But the amendment as printed in the Record, Mr. Chairman, does not designate a proper page or title or section of the bill, and for that reason I would submit that it is out of order.

The CHAIRMAN. Does the gentleman from Massachusetts [Mr. Conte] wish to be heard?

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Mr. CONTE. Mr. Chairman, when we submitted the amendments, unfortunately the printer put them en bloc. That was the unfortunate part, but I feel the amendment is germane, and it is germane to section X of the bill.

The CHAIRMAN (Mr. Bonior of Michigan). The Chair is prepared to rule.

The Chair will rule that the amendment as submitted was not correctly printed as a separate amendment, and the Chair will sustain the point of order of the gentleman from Texas.

#### AMENDMENTS OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I ask unanimous consent that the three amendments that I now offer be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska for consideration of the amendments en bloc?

Mr. LENT. Reserving the right to object, Mr. Chairman, and I will not object, I would just like to ask the gentleman if any of these amendments have to do with the so-called preference laws.

Mr. BEREUTER. Mr. Chairman, if the gentleman will yield, I would say to the gentleman that none of the three has anything to do with cargo preference. They are studies for the U.S. Department of Agriculture on other subjects.

Mr. LENT. If the gentleman would yield further, these amendments do pertain to title XI, and the Committee has now reached the point in our deliberations where we are on title XI.

Mr. BEREUTER. Yes, that is my understanding, and that is how I am acting.

Mr. LENT. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I withdraw my reservation of objection.

#### PARLIAMENTARY INQUIRY

Mr. de la GARZA. Mr. Chairman, what is the parliamentary situation?

The CHAIRMAN. The parliamentary situation is that the gentleman from Nebraska has asked that his amendments be considered en bloc.

Is there objection to the request of the gentleman from Nebraska?

Mr. de la GARZA. Reserving the right to object, Mr. Chairman, I do so only to inform the gentleman that we are still studying his amendments, and there is a possibility that we might not be fully in accord with one of them. I wonder if the gentleman would continue with one of the amendments and make his request later.

Mr. BEREUTER. Mr. Chairman, if the gentleman will yield, I would be pleased to do that. I would ask the Chairman which one he would want me to avoid.

Mr. de la GARZA. The agreement with Brazil on wheat and soybeans.

The CHAIRMAN. Does the gentleman object?

Mr. de la GARZA. Would the gentleman acquiesce to the request of the Chairman?

Mr. BEREUTER. I would be pleased to do that.

Mr. de la GARZA. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. The gentleman from Nebraska [Mr. Bereuter] will restate his request.

Mr. BEREUTER. Mr. Chairman, I ask unanimous consent that my amendments numbered 2 and 4 be considered en bloc.

Mr. CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered By Mr. Bereuter: Title 11, on page 282 following line 18 add the following new section:

#### STUDY RELATING TO BRAZILIAN ETHANOL IMPORTS

Sec. 1155. The Secretary of Agriculture shall conduct a study to determine the impact that the import of Brazilian ethanol has on the domestic price of corn and other grains and the domestic ethanol refining industry. The Secretary of Agriculture shall also, in consultation with the International Trade Commission and the United States Trade Representative, determine what relief should be granted because of the interference of subsidized Brazilian ethanol with the domestic ethanol industry. Not later than 60 days after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Title XI, on page 274 after line 18 add the following new section:

#### STUDY TO REDUCE FOREIGN EXCHANGE RISK

Sec. 1132. The Secretary of Agriculture shall conduct a study to determine the feasibility, practicability and cost of implementing a program to reduce the risk of foreign exchange fluctuations that is incurred by the purchasers of United States agricultural exports under United States export credit promotion programs. The purpose of the study is to examine whether the GSM-102 program and all other United States export credit initiatives relating to agricultural exports would be enhanced by the United States assuming the foreign exchange risk of the buyer which resulted from a rise in the value of the United States dollar compared to the trade-weighted index of the dollar. The index referred to is the "trade-weighted index" published by the Department of Commerce as a measurement of the relative buying power of the dollar compared to the currencies of nations trading with the United States. The elements of the program to be considered in this study would include the following:

(1) On the date a foreign buyer receives GSM-102 or other credit for purposes of purchasing United States agricultural products, the maximum loan repayment exchange rate would be tied to the trade-weighted value of the United States dollar on the same date.

(2) If in the future the United States dollar gains in strength (a higher trade-weighted index), the buyer would continue to repay the loan at the lower value fixed at the time the GSM-102 credit was extended.

(3) If the United States dollar falls in value during the term of the repayment period, the foreign buyer could calculate his repayment on the lower dollar value.

(b) Not later than six months after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and

Forestry of the Senate.

Mr. BEREUTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

Mr. de la GARZA. Mr. Chairman, reserving the right to object, will the gentleman kindly identify the amendments beyond Nos. 3 and 4?

Mr. BEREUTER. Mr. Chairman, if the gentleman will yield, I would say to the committee chairman that the one that the chairman raised questions on is the one labeled "3," which is the Brazilian soybean and wheat exchange amendment. Amendment No. 2 is the one that requires a study of the impact of the Brazilian ethanol imports. Amendment No. 4 includes a study of the UDSA of the foreign exchange risk. So I am not taking up the one on which the chairman had a question.

Mr. de la GARZA. Let me ask the gentleman if he has another amendment, No. 1; is that another sequence?

Mr. BEREUTER. I am not taking that up at this time, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The CHAIRMAN. The gentleman from Nebraska [Mr. Bereuter] is recognized for 5 minutes.

Mr. BEREUTER. Mr. Chairman, in order to expedite the procedure here, I did ask that these two amendments be considered en bloc. Both are related to studies which the Department of Agriculture would make.

The first of those two studies that I am going to discuss. This one labeled "No. 2," would require a study of the impact of Brazilian ethanol imports. This is a proposed study to which the Department has no objection. I believe, that given the situation we have had in recent months, it is particularly opportune that this study be conducted. I would be very pleased to answer questions about it if there are any at this time.

Mr. Chairman, this amendment would require the Secretary of Agriculture to conduct a study to determine the impact that the import of Brazilian ethanol has on the domestic price of corn and other grains, and the domestic ethanol refining industry. The Secretary of Agriculture shall also, in consultation with the International Trade Commission and the U.S. Trade Representative, determine what relief should be granted because of the interference of subsidized Brazilian ethanol with the domestic ethanol industry.

On August 26, the U.S. Customs Service and Treasury Department announced a decision exempting certain marketers and traders from the Customs Service's earlier decision to impose a 60-cent duty on blended ethanol imports. This decision could allow up to 500 million gallons of imported ethanol to enter this country duty free.

The impact of this ill-timed decision is disastrous:

First, 200 million bushels of corn will not be converted into ethanol in the United States in a year when the United States has a bumper crop of corn.

Second, adding 200 million bushels of corn to the U.S. market could drive down the price of corn 15 cents a bushel, according to the National Corn Growers.

Third, \$1.2 billion in American farm income will be lost if the price of corn is reduced 15 cents a bushel.

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Fourth, the U.S. Treasury will lose \$300 million in import duties on the foreign-made ethanol. The Treasury will also face the added expense of purchasing and storing the surplus corn.

At a time when the American farmers are facing an economic crisis and we are confronted with a massive Federal deficit, this decision only aggravates a bad situation.

It is my sincere hope that the USDA will recognize the seriousness of this decision on imported ethanol and do everything within its power to persuade the other branches of the Federal Government responsible for decisions that it was a drastic mistake with monumental consequences for an already depressed agricultural economy.

If Members have questions, I would be happy to answer them at this time, and I urge my colleagues to support this amendment.

The second proposed study relates to the foreign exchange risk program. Again, it is a proposed study by the USDA attempting to ensure that as we have commercial sales of products, that the buyer and the seller are held in less risk by fluctuations in currency rates. I would be pleased to answer any questions about these two proposed studies if there are any at this time.

Mr. Chairman, this amendment is straightforward. It creates no additional burden on the budget, and it is a program which I believe the Department of Agriculture will seriously contemplate implementing once they have conducted the study which this amendment would require.

In 1981, U.S. agricultural exports peaked at \$41.5 billion. By 1984, our total agricultural exports fell to \$31.5 billion. Next year, estimates show that agricultural exports will drop below \$30 billion for the first time since the mid-1970's.

Since 1981, the United States has lost a total of \$36 billion in agricultural exports. As a result of these losses, the general economy has been deprived of economic activity that would have added \$300 billion to the Nation's gross national product. In the absence of any downturn in exports, millions of jobs could have been added to the economy. Government costs of farm programs could have been slashed. Economic recovery could have buoyed the agricultural industry, generating wealth, and advancing the welfare of the Nation.

One of the major contributing factors in the decline of our agriculture exports has been the fear of foreign countries that the cost of U.S. agricultural products purchased under multiyear credit programs that their cost of repayment will escalate, or increase, with fluctuations in the dollar.

Basically, this amendment would require the Secretary of Agriculture to conduct a study to determine the feasibility, practicability, and cost of implementing a program to reduce the risk of foreign exchange fluctuations to foreign purchases of U.S. agricultural exports. The purpose of the study is to examine whether the GSM-102 program and all other U.S. export credit initiatives relating to agricultural exports would be enhanced by the United States assuming the foreign exchange of risk of the buyer which resulted from a rise in the value of the U.S. dollar compared to the trade-weighted index of the dollar. The index referred to is the trade-weighted index published by the Department of Commerce as a measurement of the relative buying power of the dollar compared to the currencies of nations trading with the United States. The elements of the program to be considered in this study would include the following:

First, on the date a foreign buyer receives GSM-102 or other credit for purposes of purchasing U.S. agricultural products, the maximum loan repayment exchange rate would be tied to the trade-weighted value of the U.S. dollar on the same date.

Second, if in the future the U.S. dollar gains in strength, a higher trade-weighted index, the buyer would continue to repay the loan at the lower value fixed at the time the GSM-102 credit was extended.

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Third, if the U.S. dollar falls in value during the term of the repayment period, the foreign buyer could calculate his repayment on the lower dollar value.

If members have questions, I would be happy to answer them at this time, and I urge my colleagues to support these two amendments.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I would be pleased to yield to the chairman.

Mr. de la GARZA. I thank the gentleman for yielding.

I would advise the gentleman that these two amendments, his titles II and IV, we would have no objection to on this side.

Mr. BEREUTER. I thank the chairman.

I yield to the gentleman from Iowa, my neighbor and friend.

Mr. BEDELL. I commend the gentleman for his amendments, and I would certainly support them.

Mr. BEREUTER. I thank the gentleman for his comments.

Mr. Chairman, I yield back the balance of my time on these two amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Nebraska.

The amendments were agreed to.

#### AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gilman: Page 244, line 12, after "title II" insert "and section 311".

Page 248, at the end of line 22, add the following: "The minimum allocation requirements of this clause apply with respect to commodities and products made available under this subsection for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to commodities and products made available to carry out section 311 of that Act."

Page 252, after line 23, insert the following:

"(C) The minimum quantity requirements of subparagraphs (A) and (B) apply with respect to the eligible commodities to be made available for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to eligible commodities made available to carry out section 311 of that Act."

Page 253, line 1, strike out "(C)" and insert in lieu thereof "(D)".

Page 253, after line 18, insert the following new section:

FOOD FOR PROGRESS PROGRAM AND PRIVATE ENTERPRISE PROMOTION

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Sec. 1107. (a) Title III of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727-1727g) is amended by adding at the end thereof the following new section:

"Sec. 311. (a) The President is authorized to negotiate and carry out agreements with developing countries, that have made commitments to agricultural policy reforms, providing for the furnishing of agricultural commodities to such countries, on a credit or grant basis, to support reform and implementation of agricultural policy decisions based on free market principles. Such agreements may provide for commodities to be furnished on a multiyear basis.

"(b) The agreement between the United States Government and a recipient country which provides for the furnishing of commodities under this section shall be called a Food for Progress Program.

"(c) Before entering into an agreement with developing country for the furnishing of agricultural commodities under this section, the President shall be satisfied that such country is committed to carry out, or is carrying out, policies that promote economic freedom, private production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities. Such policies may provide for, among other things --

"(1) access, on the part of farmers in the country, to private, competitive markets for their products;

"(2) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the country's domestic needs;

"(3) establishment of market-determined foreign exchange rates;

"(4) timely availability of production inputs, such as seed, fertilizer, or pesticides, to farmers; and

"(5) access to technologies appropriate to the level of agricultural development in the country.

"(d)(1) Notwithstanding any other provision of law, the Commodity Credit Corporation may use funds appropriated to carry out title I of this Act in carrying out this section.

"(2) The Commodity Credit Corporation may finance the sale and exportation of commodities furnished to a developing country under this section.

"(3) The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as the President may request for purposes of furnishing commodities on a grant basis under this section.

"(4) Section 203 of this Act shall apply to commodities furnished on a grant basis to a developing country under this section.

"(e) Payment by any developing country for commodities purchased on credit terms under this section shall be on the same basis as the terms provided in section 106 of this Act.

"(f) Any new spending authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

"(g) Any preference to 'this title' in sections 301 through 307 of this title shall not apply with respect to this section."

"(b) Section 106(b) of such Act (7 U.S.C. 1706(b)) is amended by adding at the end thereof the following new paragraph:

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"(4)(A) Notwithstanding any other provision of this subsection, agreements under this title for the sale of agricultural commodities for dollars on credit terms may provide that proceeds from the sale of the commodities in the recipient country shall be used for such private sector development activities as are mutually agreed upon by the United States and the recipient government.

"(B) Proceeds used for private sector development activities pursuant to this paragraph shall be loaned by the recipient government to one or more financial intermediaries operating within the country for use by those financial intermediaries for loans to private individuals, private and voluntary organizations, corporations, cooperatives, and other entities within such country. Such proceeds shall not be used to promote the production of commodities or the products thereof that will compete, as determined by the President, in world markets with similar commodities or the products thereof produced in the United States.

"(C) As used in this paragraph --

"(i) the term 'private sector development activities' means activities which foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of goods and services within a recipient country; and

"(ii) the term 'financial intermediaries' includes banks, cooperatives, private and voluntary organizations, and other financial institutions capable of making and servicing loans."

Mr. GILMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Chairman, I would be pleased to yield to the gentleman from Texas.

Mr. de la GARZA. Mr. Chairman, I would advise the gentleman that we have no objection to the amendment on this side.

Mr. GILMAN. Mr. Chairman, I thank the chairman of the committee and I yield to the gentleman from the minority side.

Mr. ROBERTS. I would be happy to respond, Mr. Chairman. We have no objection to the amendment, and we thank the gentleman for offering it.

Mr. GILMAN. Mr. Chairman, I am pleased to offer this amendment for myself and on behalf of my colleague from Louisiana, [Mr. Huckaby], the distinguished chairman of the Agriculture Subcommittee on Cotton, Rice, and Sugar.

The first portion of this amendment in essence contains the President's food for progress proposal. It authorizes the President to provide Public Law 480 commodities on a loan or grant basis to encourage countries to undertake agriculture reforms based on free market principles.

The Presidential proposal recognizes that a key obstacle in the war on hunger in many developing countries has been governmental policies which discourage or fail to provide incentives to the farmer. This amendment gives the President an additional, important tool to assist countries who are trying to build up their food production through the stimulus of economic freedom for their farmers.

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The gentleman from Louisiana [Mr. Huckaby] has made a particular contribution to this amendment by authoring a provision which allows commodities from the CCC's section 416 donation program also to be made available for food for progress. I am pleased to be associated with Mr. Huckaby in this proposal.

The second part of my amendment provides for the use of Public Law 480 concessional sales aid in ways which would stimulate local private enterprise. It authorizes Public Law 480 agreements under which the recipient government will loan the local currencies it gets from the sale of those commodities to financial intermediaries such as local banks.

The intermediaries then will loan the money to businesses and other private entities in-country for economically productive activities.

When we see the chronic food deficits in many developing countries today and most tragically being demonstrated in Africa, we know we must do all we can to attack the hunger problem and to help these countries to help themselves. One means is to help stimulate free market systems for their farmers and the natural productive impetus of private enterprise.

It is my understanding that the executive branch agencies which would be administering the programs are supportive of this amendment. It does not add to the costs of their budgets. A similar amendment was passed by the House in July as part of the foreign aid bill, but could not be dealt with in conference at that time. Accordingly, I urge that it be included in this bill so we can take it to the Senate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ROTH

Mr. ROTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment Offered By Mr. Roth: Page 274, after line 18 insert the following:

TRADE LIBERALIZATION

Sec. 1132. (a) Congress finds that --

(1) the present high level of agricultural protectionism contrasts sharply with the general trade liberalization that has been achieved since the inception of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT");

(2) GATT procedures should explicitly recognize the protective effect of domestic subsidies that alter trade indirectly by reducing the demand for imports and increasing the supply of exports;

(3) current rules make a distinction between primary and manufactured products, and this allows for agricultural export subsidies;

(4) the rule that permits export subsidies on primary products that do not result in inequitable market shares has proven to be unworkable; and

(5) a unified treatment of tariffs and subsidies would clarify trading rules for market participants and simplify trade negotiations.

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(b) It is the sense of Congress that the President should negotiate with other parties to GATT to revise GATT rules so that agricultural export subsidies would be treated the same as tariffs and primary products the same as manufactured products.

Mr. ROTH. (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN. The Chair would inquire if the amendment has been printed in the Record as of September 24.

Mr. ROTH. It has, Mr. Chairman.

The CHAIRMAN. The gentleman from Wisconsin [Mr. Roth] is recognized for 5 minutes.

Mr. ROTH. Mr. Chairman, when GATT was negotiated after World War II it was to reduce the barriers of trade between industrialized nations. For various reasons agriculture did not receive the same consideration as manufactured goods. What does my amendment do? It will put agriculture and manufactured goods on an equal footing in GATT. This amendment is particularly timely as we are now preparing the new priorities for the new round of negotiations at GATT, and we are asking the administration to give this priority to agriculture.

My amendment by giving added consideration to agriculture will reduce those barriers that now exist.

If we lower the barriers, Mr. Chairman, we are going to be able to export many more agricultural products.

With a trade deficit of \$150 billion this year and agriculture being the United States No. 1 export, I think it is preeminently the time for us to consider this amendment and give this added priority to agriculture. I feel confident that our negotiators at the GATT will welcome this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. Roth].

The amendment was agreed to.

#### AMENDMENT OFFERED BY MRS. SMITH OF NEBRASKA

Mrs. SMITH of Nebraska. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. Smith of Nebraska: On Page 274, line 19, strike Subtitle D and all that follows therein and insert in lieu thereof the following:

"Subtitle D -- Transportation Charges for Waterborne Cargoes of Donated Commodities

#### LIMITATION ON REQUIREMENTS

Sec. 1141. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end thereof the following: 'Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements.'

Mrs. SMITH of Nebraska. Mr. Chairman, this amendment was printed in the Record prior to September 24.

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Mr. Chairman, I offer this amendment to title 11 of H.R. 2100, to exempt all agricultural exports from cargo preference requirements.

Mr. Chairman, the Cargo Preference Act of 1954 requirement that 50 percent of Government-sponsored cargoes be shipped on U.S.-flag bottoms sounds like a good idea until one learns that U.S.-flag ships cost two to four times as much as foreign-flag vessels, and the taxpayer, through the Department of Agriculture, is required to make up the difference.

This policy has had the effect of putting the cost of supporting the merchant marine on the backs of our American farmers -- and poor, starving people around the world. Frankly, neither group can afford it.

In February of this year, due to a U.S. district court decision, cargo preference requirements were expanded from Public Law 480 to our Blended Credit Program. This would have at least tripled the net Government cost of the Blended Credit Program, and not surprisingly, the Department of Agriculture suspended the program's operation.

As a result, more than \$500 million dollars worth of wheat and wheat product exports were lost, contributing to the 50-percent drop in wheat exports this season. Now we have word that the maritime interests will press for court action to expand cargo preference to our \$5 billion Credit Guarantee Program, along with the Export Bonus Program. These actions would have the effect of expanding cargo preference to at least 20 percent of our agricultural exports.

Meanwhile, this year we will spend \$155 million of Public Law 480 food for peace -- money intended to feed starving people around the world -- to pay shipping subsidies. Unfortunately, I must also report that during the recent famine crisis in the sub-Saharan, U.S. shipping companies increased the subsidies that they charged the Government as much as 186 percent -- to the detriment of people who needed the food desperately. If cargo preference requirements had not applied for food aid shipments, we could have sent a pound of wheat per day to 5 million more people.

Mr. Chairman, this is an issue of fairness. Cargo preference payments to a handful of shipping companies will add up to \$80,000 per crew member of U.S. bulk carriers. According to the Department of Agriculture's latest figures, the approximate average income for our 2.4 million farms this year will be about \$10,000 -- including commodity price supports.

Mr. Chairman, the issue of cargo preference has provoked sharp, acrimonious debate. I know that Members of the House who are on the other side of this issue feel strongly about the importance of the merchant marine and are convinced that this effort will destroy the vitality of the merchant marine.

Yet if we need a strong merchant marine, which I feel we do, why are we placing it on the back of hungry people and our farmers? If funded anywhere, this should come from the Department of Transportation -- or the Department of Defense.

Moreover, 31 years of cargo preference have given us anything but a strong merchant marine. To the contrary:

First, the U.S. merchant fleet shrank from 3,000 privately and Government-owned ships in 1955 to a fleet of 650 in 1984.

Second, in 1983, the average age of American ships was an average age nearing that of the normal useful lifespan of merchant vessels. The United States had three times as much merchant ships 30 years and older as any other country.

Third, as a result of the advanced age of these ships, our merchant fleet's safety record is very poor. Between 1963 and 1983, more than 350 seamen died in major accidents on old ships operating beyond their productive life.

The CHAIRMAN. The time of the gentlewoman from Nebraska (Mrs. Smith) has expired.

(By unanimous consent, Mrs. Smith of Nebraska was allowed to proceed for 1 additional minute.)

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Mrs. SMITH of Nebraska. Mr. Chairman and colleagues, is this the record we want to continue -- and compound -- while victimizing American farmers and desperately hungry people abroad?

Let me read a few editorial opinions on this issue from across the country:

Wall Street Journal editorial of May 24, 1985 -- "Repeal the Cargo Preference Act."

Washington Post editorial of July 20, 1985 -- "Who in Congress will come forward to take on this fight and earn the credit for ... unraveling the maritime subsidy system?"

New York Times editorial of July 16, 1985 -- "It makes no sense to prolong the uneconomic old regulations just to atone for extravagant subsidies of the past."

Fellow members of the committee, join the congressionally established National Agricultural Export Commission, Interfaith Action for Economic Justice, Bread for the World, and virtually every farm organization in supporting this amendment. The choice is yours: Vote here for farmers and the hungry around the world -- or sound the death knell to any Federal effort to bring American agriculture back to the world marketplace.

Mr. LEACH of Iowa. Mr. Chairmam, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I would just like to stress that cargo preference makes a victim of the African child as surely as it does the farm producer.

Last year, for instance, the cost of cargo preference alone, if applied to our foreign aid program for the transfer of wheat and soybean oil, would have fed 480,000 more Ethiopians 1 pound of wheat and 1 ounce of soybean oil per day per year.

Farm interests alone are not the only ones who are concerned with this issue. The Grace Commission has indicated that elimination of cargo preference on agricultural transfers would save \$1 billion over a 5-year period.

As we all know, this is a classic issue where government intervention has produced counterproductive results. The gentlewoman from Nebraska has pointed out how our merchant marine has suffered under Government intervention. In addition, the provisions of this law have provided such stilted incentives that it has been revealed recently in the press that in several instances American shippers have used old vessels, taken grain to Africa, and then sunk them. That does not provide jobs for the American merchant marine. That provides a subsidy to a very few in the shipping industry.

All I would suggest is that adoption of this amendment could be a first step not only to balancing our trade but also balancing our budget and bringing a little more fairness into our economy and a great deal more fairness into our foreign policy.

I would urge adoption of the Smith amendment.

Mr. DORGAN of North Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to discuss the amendment that has been offered by the gentlewoman from Nebraska. I think that this discussion today on cargo preference is appropriate, because this is a program that has been in existence for some time and we need to review it. The gentleman from Iowa just demonstrated what it costs. We need to continually evaluate programs by asking: What does something cost, and what do we get for that cost?

Mrs. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I yield to the gentlewoman from Maryland.

Mrs. BENTLEY. We are talking about costs. What is the cost of the Farm Program? What is the subsidy of the Farm Program per year? Forty billion dollars. And how much is the subsidy to the merchant marine in a year? Less than \$400 million.

The gentlewoman from Nebraska was talking about how much more food could have been taken to the hungry in Ethiopia. Very true. But if we had bought the food in Argentina, we could have fed even that many more people.

I think we have to remember some of those things.

Mr. DORGAN of North Dakota. Let me reclaim my time.

I appreciate your interest, first of all, the cost of the Farm Program is nowhere near the \$40 billion represented by the gentlewoman. The total cost of the commodity portions of the Farm Program, I think around \$11 billion per year as I recall. But that is not what we are discussing here today. What we are discussing is cargo preference.

The gentleman from Iowa [Mr. Leach] I think made a very important point. Another way of expressing the same point is to say that on Food for Peace shipments, Public Law 480, one-tenth of that which should end up as grain in the mouths of someone who is hungry somewhere around the world does not end up feeding those hungry people. It ends up instead in a cargo preference payment.

I think that is what the gentlewoman from Nebraska is trying to say with her amendment.

I know there are going to be other amendments offered today to try to compromise this. I am just saying that I think cargo preference is something that we fundamentally ought to reevaluate. We attempt to use our money in Public Law 480 and in blended credit programs to serve other markets. In the case of Public Law 480, it is particularly to try to move food to people in this world who are hungry and who desperately need it. And I think any program that diminishes our ability and our willingness to move food to hungry people ought to be evaluated very carefully by this House.

We never had a very good or full productive discussion on the merits of cargo preference, that is, costs versus benefit; and I think that is what the gentlewoman from Nebraska [Mrs. Smith] is asking us to do today with her amendment. I am glad she introduced the amendment, and I think at the conclusion of this kind of a discussion the statistics and information offered just prior to my discussion by the gentleman from Iowa [Mr. Leach], and others, will demonstrate that this House needs to rethink its position on cargo preference.

The Supreme Court decision has, I guess, forced all of us to reevaluate some of the position on cargo preference, inasmuch as they extended it far afield from Public Law 480.

I just want to say that I appreciate your bringing this issue to the floor of the House and I hope this leads to a constructive approach in the future to enhance our ability to move what we produce in such great abundance to those who need it so desperately around the world.

Mr. LENT. Mr. Chairman, will the gentleman yield for a question?

Mr. DORGAN of North Dakota. I yield to the gentleman from New York.

Mr. LENT. I want to first of all commend the gentleman. I think some of the statistics that the gentleman is using seem to be at least reasonably accurate. I think the gentleman said that 10 percent of the cost of some of these agricultural programs are allocated to the Cargo Preference Program; is that correct?

Mr. DORGAN of North Dakota. What I said was that about one-tenth of the Public Law 480 funds are used for cargo preference. That is, an additional 10 percent of the food would get to those who are hungry under Public Law 480 if we were to use it for food rather than cargo preference. That is what I intended to say.

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Mr. LENT. Now, when I heard the author of the amendment, the gentlewoman from Nebraska, speaking, she said, as I recall, that cargo preference requirements triple the cost of agricultural exports. It would seem that that is sort of an exaggeration. Perhaps we can have some clarification from the gentlewoman.

Mr. DORGAN of North Dakota. I would be happy to yield to the gentlewoman from Nebraska [Mrs. Smith].

Mrs. SMITH of Nebraska. The cost to the Government on blended credit. That was in my statement.

Mr. DORGAN of North Dakota. Let me reclaim my time and say that the gentleman can get his time and properly question the gentlewoman from Nebraska. I think that the discussion about blended credit is an appropriate discussion. I was talking about Public Law 480 particularly, but, as you know, cargo preference has been extended now to blended credit, so we are facing a different kind of situation which causes the need to reevaluate what cargo preferences are at this point and what we ought to do about them.

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. Dorgan] has expired.

(On request of Mr. Lent and by unanimous consent, Mr. Dorgan of North Dakota was allowed to proceed for 2 additional minutes.)

Mr. LENT. If the gentleman will yield, on the Blended Credit Program, my understanding of the way that program works is, it was approximately a \$550 million program; is that the gentleman's understanding?

Mr. DORGAN of North Dakota. We could ask the subcommittee. I believe that is the case.

Mr. LENT. And the amount of that Blended Credit Program which would have been allocated to cargo preference was roughly \$40 million; is that the gentleman's understanding?

Mr. DORGAN of North Dakota. Well, if the gentleman wants to visit with the gentlewoman from Nebraska concerning the statistics she offered, you are perfectly welcome to do that. In fact, the gentlewoman from Nebraska is ready to answer the gentleman's question, and I would be glad to yield to her.

Mrs. SMITH of Nebraska. I would like to answer the question, and I would like to do it by reading what the Secretary of Agriculture said about it so it will be very clear:

The U.S. Department of Agriculture estimates that, without cargo preference costs, the blended credit treatment of the contracted shipments under the program would incur a net cost of \$23 million. However, cargo preference costs would add \$45 million in Government outlays -- driving the total cost to \$68 million or nearly tripling the cost of the program.

Mr. DORGAN of North Dakota. I would be glad to yield to the gentleman if he wishes to inquire further of the gentlewoman from Nebraska.

Mr. LENT. I thank the gentleman for yielding.

I think it is important that we define our terms before we begin what may be a rather interesting and animated debate.

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But what the gentlewoman is saying now, as I understand it, is that it would triple the cost to the Government of cargo preference if cargo preference were to be applied to the Blended Credit Program.

Mrs. SMITH of Nebraska. Right.

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Mr. LENT. The gentlewoman acknowledges that the Blended Credit Program was overall something in the order of a \$550 million program.

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. Dorgan] has expired.

(On request of Mr. Lent and by unanimous consent, Mr. Dorgan of North Dakota was allowed to proceed for 2 additional minutes.)

Mr. LENT. Mr Chairman, will the gentleman continue to yield?

Mr. DORGAN of North Dakota. I yield to the gentleman.

Mr. LENT. I thank the gentleman.

That the Blended Credit Program was about a \$550 million program and that the cargo preference that would have been paid on that program had the Secretary of Agriculture not chosen to suspend the program as a result of that court decision, would have been on the order of \$40 million out of that \$550 million.

Is that a correct statement?

Mrs. SMITH of Nebraska. If the gentleman from North Dakota would yield, the Secretary terminated that program which would have given shipping companies \$2 worth of subsidies for every \$1 of expected reduction in export prices. That is why the program was no longer affected because of the high cost of cargo preference.

Mr. DORGAN of North Dakota. Let me reclaim my time at this point; the gentleman can have ample opportunity to get his own time.

Mr. Chairman, I think the gentlewoman from Nebraska has described precisely her estimate of what the costs would be under the Blended Credit Program. That is, the increased costs that cargo preference places under the Blended Credit Program. That is the point the gentlewoman was trying to make, and I think she has made it clear to me and clear to the rest of the Members in this Chamber. I appreciate the gentleman's inquiries. I feel very strongly about cargo preference; that this is the time for us to reevaluate this program. Again, I'm pleased that the gentlewoman has offered her amendment.

Mr. Chairman, the recent series of articles in the Washington Post titled "Disaster at Sea: Our Sinking Maritime Fortunes," made it clear that the Federal subsidies directed at our domestic shipping industry have not achieved their intended goal. The U.S. merchant fleet shrank from 3,000 privately and Government-owned ships in 1955 to 650 in 1984. One hundred fifty of these remaining vessels are of World War II vintage. The percentage of cargo shipped by U.S.-flag vessels has decreased from 43 percent in 1950 to 3.5 percent. And, the safety record of U.S.-flag ships is deplorable. More than 350 seamen died in accidents on aging vessels between 1963 and 1983.

All of these statistics indicate that it is time to rethink our approach to the domestic shipping industry. Among the issues that should be explored is the application of cargo preference requirements -- which state that 50 percent of all Government-sponsored cargoes must travel on U.S. bottoms -- to our food aid and blended credit programs.

Personally, I believe that this program overall has become counterproductive. One of its main goals is to maintain a domestic shipping fleet to call upon in times of national emergency. Not only has our domestic fleet drastically declined, but our Navy has increased its ship numbers. The Washington Post noted in an editorial this summer that the national security argument "collapses under scrutiny. The Reagan administration has been increasing the Navy's supply of cargo ships, and the U.S. Government in time of war would have access to the hundreds of ships owned by U.S. companies and registered under Liberian and Panamanian flags of convenience."

**BUT PERHAPS THE STRONGEST ARGUMENT FOR ABOLISHING CARGO PREFERENCE IS ITS**

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NEGATIVE IMPACT ON THE AMOUNT OF FOOD WE CAN SHIP TO HUNGRY PEOPLE UNDER OUR FOOD AID PROGRAMS. THE EXPECTED FISCAL YEAR 1985 COST OF CARGO PREFERENCE UNDER THE FOOD FOR PEACE DONATION PROGRAMS IS \$155 MILLION, OR ABOUT ONE-TENTH OF THE TOTAL FOOD FOR PEACE BUDGET. IF FOOD AID SHIPMENTS WERE EXEMPTED FROM CARGO PREFERENCE, THE ADDED FUNDS COULD BE USED TO PROVIDE ADDITIONAL HELP. THAT \$155 MILLION COST IS ENOUGH TO PROVIDE 1 POUND OF WHEAT PER DAY FOR A YEAR TO NEARLY 5 MILLION PEOPLE. AND I WON'T EVEN TOUCH ON THE SORRY SITUATION OF THE INCREASE IN SHIPPING RATES ON U.S.-FLAG BOTTOMS DURING THE RECENT FAMINE CRISIS IN AFRICA.

FOR ALL THESE REASONS, MR. CHAIRMAN, I BELIEVE IT IS TIME TO REEXAMINE THE ROLE OF CARGO PREFERENCE IN OUR FOOD AID AND BLENDED CREDIT PROGRAMS. IF WE CANNOT ABOLISH IT ENTIRELY, THEN I SUPPORT THE COMPROMISE POSITION CONTAINED IN THE AMENDMENT OFFERED BY MY COLLEAGUES, MR. ENGLISH AND MR. ROBERTS. THIS AMENDMENT RETURNS CARGO PREFERENCE REQUIREMENTS TO THOSE IN EXISTENCE BEFORE THE U.S. DISTRICT COURT DECISION THIS SUMMER, WHICH EXTENDED CARGO PREFERENCE RULES TO USDA'S BLENDED CREDIT PROGRAMS. THE IMPACT OF THIS DECISION ON OUR ALREADY-DEPRESSED FARM EXPORTS WAS DEVASTATING -- THE NATIONAL ASSOCIATION OF WHEAT GROWERS ESTIMATES THAT \$13 MILLION WORTH OF WHEAT EXPORTS HAVE BEEN LOST PER WEEK AS A RESULT OF THE COURT DECISION.

MR. CHAIRMAN, LET'S SUPPLY SOME COMMON SENSE TO THE CARGO PREFERENCE PROGRAM. IF WE DECIDE THAT IT IS NECESSARY FOR OUR NATIONAL SECURITY, THEN THE DEPARTMENT OF DEFENSE OR THE MARITIME ADMINISTRATION UNDER THE DEPARTMENT OF TRANSPORTATION SHOULD PAY THE COST -- NOT OUR FAMILY FARMERS, WHO ARE ALREADY STRUGGLING TO SURVIVE UNDER THE WORST ECONOMIC CONDITIONS SEEN IN FARM COUNTRY SINCE THE GREAT DEPRESSION.

Mr. LIGHTFOOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I, too, would like to congratulate the gentlewoman from Nebraska for her amendment, and I would like to associate myself with the remarks of our colleague from the Dakotas.

I think possibly sometimes we are accused of having vested interests. I am going to talk about wheat, which is in my colleague, Mr. Roberts' State. We do not raise much wheat in Iowa; about the only wheat we have there is already put into a loaf of bread. If you look at what has happened since the court decision back in February of this year, USDA terminated many of its programs because of the cargo preference rule.

The estimate from USDA was that the blended credit treatment of the contracted shipments was roughly 3.6 million metric tons, it lowered the effective price by about \$6.40 per metric ton, which is a total cost to the Government or, more precisely, to the taxpayers of this country of approximately \$23 million. It also, by giving a \$6.40 per metric ton disadvantage to American wheat, priced us out of the market. Due to the position that our dollar is in in the world markets, we are priced out in many places anyway. We certainly do not need that kind of a kick in the teeth to continue to take markets away from us.

The costs were estimated to be \$44.8 million. So the cost of shipments to the U.S. taxpayers would be tripled by the cost of cargo preference. I do not think that is what we want to do and where we want to go. I think we need a good, strong Merchant Marine, but I do not know that we need it at these kinds of prices to the people that are being charged those prices.

It looks like, from USDA figures, that 536 million dollars' worth of wheat and wheat flour exports have been lost since February 26. We have been arguing for a farm bill and we are trying to help with the situation where farmers are

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losing money every day, and then we take 536 million dollars' worth of exports away from them so that we can subsidize some shipowners.

Other figures also would indicate that we are subsidizing the shipping industry to the tune of about \$42,000 per person. That seems to me to be a bit excessive. I will offer some amendments later to try and create better trade relations by mixing commercial sales with Public Law 480. But if cargo preference remains a part of this package, I think we can just kiss those things goodbye.

The Public Law 480 Program was designed to help people who are in need, and we are basically, as Mr. Leach mentioned a moment ago, taking the food out of the mouths of hungry people to subsidize an industry. I do not believe that is what we intended to do and what we are here for.

Mr. SNYDER. Mr. Chairman, I move to strike the requisite number of words.

(Mr. SNYDER asked and was given permission to revise and extend his remarks.)

Mr. SNYDER. Mr. Chairman, I oppose the amendment offered by the gentlelady from Nebraska, in the strongest possible terms. In fact, Mr. Chairman, I oppose the fact that we're having this debate at all, under these circumstances, for I agree with the sentiments of those who argue that the farm bill is not the place in which to decide the future applications of the Cargo Preference Act of 1954. Nevertheless, some of those who have helped formulate this bill, which serves the American farmer to the tune of \$130-odd billion in outlays over the next 5 fiscal years, have chosen to go to war with the merchant marine over a program which may call for \$500 to \$600 million in Federal outlays over the same 5-year period. In the context of this bill, that's pretty small peanuts or potatoes, whichever you prefer.

Cargo preference is no harm to the American farmer; let's set the record straight on that right now. The farmer doesn't pay the ocean freight differential it costs to transport Government-impelled commodities on U.S.-flag ships; the U.S. Government pays those charges, at rates which are steadily declining. The farmer didn't lose some \$530 million worth of grain exports under the suspended Blended Credit Program because of cargo preference; he lost those exports because the Secretary of Agriculture decided to take his ball and go home rather than play by the rules of the game, as a Federal judge determined them to be.

There's another myth about this debate in need of some clarification. The people behind the scenes who want to kill cargo preference generally aren't the American farmers. In fact, a great many of the farmers' and growers' groups joined with the maritime industry earlier this year in a concerted effort to develop a meaningful compromise on the issue, and in fact they did develop an alternative worthy of consideration -- not here, but in committee. What they did not do, however, was curry the favor of the people who want to do away with cargo preference -- the same people who killed that compromise effort, and who have about as much in common with the American farmer as Jane Fonda, Cissy Spacek, and Jessica Lange.

The people I'm talking about are agribusiness, emphasis on the "business". These are the international grain traders, whose best interests are served by buying American farmers' grain at the lowest possible prices and selling it on the export market for a tidy profit. The list is right here, appended to a letter from the Secretary of Agriculture. They are huge, multinational, closely held corporations whose business is their own and no one else's.

I have with me wire service stories about one of these multinational agribusinesses whose concern for the American farmer is so great that just a few short months ago, in January 1985, this booster of American agriculture proposed to buy 25,000 tons of Argentine red wheat for import into the United States. I have another wire service story about a proposed soybean oil purchase. I ask you, who's kidding whom? Saying that these people represent the American farmer is like saying that Toyota represents the American autoworkers.

You've heard the facts and figures in support of the Merchant Marine and Fisheries Committee's position on cargo preference. I thought it was about time you heard the rest of the story too. Don't blame the U.S. Merchant Marine for the

sad plight of the American farmer, and don't kid yourself that a vote for the gentlelady's amendment is a vote for the farmer. It isn't -- I know it, they know it, and now you know it.

I urge a "no" vote on the amendment.

Mr. LENT. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from New York.

Mr. LENT. I thank the gentleman for yielding.

Mr. Chairman, I wonder if the gentleman could clarify some of the allegations or charges that have been made that the cargo preference program triples the cost of the agricultural blended credit program. What are the facts on that?

Mr. SNYDER. Any additional costs that may be involved is paid by the U.S. Government; not by the farmer. The ODS subsidy is the labor differential picked up by the Government subsidy program.

There is a cost to keep the merchant marine viable and moving.

Mr. LENT. Is that cost not, as the gentleman said earlier, about 10 percent of the cost of the agricultural program in toto?

Mr. SNYDER. Oh, in toto, their total program is, as I understand it, some \$130-odd billion in this bill as an outlay over the next 5 years. The ODS has estimated \$500 to \$600 million in the same period.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. Snyder] has expired.

(On request of Mr. Roberts, and by unanimous consent, Mr. Snyder was allowed to proceed for 1 additional minute.)

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Kansas.

Mr. ROBERTS. Mr. Chairman, if I could respond to the gentleman, I wanted to point out that the reason we planted the cargo-preference flag in the Subcommittee on Department Operations, Research, and Foreign Agriculture and in this farm bill is that we amended section 5 of the Commodity Credit Corporation Charter Act. Now the CCC is clearly within the jurisdiction of the Agriculture Committee. In addition, the maritime subsidy that you refer to, that is, cargo preference on Public Law 480 shipment and section 416, is paid for out of Department of Agriculture funds. Those are budgeted funds. You have a limit on those budgets.

If the gentleman would continue to yield on only one other point, if we pay for it and it is charged against our budget under our jurisdiction, I think the Rules Committee should have left the Agriculture Committee's language standing, and certainly we ought to be able to at least discuss this issue during this time when we are trying to export more of our products.

Mr. SNYDER. Well, the Rules Committee made its decision, and I am not arguing with the Rules Committee. I am sorry the gentleman is. We are discussing it on your bill.

Mr. SCHUETTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

(Mr. SCHUETTE asked and was given permission to revise and extend his remarks.)

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Mr. SCHUETTE. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Nebraska [Mrs. Smith] for three reasons:

No. 1, the language of the Agriculture Committee that was in the committee bill that was presented and was going to be presented to this House was removed by the Rules Committee. I think that is unfair because in its place what we see now and what we are debating here this afternoon is an expanded cargo-preference concern.

I rise in support of the gentlewoman's amendment for a second reason. I think by supporting this amendment we can help needy, hungry people across this world.

Third, I rise in support of the Smith amendment because we need to help farmers in the middle of an export depression. Farmers today, American agricultural producers, are not participating on a level playing field. It is tilted against the agricultural producer. It is tilted against the farmer because of the strong value of the dollar, and it is tilted against the farmer because of heavy foreign subsidies. Those two factors mean that we are not price competitive in export markets.

The third reason the American agricultural producer is participating on an unfair, unlevel playing field is because of cargo preference.

Let me say that I have no bone or quarrel to pick with the maritime industry or the maritime unions or my good friends and colleagues on the Committee on Merchant Marine and Fisheries, but right now American farmers are in this export depression, and cargo preference means an increased cost to our product when we ship in overseas markets.

I have some facts and figures that I have reviewed, and there are two instances here that I want to cite of sorghum being shipped from Corpus Christi to Port Sudan. A U.S.-flag vessel was to transport 36,000 metric tons of sorghum at a rate of nearly \$80 a ton. A foreign line, with 14,000 metric tons, was shipping at a rate of \$29 per metric ton. That is 170 percent higher. That is almost \$50 per ton more, and that means that the farmer is getting hit in the jugular at a time of great, great stress.

That specific example I share here with my colleagues means an additional cost to American taxpayers to ship the sorghum on an American vessel of almost \$1.8 million.

To continue my comments on the export depression, from 1981 through 1984 we have seen exports decline from \$44 to \$38 billion -- almost a 14-percent decline.

In 1983 we saw American wheat and coarse grains capturing 96 percent of the South Korean market. Now we see that dropping to 76 percent.

Cargo preference, I contend, is a major part of that problem. It is not the sole part, but a major part.

So, Mr. Chairman, I urge my colleagues to vote for the Smith amendment to help the farmer, to boost exports, and to try to give American agricultural producers the opportunity to participate on a level playing field. If it is a level playing field and a fair playing field, American farmers, I am convinced, can outcompete and beat anybody, any nation on the face of this Earth.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. SCHUETTE. I am happy to yield to my colleague, the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for yielding.

The gentleman said that cargo preference is the cause or the chief cause of the problem. How is that a cause of the problem?

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Mr. SCHUETTE. Just so there is no misunderstanding, I said that cargo preference was a cause, in conjunction with the very strong and high value of the dollar and foreign subsidies. Those are three parts, three integral aspects of that unfair, unlevel playing field I spoke about.

Mr. BIAGGI. How does cargo preference reflect itself in the price?

Mr. SCHUETTE. I am happy to answer that question. I have before me a note from some good friends and representatives of the American Soybean Association, taking as their source the Journal of Commerce, stating that the costs per metric ton were increased from a foreign vessel. I think that is part of the problem when we are trying to ship and move and market our grain in foreign markets. That would be my opinion.

Mr. BIAGGI. Mr. Chairman, will the gentleman continue to yield?

Mr. SCHUETTE. I am happy to yield to the gentleman from New York.

Mr. BIAGGI. I think it has been pointed out several times, and I am sure it will be pointed out again and again and again, that the fact of the matter is that the extra cost is assumed by the Government and does not reflect itself in the cost or the price to the farmer. So it is not quite the way it is portrayed.

Mr. SCHUETTE. I would respectfully state that when we are trying to market and move and ship our product, the added cost or the end cost to foreign exporters wishing to purchase our products is increased because of cargo preference. That is an added burden that the American producer does not need.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. Schuette] has expired.

(By unanimous consent, Mr. Schuette was allowed to proceed for 1 additional minute.)

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. SCHUETTE. I am happy to yield to my friend, the gentleman from Louisiana.

Mr. HUCKABY. Mr. Chairman, I thank the gentleman for yielding.

I would like to point out to my colleague, the gentleman from New York, that the Department of Agriculture does have limited funds, and under the recent court decisions, as the gentleman knows, our GSM-102 and -105 lending credit programs have virtually ceased as such. That has clearly acted as a detriment to shipments of American agriculture. Thus they would have the ability to help these countries, but we no longer have this ability as such under present arrangements. I think the gentleman would agree with this.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. SCHUETTE. I am happy to yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, we are aware that Secretary Block has halted the entire program, but that is his responsibility. He has done it. Let him comply with the law, and that program will be forthcoming. What he has done, he has taken a very arbitrary and capricious action, as defined by the judge in this case. His action was arbitrary and capricious. Anyone can halt the program.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. Schuette] has expired.

(On request of Mr. Huckaby, and by unanimous consent, Mr. Schuette was allowed to proceed for 30 additional seconds.)

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Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. SCHUETTE. I continue to yield to the gentleman from Louisiana.

Mr. HUCKABY. Mr. Chairman, if I might respond to the gentleman from New York, you cannot appropriate money to a particular program when the funds are not available. I do not think you can blame the Secretary of Agriculture in this instance. Clearly, if we are going to subsidize American ships, the Department of Transportation should be paying for this.

Mr. SCHUETTE. Mr. Chairman, I urge my colleagues to vote in support of the Smith amendment.

Mr. BEREUTER. Mr. Chairman, I move to strike the requisite number of works, and I rise in support of the amendment.

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

Mr. BEREUTER. Mr. Chairman, let me say to my colleagues that I rise in support of the amendment offered by my colleague, the gentlewoman from Nebraska [Mrs. Smith].

Mr. Chairman, I rise in support of the amendment offered by the distinguished gentlelady from Nebraska.

Since January of this year, there have been a number of controversial subjects which have occupied considerable time and attention of this Congress. First, the Federal deficit; second, the economic plight of America's farmers; and third, the famine situation in Africa.

There is, however, one issue within this farm bill which affects all three of these issues and that is cargo preference.

Cargo preference is a 1954 law that requires that one-half of all U.S. food-aid shipments be transported on U.S.-flag vessels. On the surface this seems like a patriotic, even sensible gesture on the part of the Federal Government to support the U.S. maritime fleet. In reality, however, cargo preference is a deceptive hoax that is being perpetrated on the American taxpayer while guaranteeing the U.S. maritime industry a captive shipping market and permitting flagrant price gouging by U.S. shippers. Cargo preference has, in reality, ripped off millions of dollars from the Federal Government, diverted food from the mouths of thousands of starving and malnourished people, resulted in the loss of hundreds of millions of dollars of commercial export grain sales and hurt America's farmers.

It is time, therefore, that we as Members of Congress put a halt to this hidden Government subsidy which benefits a handful of maritime shipping interests at the expense of thousands of U.S. farmers and millions of hungry people.

Cargo preference is certainly not a new issue. For over 30 years, cargo preference has been an albatross hanging around the neck of agriculture. Now, however, it also threatens thousands of people in Africa who are faced with starvation. As food-aid shipments to Africa have increased during this past year, so have the freight rates charged by U.S. maritime shippers to haul food aid shipments.

During 1985, approximately \$109 million in cargo preference subsidies will be divided among fewer than 30 U.S. maritime shipping companies to haul Public Law 480, title I -- bulk grain -- shipments. More disturbing is that U.S. maritime shippers are taking advantage of America's stepped-up famine efforts toward the drought-ravaged continent of Africa.

From August 1984 through April of this year, the Department of Agriculture shipped on bulk vessels 548,000 metric tons of U.S. commodities under title II of the Food for Peace program to Ethiopia, Kenya, Mauritania, Mozambique, and the Sudan. U.S.-flag vessels have carried 336,500 metric tons of the title II commodities at an average cost of \$95.92 per metric ton, while foreign flag vessels carried 212,000 metric tons at only \$40.97 per metric ton. The subsidy to the U.S. fleet averaged \$54.95 per ton and, so far, has totaled \$18.5 million.

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Thus, in shipments to just five drought-stricken African nations alone, the USDA has been forced to pay differential transportation costs to the U.S. merchant marine an amount sufficient to donate 1 pound of wheat, and 1 ounce of soybean oil per day for 1 year to 470,000 people!

For fiscal year 1985, the Department of Agriculture expects to have paid out \$155 million in ocean freight differentials to U.S.-flag shipping companies to ship half of the commodities exported under both titles I and II of the Food for Peace Program. This amount is what U.S.-flag shipping firms will earn in excess of the rate charged by foreign vessels, and is enough money to buy in the United States and ship to Sudan or Ethiopia an additional 815,000 metric tons of wheat -- enough to provide 1 pound per day for 1 year to over 4.9 million people!

Even the extra cost of carrying one, single famine-relief cargo aboard an American ship can subtract more than a million dollars from the budget of the food-relief program. Lately we've had an example of a \$2 million differential on a single ship.

For example, a foreign ship operator bid \$30.30 a ton, or \$757,000, to transport a cargo of sorghum from Houston to the Sudan this year. Instead, the American ship SPIRIT OF LIBERTY made the trip, charging \$107 a ton, or a total of \$2.69 million. That amounts to an indirect subsidy of \$1.93 million from the U.S. famine-relief funds for the American ship on one voyage -- enough money to buy 14,296 tons of corn, with the potential for feeding 54,000 Africans for 1 year!

Over the last 17 months -- a period when world shipping costs have been in decline -- American ship operators have increased their fees to carry emergency famine-relief cargoes by \$6 million -- enough money to feed 170,000 starving people in Africa for a year!

Those rate increases, when added to the already extraordinary cost of using American ships, have required the Government to spend \$34 million more on transportation of African food aid than would have been needed if foreign vessels had been used.

If that money had not been diverted to American ship operators, it could have been used to purchase and transport enough corn to Africa to feed 960,000 starving people for a year!

American ship owners and operators say that higher unloading fees and delays at African ports have increased their costs of carrying famine-relief cargoes. But rates charged by foreign vessels to carry relief cargoes between the United States and African ports have not climbed even though the foreign ship owners face the same problems.

It is unfortunate, if not tragic, that American shippers have been able to increase their rates at a time when world shipping charges are in decline simply because they have a monopoly on a portion of the famine-relief trade.

It has been verified by the World Food Program in Rome, a U.S. agency that distributes American relief grain, that some American ship operators have increased their rates on various routes to Africa.

The higher American shipping charges have helped push the transportation budget for the emergency relief efforts of the Food for Peace Program up from 30 percent of the total emergency relief budget in 1984 to a projected 41 percent of the 1985 budget.

We have seen the difference in U.S.- and foreign-flag shipping rates rise from \$11 per ton to \$37 a ton in one year on liners -- a type of cargo vessel. If that's not price gouging, I don't know what is.

According to officials of the World Food Program -- United States lines has increased its rates to South Africa, where some relief cargoes are shipped for other points in Africa, from about \$62.50 per metric ton in 1984 to \$120 per metric ton this year following the bankruptcy of a competitor and the surge of relief cargoes.

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Officials in both the Agriculture and State Department confirm that cargo preference requirements and competition for the lucrative food-relief trade -- cargo preference currently accounts for about 37 percent of all U.S. maritime income even though only 2 percent of all U.S. agricultural exports are hauled on U.S. ships -- actually cause rates to go up because there are too many shippers chasing too few American-flag ships.

One of the arguments frequently made by supporters of cargo preference is that it assures a strong U.S. merchant marine for commercial and national security purposes. If maritime subsidies are good for national security and commercial trade, why is the cost being budgeted to the Agriculture Department? Last time I looked, we had a Defense Department to guard our national security, and a Transportation Department to look after the maritime industry among others. But for some reason, the cargo preference advocates prefer to keep the cost of their program hidden in the USDA budget.

In regard to national security argument, a review of Government ship records and cost data show that vessels supported by this cargo-preference legislation frequently are of limited national security value -- and are so commercially uncompetitive that rates charged by U.S. bulk cargo carriers generally are double world rates, and frequently triple.

Most of the Nation's cargo-preference bulk fleet is composed of tanker and dry-bulk carriers. According to a 1984 Congressional Budget Office review of militarily useful vessels:

Large tankers and dry-bulk carriers ... are among the least useful ship types for military support.

A large number of America's liners are container vessels, commercially useful, but according to the Congressional Budget Office study:

From a military standpoint, an old-fashioned, break-bulk freighter, with its loading booms and cargo nets, is usually more useful than a commercially efficient modern container ship that depends upon special port facilities for loading and off-loading.

From a commercial standpoint, cargo preference has been equally useless. After 30 years and expenditures over 1 billion dollars the United States can proudly point to a merchant marine fleet with nearly three times as many merchant ships 30 or more years old as any country. In 1983, the average of U.S. bulk vessels was 19 years, even though industry standards consider 20 years the normal useful life of a merchant vessel.

It is apparent that cargo preference subsidies have been milked by the maritime industry to maintain and keep old rust buckets afloat rather than build a modern merchant marine fleet. Many of the American ships chartered under the Government cargo-preference programs are old. Others are rated poorly, and are literally a safety hazard to those who serve on them.

For example, U.S. ships such as the SPIRIT OF LIBERTY, COVE TRADER and the GOLDEN ENDEAVOR have been given a 1 rating -- the least favorable -- by the Guide for Selection of Tankers, a respected publication used by the oil industry to rate the reliability of oil tankers. The best rating is 5.

Another ship, the INGER, a World War II -- era tanker, was converted and enlarged in 1962 to carry bulk grain. This ship was of the same type and age as the MARINE ELECTRIC, which sank in 1983 off the Virginia coast, killing 31 crew members. And, it is a near relative to the old converted World War II troup ship POET, which sank in 1980, killing 34 crew members. According to Coast Guard records, the INGER reported difficulties in November 1984, "After explosion of main turbine and generator."

Reynolds Metal Co., the ship's owner, performed those repairs and did extensive work on the ship's rusted hull, and the INGER was cleared by the Coast Guard to carry grain to Kenya in February at a cost of \$102 a ton -- just short of triple the cost of a foreign bid of \$34.75 a ton to carry the same cargo.

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Ships such as the INGER, the SPIRIT OF LIBERTY, the GOLDEN ENDEAVOR, and the COVE TRADER carried famine cargoes this year and last at costs that, combined, were 9.45 million above prevailing world rates -- enough money to buy a pound of corn each day for 260,000 people for 1 year.

In spite of the impact that cargo preference has had on the budget for our famine-relief efforts, and despite the fact that Congress has poured billions of dollars down a sinkhole to keep a rusting merchant marine fleet afloat, the real cause of recent uproar between farmers and maritime interests was the February 21 court decision by U.S. district court judge June Green who held that the USDA "blended credit" program was also covered by cargo preference requirements. The blended credit program was a \$500 million commercial export promotion program until the February court decision. In response to the decision, the Secretary of Agriculture suspended over \$500 million worth of grain sales rather than comply with cargo preference requirements.

At the time of the court decision the USDA had "leveraged" about \$17 million into over \$500 in commercial export sales. That in my opinion was money well spent because for every \$1 million in agricultural exports, we create thousands of jobs and make a positive contribution to our balance of payments.

However, to comply with the February court decision on cargo preference, the USDA would have been required to spend an additional \$40 to \$60 million to ship the contracted grain. At that point, the blended credit program is no longer a viable program because: One, it's not cost efficient for the USDA, and two, it's not cost competitive with world prices.

What's been the result of the February cargo preference court case? Well, U.S. farmers have lost over \$500 million in grain sales and the U.S. merchant fleet hasn't shipped one bushel of wheat or earned 1 cent. Many of these blended sales were to countries which have been traditionally good customers year after year. Since the decision, it is likely that these foreign markets may be lost permanently. Many of these markets for our agricultural exports have been cultivated by the efforts of the various commodity organizations in this country.

Are we wrong then to object to cargo preference, or, to the greedy attitude of the maritime industry? I don't think so. The point I wish to make is that this issue is not a fight which we picked. Rather, it was thrust upon us with little warning and no alternatives.

What does the maritime industry say in defense of the court decision to expand cargo preference?

They're saying that the court decision isn't really an expansion of cargo preference. But they're wrong -- it is. Cargo preference has never applied to USDA's commercial export credit programs. Even grain shipped under direct export subsidies some years ago was not subject to cargo preference.

They're also saying that an attack on cargo preference is an attack on the maritime industry which cannot benefit farmers. Well, that's not quite right either. The court's cargo preference ruling certainly has hurt farmers. USDA has been forced to suspend the blended credit program because of it, and that's costing American farmer export sales. So rolling back that court decision certainly can help farmers.

Then they'll say that blended credit could go on if only USDA would let it; after all, the Government could simply pick up the cargo preference tab. Now, let's be honest; the extra shipping cost from cargo preference will be passed on to either: First, the overseas customer, in which case blended credit will simply cease to be of interest to our customers since they'll be able to buy cheaper elsewhere; or second, the U.S. taxpayer. The cost of paying cargo preference costs in 1985 for blended credit and the GSM-102 Credit Guarantee Program -- which is threatened by the court ruling -- would come to nearly \$700 million.

Given or present deficits, asking the American taxpayer to cough up an extra \$700 million a year just to accommodate the whims of a Federal judge is neither defensible, nor realistically achievable.

They'll say eliminating cargo preference won't increase America's farm exports. They're wrong. The blended credit was a \$500 million program. Since cargo preference applied, it became a zero dollars program because the added shipping costs will make its credit terms unattractive. Preserving this and other export programs from cargo preference, then, certainly will allow the United States to export more farm products. That becomes even more clear when you look at the \$5 billion GSM-102 Credit Guarantee Program, whose freedom from cargo preference the court ruling put in jeopardy.

If Congress does not exempt our commercial export programs from cargo preference requirements, I can assure you that everything we have done in this farm bill to rectify the problems in our agricultural economy will have been in vain.

Farmers today export 60 percent of their wheat, 50 percent of their soybeans and approximately a third of their feed grains. If our export markets are jeopardized by cargo preference, no domestic farm program will be of assistance to agriculture.

After the February court decision when I was reviewing the reasons why we had cargo preference and what it was costing us, I had a difficult time understanding why Congress had perpetuated cargo preference for so long. Then, someone brought to my attention the contributions made by the three major maritime political action committees.

The three major PAC's include the Marine Engineer's Beneficial Political Action Fund, the Seafarer's Political Activity Donation, and the Master, Mates and Pilots Political Action Contribution Fund. Cumulatively the three PAC's gave \$2,443,910 to Presidential, Senate, and House candidates in the 1983-84 campaign cycle according to the Federal Election Commission. Of this amount, according to the FEC, \$1,976,290 -- 80.9 percent -- went to Democratic candidates and \$467,620 -- 10.1 percent -- to Republican candidates.

In a recent article in the Washington Post, entitled, "Disaster At Sea -- Our Sinking Maritime Fortunes," July 18, 1985, it was noted that: "When it comes to pure political strength, few can outmuscle the maritime unions." The Washington Post article makes some interesting points:

First, during the 1983-84 election season, the Seafarers' Political Action Committee poured \$1.3 million into congressional campaigns, more than all but five other groups. What makes this remarkable is that the Seafarers have only 80,000 members.

Second, by contrast, among the top five money-givers, the National Association of Realtors has 650,000 members; the American Medical Association, 260,000; the National Association of Home Builders, 135,000; the United Auto Workers, 1.4 million; and the National Education Association, 1.7 million.

Third, the Marine Engineers Beneficial Association, with just 12,000 members, was No. 20 on the PAC list with \$735,000 in contributions.

Fourth, other unions, from the Masters, Mates and Pilots International to the International Longshoremen's Association, also have considerable influence. And major shipbuilders such as General Dynamics have large and active PAC's.

I would again appeal to Members of this body that if you are concerned about providing more food-aid assistance to Africa, then they should support this amendment.

If Members are concerned about the state of our agricultural economy and our farmers, then you should support this amendment.

If Members are concerned about declining agricultural exports, then you should support this amendment.

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And, if Members are concerned about the Federal deficit, then you should support this amendment and exempt all agricultural exports from cargo preference requirements.

Many of my colleagues who have maritime concerns within their districts may perceive this amendment as an anti-maritime amendment -- but it is not. This amendment is a pro-farmer, pro-hunger relief and pro-deficit reducing amendment. If this amendment is defeated, then Congress will have planked a knife in the backs of our farmers, hungry people in Africa, and the American taxpayer.

If Congress wants to help the maritime industry -- and it should -- then let's do so in a separate piece of legislation -- not the farm bill.

I think it is time that Members of Congress put a halt to this hidden Government subsidy. I underline the word, "hidden." I speak not necessarily against the concept of a subsidy but to the fact that it is hidden in the agriculture budget as a part of the Food for Peace Program. I think the cargo preference provisions benefit a handful of maritime interests at the expense of thousands of U.S. farmers and millions of hungry people.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. Bereuter] has expired.

(By unanimous consent, Mr. Bereuter was allowed to proceed for 2 additional minutes.)

As the Member has indicated, I am not opposed to subsidies for the maritime industry, but it ought not to come out of what the American people think they are spending for food to assist people around the world.

I think as I stand here, I have behind me the taxpayer, the starving people from around the world, especially in Africa, and I think I have the U.S. farmer standing behind me.

Now, why not have a straightforward approach? It has been said a few minutes ago that with respect to the blended credit programs, the Secretary arbitrarily and capriciously decided not to proceed. His judgment was and continues to be that we were noncompetitive when cargo preference requirements were applied to the blended credit program.

Mr. Chairman, I urge my colleagues to vote for the amendment to eliminate cargo preference in the Food for Peace Program.

Mrs. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I am pleased to yield to the gentlewoman from Maryland.

Mrs. BENTLEY. Mr. Chairman, the gentleman from Nebraska gave the figure of \$109 million spent on agriculture cargo preference and the gentleman said it was only for 30 companies, I believe, but the gentleman did not get into how many seamen were affected by that, that there are nearly 35,000 seamen and that amounted to about \$2,800 per seafarer in subsidies.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. Bereuter] has expired.

(At the request of Mrs. Bentley, and by unanimous consent, Mr. Bereuter was allowed to proceed for 1 additional minute.)

Mrs. BENTLEY. Mr. Chairman, if the gentleman will continue to yield, in that same year there was \$34.9 billion spent on farm supports, and if you divided that among the 2.7 American farmers, it comes to \$14,725 each, so there is a big difference.

I am not opposed to assisting the farmers, but I say they both need to be helped.

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Mr. BEREUTER. Mr. Chairman, reclaiming my time, I agree with the gentlewoman, they both do need to be helped, but not through a hidden subsidy.

As for part of the merchant marine people that we are helping by the subsidy, they should be helped, but let us talk a little bit about what the Philadelphia Enquirer said about some of these merchant seamen. They calculated that some people in that category are making over \$140,000 a year in wages.

Now, I am not suggesting that we ought not subsidize the merchant marine and help keep people employed, but we ought to do it directly up front by a direct subsidy in the DOT or the Defense Department budget.

Mr. LENT. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I am pleased to yield to the gentleman from New York.

Mr. LENT. Mr. Chairman, the gentleman mentioned the Secretary of Agriculture's actions in the blended credit program, which we tried to establish.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. Bereuter] has again expired.

(At the request of Mr. Lent, and by unanimous consent, Mr. Bereuter was allowed to proceed for an additional 2 minutes.)

Mr. LENT. Mr. Chairman, will the gentleman continue to yield?

Mr. BEREUTER. I yield to the gentleman.

Mr. LENT. That was, as I understand it, about a \$550-million program, of which roughly \$48 million would have been allocated toward the cargo preference part of the program.

In suspending that program, the Secretary's decision meant that the American farmer lost \$500 million, give or take a few, worth of sales.

The fact is as well that the USDA had the money in its budget at the time that program was suspended to pay the cost differential. That is a fact. It is in the budget, but they elected, the Secretary elected not to use it because he felt it would set a precedent and also he wanted to put pressure on Congress to change the cargo preference law, but really he shot the farmer in the foot.

Mr. BEREUTER. Reclaiming my time, Mr. Chairman, the person that shot the farmer in the foot was the judge when she made the decision that would make cargo preference provisions applicable to the blended credit commercial sales. The judge may have felt compelled to make that decision, but the Secretary has said the result is we are now noncompetitive. It does not matter how much money is authorized or appropriated. We are noncompetitive when you apply cargo preference to the blended credit program.

Mr. LENT. Mr. Chairman, if the gentleman will yield further, the cost of the cargo preference program is not passed on to the potential purchaser. The potential purchaser gets the benefit of the money out of the Department of Agriculture's budget spent to pay the cargo preference. No question it is a subsidy. We do not deny that cargo preference is a subsidy, but it is about less than 1 percent of the subsidy -- what did someone say, \$40 billion that is accorded to the agricultural community.

Mr. BEREUTER. Mr. Chairman, we are potentially talking about billions of dollars worth of commercial sales that are lost. If we are going to apply cargo preference across the board, we are talking about a lot of money, indeed.

Mr. QUILLEN. Mr. Chairman, I move to strike the requisite number of words.

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Mr. Chairman, I rise in strong opposition to the amendment, perhaps for many reasons, but most of all, why are we fighting? We are all for the farmers. We all should be for our merchant marine fleet. Working together, we can accomplish a common goal; but I do not see why the farm subsidy and the farm people are trying to destroy our merchant marine fleet. It is badly needed. Already the Russians are far ahead of us. Only a small percentage of products are carried on American bottoms, yet internationally the Russians have increased some 70 percent and we in our merchant marine fleet, American bottoms, have decreased by 43 percent.

When this measure was before the Rules Committee, I took exception to the Agriculture Committee, not any member of the Agriculture Committee. But under the jurisdiction of this House the merchant marine authorization, the merchant marine legislation, is under the jurisdiction of the Merchant Marine Committee.

Why should another committee try to pirate, to beat around the mulberry bush, to take away that authority? I think it is most unfair.

Let us hit it head-on. As I said, working together, we can accomplish a common goal. There is nothing wrong with the merchant marine language being the original language. Let the Agriculture Committee try to amend it, if they wish.

They are making an argument that I do not think is going to help the American farmer one iota, to destroy our cargo preference, to destroy our American bottoms and our American merchant marine fleet. I know it is so critical and so important.

I served in World War II. I served in the Atlantic and the Pacific, went into the Yellow Sea and was discharged from an aircraft carrier there and went to Sasebo, Japan, for a return to the United States. I did not return on a Navy ship. America provided merchant marine ships and I returned to the United States on a merchant marine ship.

Mr. Chairman, without the merchant marine fleet during World War II, we would not have been as successful as we were in providing the backup for a great U.S. Navy and for a great war effort.

I have heard the discussion on the floor about, what did it cost? The farm subsidy costs \$18.4 billion. The merchant marine subsidy is eight-tenths of 1 percent of that figure. Figure it out in your own mind. What are we arguing?

We are all for the farmers. I am for the farmers. I am from a semirural area. Growing up as a young man, I worked on the farm. I know how it is.

I am also for the defense of this country and for a great merchant marine fleet. I do not intend to stand by, myself personally with one vote, to see it scuttled.

I oppose the amendment. I urgently request you to reconsider your views when you hammer away at American bottoms, trying to cut it even farther than it is and give the Russian flag and foreign flags an edge over American flags. I do not think it is right.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. QUILLEN. I am happy to yield.

Mr. SMITH of Iowa. Mr. Chairman, I am really somewhat at a loss to know why the subject is before us in the present form. I think to start with, it is too bad that this subject is even involved in this agriculture bill, because it could help prevent us from securing votes needed to pass the bill and go to conference with the bill. It would be better if the subject matter had never been in the bill at all.

I also think that there is nothing wrong with paying some subsidies to the merchant marine, as long as it is out in front and we do not in any way interfere with the competition or affect the price of the product being moved, the sale of grain and so forth. Of course, that is the case under Public Law 480 program.

In the case of African relief, I remember specifically in our Subcommittee on Appropriations that we appropriated separate money so they could pay for the transportation.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. Quillen] has expired.

(At the request of Mr. Smith of Iowa, and by unanimous consent, Mr. Quillen was allowed to proceed for 2 additional minutes.)

Mr. QUILLEN. Mr. Chairman, I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. So, Mr. Chairman, what I want to know is, why did the Rules Committee make in order another approach to the cargo preference problem in this bill instead of just eliminating from the bill completely all reference to cargo preference.

Mr. QUILLEN. I cannot speak for other members of the Rules Committee, but as I recall, it was almost unanimous. We embraced the original language in the bill, rather than the agriculture language, which automatically amended the merchant marine provisions, so I think it was justified.

The burden then is not on the Merchant Marine Committee to prove that the Agriculture Committee was wrong. Now it is up to the Agriculture Committee to prove that the original language is wrong.

Mr. SMITH of Iowa. But would it not have been better to have no reference in this bill at all to cargo preference and settle that matter in a separate bill instead of jeopardizing this bill -- perhaps some people want to kill the bill but I don't believe a majority do.

Mr. QUILLEN. Historically, the Rules Committee does not delete language from a bill. We try to make it palatable in accordance with the existing policies of both committees.

I appreciate the gentleman's comments, but I do not think that is going to solve the problem we are faced with today. The problem is this amendment before us and I would hope that the gentlewoman would withdraw her amendment, because I think it is dead wrong to try to bring more destruction on to the merchant marine fleet than we now have.

Mrs. BENTLEY. Mr. Chairman, will the gentleman from Tennessee yield?

Mr. QUILLEN. I am happy to yield.

Mrs. BENTLEY. Mr. Chairman, I would like to commend the gentleman from Tennessee for his very eloquent statement regarding the importance of the American merchant marine, American ships manned by American seamen in times of crisis, and my hat is off to the gentleman from Tennessee.

Mr. QUILLEN. Mr. Chairman, I thank the gentlewoman.

Mr. Chairman, in closing, I would like to say, let us buy American instead of bye, bye America. We are all Americans. Let us realize our goals and our aspirations and go forward and defeat this amendment.

Ms. MIKULSKI. Mr. Chairman, I move to strike the requisite number of words.

(Ms. MIKULSKI asked and was given permission to revise and extend her remarks.)

Ms. MIKULSKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to associate myself with the remarks made by the gentleman from Tennessee and not be

repetitive.

I just want to make a few points. Everyone is concerned about the American farmers. We know that they are suffering, but the reason that they cannot export is because of the high value of the dollar, declining land values, low market prices, and huge crop surpluses.

In 1984, of 145 tons of U.S. agricultural products, only 2 percent was covered by cargo preference. The small amount of agricultural exports cannot be blamed on cargo preference.

I think it is a shame when one American worker is pitted against another American worker.

The amendment of the gentlewoman from Nebraska is ill-conceived. It is extremely poignant to see agriculture and merchant mariners pitted against each other. Both are in trouble. We should work together to resolve our trade problems that have crippled both farmers and the merchant marine. We are all hurt by the high value of the dollar and we should not seek to hurt one industry at the expense of the other.

We have lost merchant marine jobs. This amendment alone could mean as many as 6,000 more jobs lost.

We have already seen our shipbuilding industry decline. Again, since 1978, we have lost 27,000 jobs. We have already seen 2 million jobs exported overseas.

I would like to see us export food, not jobs. I would like to see us export democracy, not opportunity. As a result, I am going to oppose the Smith amendment and hope that my other colleagues also do.

AMENDMENT OFFERED BY MR. ENGLISH AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MRS. SMITH OF NEBRASKA

Mr. ENGLISH. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. English as a substitute for the amendment offered by Mrs. Smith of Nebraska: On page 275, strike lines 6 through 11 and insert in lieu thereof the following:

"LIMITATION ON REQUIREMENTS

"Sec. 1141. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end thereof the following: 'Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements, except to the extent otherwise required for exports under the Agricultural Trade Development and Assistance Act of 1954.'"

(Mr. ENGLISH asked and was given permission to revise and extend his remarks.)

Mr. ENGLISH. Mr. Chairman, I support the aims of the amendment offered by the gentlewoman from Nebraska [Mrs. Smith]. I, too, feel that all agricultural exports should be free and clear from cargo preference legislation.

I also feel, however, that at this juncture, another road would be better for us to take, one that would allow agriculture and the shipping industries to work together in the coming months, and give each the time that is necessary to find a long-term, workable solution without further delaying agricultural exports which are financed by blended credit.

Mr. Chairman, the English-Roberts amendment is the same language that appeared in the House Committee on

Agriculture's version of H.R. 2100. Our amendment reverses the appellate court decision which expanded cargo preference to specifically include blended credit agricultural sales. The court decision also implied that other subsidized commercial sales would also be subject to cargo preference.

Our amendment reverses this decision and allows cargo preference to continue to apply in the traditional concessional sales, as it has for over 30 years. right now no one, except for foreign grain producers, is benefiting from the expanded cargo preference decision. Over a half billion dollars in blended credit shipments were suspended in fiscal year 1985 because of this court decision.

The merchant marine got more cargo preference, but they did not get more cargo to ship, and without that cargo, there is no benefit to the merchant marine industry. Our farmers, however, have suffered a real loss. Shipments of their grain have been suspended, and that leaves over \$500 million of grain still on our markets, further reducing the already depressed grain prices of this country.

The American Farm Bureau estimates that a reduction in wheat exports of 100 million bushels will reduce the season's average price of wheat by 32 cents per bushel. I dare say that this a totally, unfair burden for the American farmer to carry.

The cargo preference decision has also weakened America's trading posture. Not only have we suspended blended credit sales, significantly adding to our growing trade deficit, but the suspension has again left us holding the grain bag. Our buyers have been victims of the destructive trade agreements and we once again are guilty of being unreliable trading partners.

The English-Roberts amendment will help restore a strong trade posture for American producers and shippers alike. Our amendment protects the trade policy that we have had for well over 30 years, and sends a strong signal to foreign buyers that we want to be reliable as a trading partner.

This amendment allows the House farm bill to promote the sale and shipment of American farm commodities abroad. This benefits both the American farmer and the American merchant marine. During the past 30 years, cargo preference has provided over \$1 billion in shipment subsidies for the merchant marine. Our amendment does not in any way endanger this support of the merchant marine industry.

Mr. Chairman, I have always been a supporter of a strong national defense, and I value the role which the merchant marine plays in that defense. The English-Roberts amendment would help strengthen our national economy through increasing our exports. A strong national economy is vital to our national defense, and this amendment is an important step in that effort.

The English-Roberts amendment benefits the American farmer and the American shipper, and I urge my colleagues to vote for its passage.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. English] has expired.

(On request of Mr. Lent and by unanimous consent, Mr. English was allowed to proceed for 3 additional minutes.)

Mr. LENT. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I would be happy to yield to the gentleman from New York.

Mr. LENT. I thank the gentleman for yielding.

Mr. Chairman, the gentleman indicated that the purpose of his amendment was to put the cargo preference law back to the point where it had been before the recent decision of the court. I have a copy of the Cargo Preference Act of 1954, which has been on the books for 31 years, and it specifically indicates that under this act, the use of U.S.-flag vessels is

stipulated where the United States procures contracts, et cetera, et cetera, and then under item 3, it says, "advances funds or credits."

So the law has always been that where the United States advances funds or credits, such as in the program advanced by the Secretary of Agriculture, which is now under suspension, that law would apply. So I just wonder where the gentleman determines that the decision, which seems to me to clearly state the state of the existing law, extended the 31-year-old Cargo Preference Act.

Mr. ENGLISH. Mr. Chairman, as the gentleman well knows and is well aware, traditionally, in agricultural sales, the cargo preference legislation has applied to Public Law 480 as well as the AID programs. That is what we had been doing up until the first of this year when the court made its decision.

What we are saying is that we have no disagreement with that. The Department of Agriculture will continue to pay out of its budget -- even during these pressing times when we have had to reduce the size of that budget, to make cuts in that budget -- we have continued to do that to make certain that merchant marine receives those benefits. We are simply asking that we continue in that vein.

Let me say, too, at this point that I would strongly support the Committee on Merchant Marine and Fisheries and anyone within the industry if they would like to take additional steps as far as assisting our merchant marine fleet. As I said, I think it is vital for our national defense, and I would support that, but at a time such as this, when we are having to cut the agriculture budget, when we have the greatest crisis in the history of this country since the Great Depression in agriculture, please do not place this additional burden on us at this time. Let us try to work with you and support you in gaining that additional assistance and we will both be well served.

Mr. LENT. Mr. Chairman, if the gentleman will yield further, perhaps the gentleman could straighten me out and correct me if I am wrong, but is it not the fact that the blended credit program, as conceived by the Secretary of Agriculture, had as its essence the extension of U.S. credit to foreign purchasers of American farm products?

Mr. ENGLISH. Mr. Chairman, I would simply point out to the gentleman that that program, of course, has been in place for some time, but we do not have a Blended Credit Program now and we have not had one since that decision because the Secretary of Agriculture refuses to use that program so long as it comes under the jurisdiction of cargo preference.

If the gentleman can assure us that this administration then will start paying the Blended Credit Program and using the Blended Credit Program to continue, then perhaps he is talking to the wrong person. Instead of talking to this Member, he needs to be talking to the President of the United States.

But the point is, there have been no additional shipments made under the Blended Credit Program. The Secretary has suspended that. There has been no benefit to the merchant marine industry. The President suspended that.

Mr. LENT. What about the farmer?

Mr. ENGLISH. The mainpoint, though, is that not only have there been no sales to the farmer, but it has hurt the farmer because we have that sitting on the market and suppressing grain prices.

So I guess I am asking, on one hand, why insist on carrying out a program in which there is no benefit to the merchant marine people, while at the same time it is hurting, and hurting tremendously, the American farmer and is costing him, as the American Farm Bureau has estimated, up to 32 cents a bushel.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. English] has again expired.

(On request of Mr. McCurdy and by unanimous consent, Mr. English was allowed to proceed for 3 additional

minutes.)

Mr. McCURDY. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Oklahoma.

(Mr. McCURDY asked and was given permission to revise and extend his remarks.)

Mr. McCURDY. I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of the amendment offered by my colleague, the gentleman from Oklahoma, and I want to commend him for his untiring efforts in bringing this issue to the floor and for the work that he has done in committee. I urge my colleagues to consider this amendment very carefully. This is perhaps one of the most important amendments in this bill.

I want to commend the gentleman from Oklahoma for his untiring efforts to prevent the expansion of cargo preference for American agriculture.

Our farmers may be frustrated by the unfair trading practices of America's foreign competitors but they are outraged that their own Government further restricts agricultural commodity export programs through cargo preference requirements.

I hate to see two American industries pitted against each other on the floor of this House. I know there was a time when agricultural exports so dominated the world market that perhaps our farmers could afford to help shore up the maritime industry.

But that is obviously not the case today. Foreign markets are more competitive and American agriculture is fighting to survive. The language inserted into the bill by the Merchant Marine Subcommittee is not acceptable to American farmers and it should be rejected by this body.

The livelihood of our farmers is already threatened by U.S. fiscal policy. Expanding cargo preference to commercial agriculture exports just closes another door of hope. I urge support of the English amendment.

Mr. ENGLISH. Mr. Chairman, let me say again, I want to really underscore and to stress my plea to the people from the Committee on Merchant Marine and Fisheries and to others who are certainly affected by this industry. The point is that we mean no harm to the merchant marine industry. We want to help the merchant marine industry. I will vote for assistance to the merchant marine industry. Let us do it through the Department of Transportation or the Department of Defense if we are going to put an additional cost into this program rather than trying to again pile additional costs onto the Department of Agriculture and onto the backs of the American farmer at a time like this, and particularly when the Secretary in this administration has already said that they simply will not spend the money.

So there is no benefit for the merchant marine people, but there is tremendous harm done to the farmer.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from New York.

Mr. BIAGGI. I thank the gentleman for yielding. I know the gentleman does not want to hurt the merchant marine, at least he does not intend to. But the unfortunate consequence of the additional amendment and yours will produce catastrophic devastation on the merchant marine.

Mr. ENGLISH. Could I ask the gentleman then perhaps could he explain to me, since you are receiving no benefit, and evidently would not as long as this administration is in power, you would not receive any additional benefit as far as

blended credit is concerned, we have contained in the bill export subsidies which would also fall under the court's interpretation of cargo preference. The Secretary would not apply that, so there is no benefit and there you have no additional cargo that you are going to be shipping. How do we do harm by simply saying you know, please let us go, let us fund this in some other manner instead of simply placing this on the farm where it hurts the farmer, but it does not benefit the merchant marine?

Mr. BIAGGI. I think Congress can deal with that one as long as we understand clearly the nature of blended credit and how it came into being, and how it reflects the attitude of the Secretary. Cargo preference has been in place for some 30-odd years working effectively. It is probably one of the few programs that we have left in the maritime industry that is assisted by the Government.

The blended credit was a device, and simply a device, to circumvent the law.

At the time, then-Admiral Shear, who is the Administrator of Marad, said yes, it did belong within the Cargo Preference Act. But he was pressured to back off, and Secretary Block took the action that he did and there was a cessation, there was a cessation of transportation in that area. That is exactly why the Transportation Institute went to the court, and Judge Green made her statement which I will state one more time.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. English] has again expired.

(On request of Mr. Biaggi and by unanimous consent, Mr. English was allowed to proceed for 2 additional minutes.)

Mr. ENGLISH. I thank the gentleman. Again I would like to ask him, and again to plead with him, unless he knows of some way of requiring this administration to use the funds under the blended credit program, to use the funds for export subsidies that are contained within this bill, then again I would say there is no benefit to the merchant marine industry, but there is terrible damage and harm done to the American farmer. Now, unless he has that solution, what he is asking for is the sacrifice, and let me also say with the reduced budget, would you please at the same time provide that additional cost through funding through the Department of Transportation or the Department of Defense or someone that is appropriate rather than putting it on the head of the Department of Agriculture and the Department of Agriculture.

Mr. BIAGGI. If the gentleman will yield again, this brings us back to another point. But I would like to complete my statement.

Judge Green made a statement and gave her decision and said clearly that blended credit belonged within the purview of the Cargo Preference Act, unmistakably that it was it. If any one of us were to read her decision, and the law and the effect of blended credit, they would have to agree that it is as plain as the nose on your face.

Now this brings us back to the original problem.

How come this problem, which is really under the sole jurisdiction of the Merchant Marine and Fisheries Committee, all cargo preference laws emanate from that committee, finds itself in the agriculture bill? That is the problem.

Now I regret what has happened. The gentleman's alternative we can go back and review and have hearings on and do it in the proper way.

But let me tell the gentleman what I anticipate. I hope that the gentleman's amendment is defeated as well as the amendment of the gentlewoman from Nebraska being defeated because if they are enacted, you will find many folks that ordinarily would support this bill will vote against it.

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Mr. JONES of North Carolina. Mr. Chairman, I rise in opposition to the amendment and to the substitute offered by the gentleman from Oklahoma [Mr. English].

Mr. MADIGAN. Mr. Chairman, will the gentleman from North Carolina yield?

Mr. JONES of North Carolina. I will be happy to yield.

Mr. MADIGAN. I thank the gentleman for yielding.

I wonder, earlier in the day, we had talked about the possibility of getting some time limitation on the various things to be considered here in this bill, and I think that we have got a time limitation on all of the matters of controversy with the exception of cargo preference. I would like to ask the gentleman from North Carolina [Mr. Jones], the chairman of the Merchant Marine and Fisheries Committee, and the gentleman from Texas [Mr. de la Garza], the chairman of the Agriculture Committee, if they think it would be possible at this point to get some sort of time limitation on the cargo preference provisions of the bill?

Mr. JONES of North Carolina. Mr. Chairman, I would say to the gentleman that earlier on in the day, I agreed to a 1-hour limitation, but certain Members on the gentleman's side wanted to be heard and I assume had good logic to oppose that, and we could come to no decision.

Yes, I will be very agreeable to cut off debate at a reasonable hour. But bear in mind that most of the time consumed up to this point has been by the anticargo people, and we sort of feel like our side needs a little time to be heard in rebuttal.

What did the gentleman have in mind?

Mr. MADIGAN. If the gentleman would yield so the gentleman from Texas could express himself?

Mr. JONES of North Carolina. Mr. Chairman, I yield to the gentleman from Texas [Mr. de la Garza].

Mr. de la GARZA. I thank the gentleman for yielding and appreciate the interest of the gentleman in facilitating the eventual finishing of this legislation.

I think the issue has been clearly defined and enunciated. With the exception of having some Members that may not have been heard, I would be agreeable to any reasonable time limit, and I think we can expedite the process. Also I would be very happy to agree to the gentleman's suggestion to accommodate the gentleman from North Carolina. I would think that 1 hour probably would allow Members to voice their wishes on this matter.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. JONES of North Carolina. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, does the gentleman from North Carolina have any objection to that suggestion?

Mr. JONES of North Carolina. I have no objection to the debate on this amendment and all substitutes ending at 4:45.

Mr. BEREUTER. Mr. Chairman, reserving the right to object, I reserve the right to object first of all to understand if the limit that has been proposed by the distinguished chairman of the Merchant Marine and Fisheries Committee applies only to the Smith amendment and the substitute by the gentleman from Oklahoma, or if it applies to the subject of cargo preference generally.

Mr. JONES of North Carolina. I would say to the gentleman that it applies to all amendments introduced and those

pending for the remainder of the bill.

Mr. BEREUTER. Further reserving the right to object, I think that perhaps the gentleman knows that I have six or seven amendments pending; they are waiting after the English-Roberts substitute, if that substitute should fail. That substitute amendment should not be rejected, because it only restores a level playing field or the status quo. But then my pending amendments would reduce the amount of subsidy going to any one shipping company. I have an amendment that moves the cargo preference subsidy program to the DOT budget, and another that moves it to the Department of Defense budget.

I visualize the possibility of all of the time being exhausted on the English-Roberts substitute and this gentleman resultantly being without time to present his amendments, if that should be necessary.

So, therefore, I do object.

Mr. JONES of North Carolina. Mr. Chairman, I move that, for all amendments introduced and those pending, all debate on this particular section of cargo preference shall end at 4:45.

The CHAIRMAN. Is the gentleman moving to limit debate on section 1141 and all amendments thereto?

Mr. JONES of North Carolina. Only those pertaining to cargo preference, Mr. Chairman.

The CHAIRMAN. Would that include new sections following section 1141?

Mr. JONES of North Carolina. Yes, Mr. Chairman. I am confining my motion to cargo preference, the two amendments pending and those anticipated, and I had in mind the gentleman's amendments when I added 15 minutes to the original request.

The CHAIRMAN. Is the gentleman's request that the limitation be 1 hour? Is that what the gentleman suggested?

Mr. JONES of North Carolina. No, Mr. Chairman.

The CHAIRMAN. Will the gentleman restate his request?

Mr. JONES of North Carolina. Mr. Chairman, 5 minutes ago, the motion was at 4:45.

#### PARLIAMENTARY INQUIRY

Mr. BEREUTER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BEREUTER. Since I have six or seven amendments that would be covered by the chairman's motion, Mr. Chairman, do I then have, outside of this time limit, 5 minutes for discussion, or 10 minutes in the case of opposition? And the time for votes, does that come outside of the 1 hour or within?

The CHAIRMAN. If the amendments have not been offered within the timeframe which the gentleman from North Carolina has suggested, then the gentleman from Nebraska [Mr. Bereuter] would have 5 minutes in support of each amendment, if they have been printed in the Congressional Record, and 5 minutes in opposition also.

Mr. JONES of North Carolina. Mr. Chairman, I move the previous question.

#### PARLIAMENTARY INQUIRY

Mr. ENGLISH. Mr. Chairman, I have a parliamentary inquiry.

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The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ENGLISH. Mr. Chairman, would it be proper under the procedures of the House for a limitation upon the English-Roberts-Smith proposals to end at, say, 4:30, and any other amendments that may arise to end by 5:00?

The CHAIRMAN. Overall time can be limited by motion. Allocation of time may be made under a unanimous-consent request.

Mr. ENGLISH. Mr. Chairman, under a unanimous-consent request, would such a procedure be in order?

Mr. JONES of North Carolina. Mr. Chairman, I have a motion.

The CHAIRMAN. The gentleman can move to limit debate on the Smith amendment and all amendments thereto.

The question is on the motion offered by the gentleman from North Carolina [Mr. Jones].

The question was taken; and on a division (demanded by Mr. Bereuter) there were -- ayes 39, noes 12.

So the motion was agreed to.

The CHAIRMAN. The gentleman from North Carolina [Mr. Jones] still has the time.

Mr. de la GARZA. Mr. Chairman, will the gentleman from North Carolina yield?

Mr. JONES of North Carolina. I yield to the gentleman from Texas.

#### PARLIAMENTARY INQUIRY

Mr. de la GARZA. Mr. Chairman, I ask the gentleman to yield for the purpose of making a parliamentary inquiry as to how the time will be apportioned.

The CHAIRMAN. The Chair is unclear as to how many Members are interested in speaking on this amendment, although he has an idea, and will continue under the 5-minute rule unless there can be some agreement reached that the time should be apportioned among those Members who are standing as the Chair speaks. The Chair has the authority to do that, and it would be, I think, fair to the committee members that the Chair allocate that time to Members standing.

Mr. MADIGAN. Mr. Chairman, I have a unanimous-consent request.

Mr. Chairman, I ask unanimous consent that the time that has just been allotted by the successful motion be divided equally between the Merchant Marine and Fisheries Committee and the Agriculture Committee, and that the time allocated to each be divided equally between the majority and the minority.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The gentleman from Texas [Mr. de la Garza] and the gentleman from North Carolina [Mr. Jones] will each have 15 minutes if they desire to control such time, and the gentleman from Illinois [Mr. Madigan] and the gentleman from New York [Mr. Lent] will each have 15 minutes.

Mr. JONES of North Carolina. Mr. Chairman, I go back to about 20 minutes ago when I rose to my feet and stated that I was rising to oppose the Smith amendment as well as the substitute offered by my good friend, the gentleman from Oklahoma [Mr. English].

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Now, obviously, the Smith amendment would completely obliterate, in all practical effects, what is known as our American merchant marine fleet. Back home, I find it very popular to oppose foreign aid, and so we all have our little gimmicks, I guess.

Now, the English amendment, or the substitute, has exactly the language, Mr. Chairman, that came out of the Committee on Agriculture, which came before the Committee on Merchant Marine, and which we felt was intruding on our jurisdiction and they have exceeded their bounds.

We removed that language and went to the Committee on Rules, and the Committee on Rules, as I understand it by an overwhelming vote, sustained the merchant marine position and the bill before you, which is the committee bill and which I intend to support has little or no language; one sentence referring to cargo preference.

So what we are doing if we adopt the English amendment, we are reversing the Committee on Merchant Marine, we are reversing the Committee on Rules, by an overwhelming vote; and I feel that should be put into the record, what we are doing if we vote for that amendment, and heaven's knows what we are doing if we vote for the Smith amendment. We are voting for the demise and the farewell to the American merchant marine fleet.

I yield to the gentleman from New York [Mr. Biaggi].

Mr. BIAGGI. I thank the chairman for yielding.

(Mr. BIAGGI asked and was given permission to revise and extend his remarks.)

Mr. BIAGGI. Mr. Chairman, I think we know exactly where we are with blended credit and the Federal court decision, and the Secretary's arbitrary and capricious attitude, specifically defined by Judge Green of the Federal district court.

The gentleman from Tennessee [Mr. Quillen] talked in terms of the merchant marine as important to national defense. Clearly it is a critical part of the national defense.

Let me characterize this. I see it as a voracious and rapacious vulture in the sky, looking down and seeing a little sparrow prepared to eat a morsel of food. That voracious vulture is going to come down and strike to get that food, but in the same process is going to kill the sparrow. It will not nourish the vulture one bit. And so be it with this matter.

These amendments will not help the farmers significantly, but it will kill the merchant marine.

Over the last few months, I have viewed the issue of cargo preference with great concern. I feared it was a volcano about to erupt. I have tried to defuse the issue. I had even hoped in vain that this amendment would not be offered, because I know this amendment will only gain opponents to H.R. 2100.

There will be many statements on both sides of this issue. What I would like to do is put things in perspective -- not with rhetoric but with facts. If you objectively assess this issue, I think you will come to several conclusions.

First, the merchant marine is indispensable to our Armed Forces and national defense.

Second, cargo preference is essential to the survival of the U.S. maritime industry.

Third, a vote for cargo preference is not a vote against the American farmer.

Let's start with national defense. The merchant marine has played a major role in every military operation from the revolution to Granada. The heroic role of our merchant marine can be demonstrated by a grim statistic: The merchant marine had a higher casualty rate in World War II than any branch of the Armed Forces, except the Marine Corps.

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An essential factor in waging a successful war is the availability of merchant vessels and skilled crews -- capable of transporting necessary troops, arms, and supplies to various battle zones and our allies. Operation Safari -- one of the most extensive peacetime military exercises in our history -- has just ended. It tested our ability to protect cargo ships while they resupplied our NATO allies. The exercise is yet another example of recognition by the navy that our merchant marine is vitally important to our defense.

The importance of a healthy merchant marine is also fully recognized by the Soviets. Now listen to this: At the end of World War II, the Soviets had 308 vessels, now they have 2,531 merchant vessels in their fleet -- an increase of 70 percent over the last 10 years. In 1945, we had 5,009 vessels, now we have 399 active vessels in our fleet. Let me remind you also that every Soviet merchant vessel is an adjunct to the Soviet military machine.

Clearly, our merchant marine is essential to our national defense, but why is cargo preference essential to our merchant marine?

The U.S. merchant marine is suffering from a number of problems -- including a worldwide shipping crisis. In the years since World War II -- but especially in the 1980's, there has been a serious decline in the number of ships, seagoing personnel, shipyards, and maritime support industries. The facts speak for themselves.

We have less than 400 oceangoing ships.

We carry only 4 percent of our international trade.

The number of seagoing personnel has dropped 50 percent in the last 3 years. This attrition has raised the average age of an unlicensed seaman to 52 years.

Forty-one shipyards have closed in the last 10 years.

The maritime industry is adamant about cargo preference, because it is one of the last few supports of the industry. In 1983, the Cargo Preference Program accounted for 37 percent of cargoes carried by the U.S. merchant fleet. GAO estimates that cargo preference, in 1980, provided work for between 21 and 33 additional ships and from 1,400 to 2,000 seagoing workers.

In 1981, there were five Government aids to the maritime industry:

Construction-differential subsidy, which in 1979 paid over \$400 million for ship construction. That program has been eliminated.

Operating-differential subsidy, which provided direct assistance to ship operators, has been restricted, so no new contracts are being granted.

The capital construction fund allowed shipping companies to defer taxes in order to accumulate capital to build new ships. The administration's and the Ways and Means Committee's tax plan would eliminate this program.

The title XI Loan Guarantee Program is on OMB's hit list.

To reduce all of these events to dollar terms, consider this: Direct maritime subsidies dropped from \$606 million in 1980 to \$398 million in 1984. With these reductions taking place, the maritime industry is not exactly growing fat at the Government larder.

That brings us to the last Government support -- cargo preference -- also under siege. We know that cargo preference is essential to the maritime industry. The corollary question is, "How much does it affect the farm community?"

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The farm interests are adamant about eliminating cargo preference. Opponents of cargo preference say the program adversely affects farm exports. Let's clear up this misconception.

The vast majority of agricultural commodities in international trade move without Government intervention and, therefore, are not subject to the cargo preference laws. In 1983, less than 2 percent of all agricultural exports were carried on U.S.-flag vessels under cargo preference.

Section 1141, adopted by the Merchant Marine and Fisheries Committee, maintains the status quo. It even preserves a cargo preference exemption enacted in 1978 to benefit the agricultural community by exempting some Government credit sales from cargo preference.

Opponents of cargo preference say the program discourages foreign sales.

This is not accurate. Since the added cost of using U.S.-flag vessels is paid by the Government, foreign purchasers incur no extra cost.

I would like to direct your attention to a recent statement by Robert D. Fondahn, president of protein grain products international. Mr. Fondahn correctly points out that the failure to make foreign sales is not a result of the cargo preference laws. He finds that "an exemption from cargo preference requirements on GSM-102, blended credit, and special bonus programs is but a minor factor in calculating the U.S. sales price. Whether we like it or not, world prices determine the frequency and volume of commercial sales -- not ocean freight differentials."

In effect, this means that the added cost of cargo preference has an infinitesimal impact on farm exports. The added cost of cargo preference is a needle in the haystack when you look at the problems of the agricultural industry.

Opponents of cargo preference say that, to meet the unfair farm subsidies of foreign countries, we must eliminate cargo preference.

The farm community does not stand alone in fighting the battle of foreign subsidies. In fact, unfair subsidies given by foreign states to foreign-flag operators is one of the reasons our merchant marine is in the midst of a crisis. I could speak for hours on the subsidies provided foreign fleets: Tax advantages, direct cash payments, cargo-sharing agreements -- the list goes on and on. Subsidies, whether direct or indirect, is one way to combat this problem. I wish we could eliminate this cost to the Government; but, until foreign governments cease and desist, we have no choice.

Farm interests say cargo preference must go. They say this is essential if they are to deal with a declining percentage of export markets, foreign subsidies, and the high value of the dollar. I hope that those who represent the farm community will hear me when I say that the U.S. maritime industry is trying to cope with these same problems. Let's attack those factors and not use cargo preference as the "whipping boy". Together, we can make things better for both industries.

Cargo preference means the difference between life and death to our merchant marine. This amendment would gut the cargo preference program. I contend it is not wise to change decades of Federal maritime policy by this amendment. If this essential program is to be changed, it should be done after full hearings, careful deliberations, and through legislation that can be considered fully on its own merits.

Mr. LENT. Mr. Chairman, I rise in opposition to the amendment and the substitute thereto, and I yield myself such time as I may consume.

(Mr. LENT asked and was given permission to revise and extend his remarks.)

Mr. LENT. Mr. Chairman, I rise in strong opposition to the amendment offered by the gentlewoman from Nebraska [Mrs. Smith] and the English-Roberts substitute thereto.

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I want to talk about the application of this Nation's cargo preference laws to the U.S. farm exports that are financed with Federal funding. For years when this country has sent surplus farm commodities abroad as part of our food-for-peace and other foreign-aid programs, we have sent 50 percent of those cargoes on U.S.-flag ships. This preference program was created to ensure that our Nation would have adequate cargoes for our U.S. merchant ships. The reason for this, of course, was to make sure we had a viable commercial fleet that we could call on in a time of war or national emergency. It has worked well over the years and we have supported the U.S. fleet.

As the economic problems of our country's farmers have gotten worse, we have seen a lot of pressure to do all sorts of things to help them out. We have heard in this regard on the floor here today a great deal of misinformation; for example, that if we can just export more farm products it will alleviate some of the problems. We are told that one thing that is impeding exports is the cargo preference requirement. They say that higher U.S. transportation costs price our farm products out of the world market and therefore the preference rules are responsible for declining exports, and we are told that cargo preference triples the cost of agricultural exports.

Now for the truth! U.S. cargo preference laws are not a barrier to farm exports. Of the 145 million tons of U.S. agricultural commodities exported in 1983, less than 2 percent were exported under the Food-for-Peace Program -- Public Law 480 -- of the USDA and the Agency for International Development. These exports were carried on U.S.-flag vessels as a result of the preference laws. Any additional transportation costs resulting from the preference requirements are paid by the U.S. Government, not our farmers or the purchasers of the goods, so the preference requirement does not change the price of the Public Law 480 commodities in the world market. In addition, even though it does cost more today to ship on U.S.-flag ships, the total differential between United States and foreign ship costs is declining dramatically -- and that means it requires less Federal money to make up the difference. The differential for the bulk shipments under title I of Public Law 480 has dropped from \$58 per ton in 1981 to around \$34 per ton in 1984.

I hope that my colleagues will note that the legislation before us today does not change the preference requirements for the Public Law 480 program. It does not expand the preference requirements for the Food-for-Peace Program.

Earlier this year, the Secretary of Agriculture stopped the Blended Credit Export Program because he did not want to follow the Federal court's decision that the cargo preference law applied to those sales, as well as the Public Law 480 exports. Note that I said the Secretary stopped the sales -- the court decision just said the law applied. The Secretary's decision meant that American farmers lost \$510 million worth of sales.

The fact is that the USDA had the money in its budget to pay the cost differential but they elected not to use it because they felt that it would set a precedent and they also wanted to put pressure on Congress to change the cargo preference laws. I, for one, do not think that it is the way we should be doing business.

We want to help our farmers, and we had a program to do just that, but the Secretary of Agriculture stopped these sales because he didn't want to pay the differential for U.S.-flag ships. That action hurt both farmers and the merchant marine.

The bill before us today -- as a result of the action by the Merchant Marine Committee -- would provide that the preference requirements would cover export promotional programs when the Federal Government funds or otherwise aids exports of farm products. This is consistent with the existing cargo preference laws that apply when the Government advances funds or credits or guarantees the convertibility of foreign currencies in connection with an export transaction. It is also exactly what the Federal court said should happen under the existing law! These new promotional programs like blended credit are not commercial transactions -- they are concessional sales. So all we are doing is reflecting the current situation and saying that when the Government funds the exports, directly or indirectly, cargo preference laws should apply.

We have also heard that if we would just eliminate this terrible cargo preference subsidy for the merchant marine, we could feed millions more starving people somewhere in the world. Now that is just not true! Transportation costs are

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included in the Federal budget and if the U.S.-flag requirements were to be eliminated, any money saved would be swallowed up by the Federal deficit. It would not be spent for food aid. Anyone who thinks it would just doesn't comprehend the current budgetary situation and the fact that any budget savings will go toward reducing the deficit -- not additional farm exports.

Let's be honest and put into perspective the funding we are talking about for merchant marine and agriculture programs. Total Government outlays to pay cargo preference freight differentials on agricultural exports in 1984 were around \$100 million. The total Federal appropriations to the Maritime Administration for all merchant marine programs was \$486 million in 1984 and \$465 million in 1985. Total direct Federal subsidy paid to agribusiness was \$4.8 billion in 1984, and is about \$10.8 billion in 1985.

Mr. Chairman, this farm bill is almost \$16 billion over the congressional budget resolution. The United States has not spent that much for all forms of assistance to the merchant marine in the 50 years since the Merchant Marine Act was passed in 1936. I think the Members should be aware of the miniscule amount of funding we are talking about for the maritime industry compared to agriculture.

We all know the American farmers have serious problems. But some of you may not be aware that the American merchant marine is suffering from exactly the same kinds of problems, and from many of the same causes -- the high value of the U.S. dollar and foreign subsidies.

Congress needs to address the real problems of our farmers through farm programs. We should not enact legislation to help one sector of our economy at the expense of another. This Nation needs a healthy, productive merchant marine just as badly as it needs a strong agriculture base. Those of us on the Merchant Marine Committee know all about declining industries. I would urge my colleagues to look at the maritime problems -- shipyards closing, lost seafaring and dockside jobs, declining cargoes -- it sounds just like the litany of horrors we have heard from the Agriculture Committee.

So let's pull together to come up with good, realistic, workable solutions to the common problems of these two industries. But don't think you can solve the farm problems by eliminating the cargo preference rules. That won't help farmers at all and it will cripple the merchant marine. There must be another solution. We want to work with all of our colleagues to fashion a good farm bill, and we think the language that the Merchant Marine Committee added to section 1141 of H.R. 2100 will ensure fair treatment to the merchant marine industry while we are trying to develop a program to help our farmers.

So I would urge my colleagues to join me in supporting our language and opposing the Smith amendment and the English-Roberts substitute that would exempt farm export programs from cargo preference. We should be working for a healthy farming industry and a healthy merchant marine; we need both.

Mr. FIELDS. Will the gentleman yield?

Mr. LENT. I yield to the gentleman.

Mr. FIELDS. I realize the gentleman does not have much time, and he is trying to clear up some misconceptions and create a clear perception, so I want to ask just a couple of quick questions.

Is it true that the maritime industry has lowered their cargo freight rates substantially in many cargo preference trades by not only operating ships with state-of-the-art technology but also by cutting their manning levels in half?

Mr. LENT. That is true. These subsidies are going down very dramatically. It is far less today than it was 2, 3, 5 years ago.

Mr. FIELDS. Another quick question: Is cargo preference unique to America, or do other countries also have cargo

reservation programs?

Mr. LENT. As we all know, many other nations have similar laws that protect their maritime industry. Certainly the Soviet Union and Japan.

Mr. FIELDS. Just one last question: Some facts that I do not think I heard anyone mention yet. It is my understanding in 1983 there were 145 million tons of agricultural commodities exported, and according to the Maritime Administration only 2.9 million tons, slightly less than 2 percent, of those exports were subject to cargo preference. Yet that cargo represented 37 percent of the total tonnage carried by U.S.-flag vessels.

Mr. LENT. The gentleman is correct.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. LENT. I would be happy to yield to the chairman of the committee.

Mr. JONES of North Carolina. I thank the gentleman for yielding.

Mr. Chairman, the time did not permit me to get this in my original statement, but I would like to emphasize: The argument that CCC has to divert funds from other sources to pay for cargo preference is not borne out by the facts. Indeed, according to the figures received from the Agency for International Development on inland transportation, excess funds were appropriated for ocean trade expended in 1984. During that year, according to fiscal year 1986 budget appendix, the actual appropriation for the line item for title II, "Ocean freight and inland transportation," was \$218 million. According to the Agency for International Development, only a total of \$164 million was expended on transportation, leaving \$57,960,000 unexpended.

So the argument that the high cost of transportation subsidy killed blended credit does not bear weight.

Mr. LENT. The gentleman is absolutely correct.

Mr. HUNTER. Mr. Chairman, will the gentleman yield briefly?

Mr. LENT. I yield to the gentleman from California.

Mr. HUNTER. I thank the gentleman for yielding.

Let me rise in support of the arguments that the gentleman just laid out, and also to say that I think this is very much a national security problem at issue. I noted that in 1945 the Soviet fleet had approximately 308 maritime vessels, at that time we had about 5,000. Today we have 399 and they have 2,531.

My suggestion to Mr. English in offering the amendment, and I understand that he has essentially said that Secretary of Agriculture John Block is holding at least part of this program, some \$500 million-plus, hostage right now to the cargo preference situation, the cargo preference bill. I would simply say that we might want to put the shoe on the other foot, since he says nobody is getting anything right now, we are not shipping, and the maritime industry is obviously not getting the benefit of shipping that grain, that we might put the shoe on the other foot and in this bill perhaps make it mandatory that at least that initial \$500 million worth of grain that is at issue, make that program mandatory for Mr. Block, and therefore he could not essentially take his basketball and go home, simply because the cargo preference subsidies would apply here. So I would ask perhaps if Mr. English could come back in a few minutes and respond to that: Can we not do this so that this does not necessarily kill that initial \$500 million program? Does the gentleman have any idea on that line?

Mr. LENT. The gentleman makes a good point.

As I understand the idea, the blended program suspension, the Secretary has in effect deprived the farmers of some \$450 million worth of sales of agricultural products so that the maritime interests do not get the cargo preference which amounts to somewhere between \$40 and \$50 million in toto. So I do not see how this is helping the farmer. As I said earlier, it seems to me it is shooting the farmer in the foot.

Mr. HUNTER. I thank the gentleman.

Could the gentleman yield to Mr. English so that he could respond as to whether or not in fact we could put Mr. Block in a position where he cannot hold it hostage?

Mr. LENT. I am not going to be able to yield to the gentleman because he has his own time and we are just about out.

Mr. HUNTER. Very well. I thank the gentleman.

The CHAIRMAN. The gentleman from New York [Mr. Lent] has consumed 10 minutes.

Mr. de la GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. Huckaby.].

Mr. HUCKABY. I thank the gentleman for yielding me this time.

Mr. Chairman, the question was raised earlier: Why are we fighting amongst ourselves? We all know that in this great country we need strong American agriculture, and we all know we need a strong merchant marine. I think it is unfortunate that we find ourselves here this afternoon in conflict. I think we are really arguing over where the money comes from for the subsidy to merchant marine. I may be wrong, but I believe that the agricultural function took a larger cut in the budget this year than any other function of Government.

We have got to not only look at funds appropriated now but for the next 3 years for that budget. We were faced with cutting some \$11 billion out of an agricultural program that only spends \$35 billion to support the farmers anyway, and a part of that money goes to the maritime industry.

When we have to cut and reduce the amount of money that is available to operating loans, totally eliminate the ability to borrow directly from the Government to purchase land in order to get within the budget. Our complaint is, we are not against merchant marine, we are against this money that is Government money, coming from the agricultural budget, to subsidize the merchant marine program.

Now the gentleman from Oklahoma's amendment just takes us back to the status quo before the court decision and says that Public Law 480 will be shipped in American bottoms and we can resume the GSM-102 and GSM-105 plans so we can ship these hundreds of millions of dollars of grain. Then I would urge my colleagues on the Merchant Marine Committee, come forth with legislation, let us pay for it out of the Department of Transportation or maybe out of the Defense Department. Valid arguments have been made that we need a strong merchant marine for defense.

You could round it out to the third place, and the Defense Department would never miss the amount of money we are talking about.

But I plead with you, our colleagues, these two committees here in disagreement as to the agriculture budget; we do not feel that we can afford to subsidize merchant marine from there. Most of us do not disagree with the basic premise that we need a strong merchant marine fleet, and this might be a good idea to require it. It is just where the money comes from.

Mr. FRANKLIN. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Mississippi.

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Mr. FRANKLIN. I thank the gentleman for yielding.

I want to compliment the gentleman as the chairman of the Cotton, Rice, and Sugar Subcommittee for some of the very innovative things that he has included in this agricultural bill.

Mr. HUCKABY. I thank the gentleman for his comments.

Mr. ROBERTS. Mr. Chairman, may I inquire, since it is my understanding that I am the leader of the agriculture minority posse, what is the status of the time? I understand I have 15 minutes, and the gentleman from New York has how much time remaining?

The CHAIRMAN. The gentleman from Kansas [Mr. Roberts] has 15 minutes remaining, and the gentleman from New York [Mr. Lent] has 5 minutes remaining.

Mr. ROBERTS. Mr. Chairman, I yield 1 minute to the gentlewoman from Nebraska [Mrs. Smith].

Mrs. SMITH of Nebraska. I thank the gentleman for yielding.

Mr. Chairman, I associate myself with the comments of my good friend, Mr. Huckaby, who was just in the well. We are all for a strong merchant marine, but our concern is that the subsidies have been handled in a way that have created serious problems for agriculture, and we think that must be changed. Now I appreciate the many positive comments that have been made in support of my amendment to eliminate cargo preference. However, in the interest of compromise I strongly support the English-Roberts amendment. It is aimed at getting agricultural exports going. That is what we are all for doing.

I thank the gentleman for yielding.

Mr. Chairman, I yield back the balance of my time.

Mr. ROBERTS. Mr. Chairman, I yield 3 minutes to my colleague, the gentleman from Missouri [Mr. Emerson].

(Mr. EMERSON asked and was given permission to revise and extend his remarks.)

Mr. EMERSON. I thank the gentleman for yielding to me.

The gentleman from Tennessee raised a question as to why are we fighting? I agree with him; we should not be. We just should not put the subsidy on the back of agriculture. As it works, it is a hidden subsidy. Put the subsidy where it belongs, on transportation and defense, and I dare say agriculture would support it. It has been said that agriculture and the merchant marine are pitted one against the other. That should not be. I do not know anyone on the Agriculture Committee who does not desire a strong merchant marine. The question is just where does the subsidy go? Give the subsidy under Transportation and Defense, and it would be unlikely that anyone would be pitted one against the other. I also want to take this opportunity to associate myself with the remarks made by the gentleman from Louisiana [Mr. Huckaby]. He has summarized my views quite well.

Mr. Chairman, I support the amendment offered by the gentlewoman from Nebraska, who has come in today with an amendment that is vitally necessary to increasing commodity prices through the expansion of agricultural exports and urgently needed if we are serious about addressing the Nation's mounting trade deficit.

I also want to associate myself with comments made on the floor today about the positive impact this amendment will have on food-aid shipments and our country's response to feeding the world's hungry.

As my colleague from Nebraska explained, a decision issued this past February 21 by the U.S. District Court of Washington, DC, has extended the cargo preference requirement to export sales made under the Blended Credit

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Program and the GSM-102 Export Guarantee Program. The result of this ruling has, for all practical purposes, made these programs useless. Subjecting these grain shipments to cargo preference increases shipping costs 15 to 30 percent and more than negates the 2-percent interest reduction provided under the Blended Credit Program.

Already this year, the application of cargo preference to the Blended Credit Program has resulted in the loss of an estimated 3.6 million metric tons of grain sales, valued at \$536 million.

The loss of these markets, quite obviously, helped to worsen the Nation's trade balance and, most surely, put further downward pressure on already historically low domestic commodity prices. This is certainly not the direction we need to go, and here today, with this amendment, we have an opportunity to reverse course.

Agricultural exports clearly constitute one of America's most important exports -- accounting for an estimated \$32 billion in export trade during the current year -- and they are a potential solution to reducing the trade deficit -- which I remind my colleagues is expected to top a frightening \$150 billion in 1985.

As U.S. exports, including U.S. agricultural exports, have declined in recent years, the Blended Credit and GSM-102 programs have remained bright spots in our export picture. Yet if we do not respond to the court's ruling today, we will either have to provide additional funds to pay for shipping these grain sales -- and we are talking about at least tripling the cost to the taxpayers -- or we can simply accept the fact that these sales will not be made.

I know what my constituents will say -- do what needs to be done to save that money and reduce Federal spending -- those tax dollars can be put to better use or applied toward deficit reduction. But I know, too, that the farmers cannot -- indeed the country cannot -- afford to lose more of the foreign market for our grain.

There is one other alternative -- remove the burden of unjustified shipping costs. Cargo preference makes no economic sense, so let's exempt agriculture from cargo preference requirements. Support the Smith amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. JONES of North Carolina. Mr. Chairman, I yield 3 1/2 minutes to the gentleman from California [Mr. Anderson].

Mr. ANDERSON. Mr. Chairman, I rise in opposition to this amendment, which restricts the cargo preference provisions as they were established by Congress and as they have been interpreted by the Federal court system. The Cargo Preference Program was established in 1954 in recognition of the national interest in promoting and preserving a strong merchant marine by reserving a substantial portion of Government-generated cargoes for American ships that are subject to requisition by the Government in a national emergency. I do not need to stand here and tell any Members of this House that our merchant marine is in much worse shape today than it was in 1954, and that we are still dependent on our merchant marine in times of emergency for defense sealift capability.

Why then, you may ask, would any Member of the U.S. Congress wish to restrict the Cargo Preference Program, and thereby damage America's trading capability, industrial base, and defense capability. Well, simply put, some Members of this body sincerely believe that by restricting cargo preference provisions they would save the farmers in their districts from bankruptcy.

The truth of the matter is that the restriction of cargo preference will have a devastating impact on every sector of the American maritime industry and on our defense capability, but will not provide any meaningful benefit to the American farmer.

It has been argued that the costs of cargo preference has increased the costs of U.S. commodities overseas. Cargo preference only applies to Government sponsored commodities, and therefore, the costs of American commercial agricultural shipments are not effected. Additionally, when cargo preference laws are applied to Government sponsored

shipments, the cost of shipping on a U.S.-flag ship is not passed on to the U.S. farmer or to the foreign customer. The Department of Agriculture, through moneys provided by every taxpayer, finances the differential between foreign-flag freight rates and a reasonable rate for U.S.-flag commercial vessels. At any rate, they only apply to 2 percent of U.S. agricultural exports.

The other argument that is made for the restriction of cargo preference provisions is that the money saved by the USDA by not shipping on U.S. bottoms would be passed along to the farmer. However, if the USDA were exempted from cargo preference requirements, I believe that it is highly unlikely that Congress or the administration would continue to support appropriation of these funds to the USDA. The USDA has publicly stated that it will not support continued appropriation of these funds.

This amendment will hurt our already depressed merchant marine, and our damaged maritime industrial base, and our national defense capability in order to provide some minor financial benefit to American farmers. This amendment, however, will not even give the farmers the financial benefits which some seem willing to sacrifice our national security for. The farmer does not gain, and our national security and merchant marine will be seriously damaged by this amendment. This amendment is based on misguided notions, and would seriously affect merchant marine and armed services issues, without review by the committees with appropriate jurisdiction.

I urge my colleagues to join me in opposing this misguided amendment whose effects would be so damaging to our national interest.

Mr. JONES of North Carolina. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. Coelho].

(Mr. COELHO asked and was given permission to revise and extend his remarks.)

Mr. COELHO. Mr. Chairman, I rise in opposition to the Smith-English amendment, and I agree with the remarks of the gentleman from California [Mr. Anderson].

Mr. Chairman, the cargo preference issue was one of the most difficult faced by the House Agriculture Committee in drafting the Food Security Act of 1985. I support the cargo preference provisions in the bill before us now, and I will oppose any amendments to the farm bill that would in any way weaken or change the application of cargo preference to agricultural exports.

I take this position because cargo preference is not the source of the American farmers' problems. It is this administration's ineffective farm policies, unprecedented budget deficits, the high value of the American dollar, the President's nonexistent trade policy, and the predatory trade practices of foreign nations that are responsible for the hard times that many of our farmers are facing.

Cargo preference applies to a mere 2 percent of our total farm exports. The elimination of cargo preference will not solve our farmers' problems and will not result in greater exports of American farm commodities.

The bill we are debating will do much to help farmers and I intend to support it enthusiastically. But we will not help this bill or the farmer if we are sidetracked by a dispute between the farmers and the maritime industry over cargo preference. I believe that both groups can and should work together.

We need a strong merchant marine for our national defense and for the future economic bargaining power that we will forfeit if there is no alternative to the foreign-flag ship.

We also need to help our struggling farmers by attacking the real problems they face and by not diverting our energies to cutting down another American industry that faces many of the same troubles now confronting our farmers.

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I urge my colleagues to recognize the consequences of eliminating the Cargo Preference Program and to reject any anticargo amendments that are offered to H.R. 2100.

Mr. de la GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. Stenholm].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Chairman, at this time I want to try to focus attention on the real issue in this debate.

I rise in support of the English-Roberts substitute for the Smith amendment, in the belief that this is a compromise between the two extremes in this issue. I want to answer the questions that have been posed by those members of the Committee on Merchant Marine and Fisheries as to why the Committee on Agriculture is meddling in their business. I would say it is because you in your actions, supported by the Rules Committee, are attempting to put into permanent law the ruling of one district judge regarding this question.

I would suggest that the English-Roberts amendment is attempting to maintain the status quo of saying not take that one ruling and make that permanent law but leave things as they have been for these 30 years and not pick a fight between Agriculture and Merchant Marine.

I also would say that another reason why the Agriculture Committee has chosen to meddle is that we had to cut \$7.9 billion from our budget baseline in order to meet the will of this body. We have got \$7.9 billion less. And I suggest to those who are concerned about defense, which I am, and transportation and the need of a strong merchant marine, which I am, that our reason for saying, "Don't expand the authority and don't expand the amount of money you are taking from a little smaller pie, let's agree the way it has been working in the past has been working for everyone and we in fact need to expand on our merchant marine, do it as Mr. English has suggested, do it in the Transportation budget, do it in the Defense budget," because I suggest those two budgets have not taken the same proportion of cuts that we have taken.

And that is why the Agriculture Committee has chosen to meddle in your business. We did not do it to pick a fight, but we did it because we are having to operate with a smaller piece of pie, and it is difficult to stretch less dollars for more exports.

And you ask, "How does this affect farmers?" How many speakers have I heard up here, saying, "How can this affect farmers?"

Less product exports equal lower farm prices, folks, no matter how you cut it. And that is what is happening today.

And, sure, there have been a lot of good, truthful statements made on both sides of this question today. We do not want to pick a fight. That is the worst thing that could happen to us right now, because we are both in the same boat.

So I would urge members of this committee, look at the English-Roberts amendment as a compromise between the two viewpoints and support the Agriculture Committee on this issue, which is a fair approach.

Mr. ROBERTS. Mr. Chairman, I yield 3 minutes to my friend and colleague, the gentleman from Missouri [Mr. Coleman].

(Mr. COLEMAN of Missouri asked and was given permission to revise and extend his remarks.)

Mr. COLEMAN of Missouri. Mr. Chairman, I rise in support of the gentlewoman from Nebraska's amendment. I complement her on the strong leadership she has shown in helping to defeat this unfair subsidization of the maritime industry by agriculture.

The 1954 Cargo Preference Act requires the Department of Agriculture to ship 50 percent of the agricultural

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commodities sold or donated to other countries by the Government on U.S.-flag vessels. Historically, this has been applied only to the Public Law 480, Food for Peace Program, and the section 416 Commodity Donation Program. In February of this year, the courts ruled, in a lawsuit initiated by the maritime industry, that the USDA Blended Credit Export Program would also have to comply with cargo preference laws. This ruling overturned a 1963 Justice Department opinion exempting direct credit, blended credits, and credit guarantees from the 50-percent U.S.-flag vessel cargo preference rule. At the time of her decision earlier this year, Judge Green made it known that she would also apply the same ruling to the GSM-102 Credit Guarantee Program if she was asked to make such a ruling.

This decision is devastating to U.S. agricultural exports. At a time when our agricultural exports are expected to fall to around \$32 billion in 1985, farmers should not be asked to subsidize the maritime industry by paying higher transportation costs to ship grain. Applying cargo preference laws to additional USDA exports will cause our exports to plummet even further. Cargo preference is nothing more than a subsidy to the maritime industry at the cost to the American farmer, to American agricultural exports, and America's soaring trade deficit.

While I am joining my colleague from Nebraska in calling for the total repeal of cargo preference not only for blended credit programs but also for the Public Law 480 Food for Peace and section 416 programs, but it disturbs me that the Public Law 480 food aid budget is being used to subsidize the maritime industry. We have people starving in Third World nations. We should concentrate the Public Law 480 funds on helping starving children rather than pumping up the maritime industry.

Since August 1984, the USDA shipped 2.8 million metric tons of commodities under the Public Law 480 Program, title II. 689,000 metric tons of the commodities were shipped on foreign-flag vessels and 711,000 metric tons of commodities were shipped on U.S.-flag ships.

U.S.-flag ships charged an average of \$95.92 per metric ton on commodities shipped only to Ethiopia, the Sudan, Kenya, Mozambique, and Mauritania while foreign vessels charged an average of \$40.97 per ton for the same route. The \$54.95 subsidy is taken directly from the Food for Peace funds. The expected 1985 cost of cargo preference for the Food for Peace Program will be about \$155 million, or about a tenth of the total Food for Peace budget. Some experts estimate that 5 million people could be fed almost 1 pound of wheat per day for an entire year with the \$155 million now being used to subsidize the maritime industry. I say let's free the Public Law 480 Program from cargo preference laws so we can get assistance to starving people.

Some argue that we need cargo preference requirements in order to maintain a strong merchant marine fleet for defense purposes. I have a record of being a supporter of a strong defense program. I have not changed my position on defense. However, I do feel we need to take this hidden subsidy to the maritime interest out of the Department of Agriculture budget and transfer it to the Transportation Department or Defense Department budgets where it belongs.

The Agricultural Committee tried to take a compromise position by applying cargo preference to the pre-Judge Green ruling. We felt this compromise was fair to both the USDA and the maritime industry. However, maritime interest were successful in their lobby efforts to strike the committee language and insert its own which requires that cargo preference laws apply to all USDA export programs. This means cargo preference requirements would apply to GSM-102 and the blended credit programs. The GSM-102 Program has \$5 billion authorized for its budget in fiscal year 1985. If cargo preference laws are applied to the GSM-102 Program, it would cost from \$400 to \$650 million in subsidies.

The cargo preference laws slap an additional \$50 a ton charge on all American export commodities because U.S.-flag ships charge much higher rates than foreign-flag vessels. American farm products now are barely surviving in the international market due to the overvalued dollar and unfair foreign trade practices. An additional \$50 a ton charge will erase whatever share we have left of the overseas market and further devastate our ailing farm economy. If we are to restore profits to U.S. agriculture, we must increase our agricultural exports, not decrease them.

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American farmers, who continue to slide downhill while the rest of our Nation's economy races ahead, certainly cannot afford to carry the ball for the maritime industry. At some point, it must be recognized that the cargo preference policy only promotes one industry by undermining another.

I urge my colleagues to adopt the gentlebody's amendment that would exempt all USDA agricultural exports from unfair cargo preference laws or at least the substitute amendment.

Mr. JONES of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. Bennett].

(Mr. BENNETT asked and was given permission to revise and extend his remarks.)

Mr. BENNETT. Mr. Chairman, as the Members might expect, I support the position of the Committee on Merchant Marine and Fisheries on this, primarily for defense reasons. But I think there are other reasons, as well. I guess you might call them political reasons. When we are deciding on what is the best thing to do for a particular need, we sort of have to feel like what kind of a group can you get together that will support a particular piece of legislation. For years we have had the cargo preference. People have lived with that, and it has been workable. They are not going to appreciate the fact that it is taken away, and I think you might cast some people in the position of not being very happy about supporting this legislation if that is abandoned.

Now, the real reason why I am talking is not because of the possibility that there might be some votes lost that way -- although I do not know how strong this bill is going to be anyway, so you might need those kinds of votes. The real reason I am talking to you is because there really is a tremendous concern on the part of America today of not having adequate merchant marine to carry the things that we need to carry in a wartime situation.

Mr. JONES of North Carolina. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington [Mr. Bonker].

(Mr. BONKER asked and was given permission to revise and extend his remarks.)

Mr. BONKER. Mr. Chairman, I rise in strong support for the cargo preference provisions of H.R. 2100, as reported by the Rules Committee, and in adamant opposition to any amendments which would weaken or eliminate our Nation's cargo preference policy.

Like many of the Members, I represent a region of the country which is heavily dependent upon both farming and the maritime industry. Both industries provide major economic activity, tax base, and employment in the Pacific Northwest, and I fully understand the importance of the cargo preference issue to both groups. In addition, both of these industries are in deep trouble, and I believe that both are deserving of Federal support.

Unfortunately, the version of the bill reported by the Agriculture Committee and the amendments before the House today would in effect force the House to choose our Nation's farmers over our vital maritime industry. I don't think this is the right way to do business, and I don't think that these amendments are in the best interests to our Nation as a whole.

Clearly, America's farmers are hurting. Farmland values have dropped more in the last 4 years than in any time since the Great Depression. Farm exports have fallen dramatically since the 1970's, creating severe problems for crops like wheat, corn, cotton, and rice. The farm crisis has become a national tragedy, endangering whole communities and an entire way of life.

But our maritime industry is in equally desperate condition. Maritime employment has dropped by an incredible 70 percent since the 1950's. Thirty years ago, our own merchant marine carried more than 35 percent of our ocean borne foreign commerce; today, America's ships carry less than 5 percent of our own cargo. In the area of bulk products like grains, U.S. vessels carry only about 2 percent of our own nation's shipments.

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I strongly believe that both our agricultural exporters and our maritime fleet deserve the support of the Federal Government. I also believe that the needs of these two vital industries do not need to be mutually exclusive. We do not have to penalize the maritime industry in order to preserve America's farmers, or vice versa.

In my view, the opponents of cargo preference offer only a completely one-sided approach to this complex and difficult issue. Instead of a balanced package which offers some benefit to both of these ailing industries, the amendments before us would strip cargo preference requirements from a number of agricultural export promotion programs.

At this point, it's important to underscore several important facts in the cargo preference debate:

First, cargo preference is not to blame for the very real problems facing our Nation's farmers. Cargo preference is not even responsible for the difficulty our farmers are facing in the international marketplace. The real culprits in both of these problems are the Reagan administration's failed agricultural and trade policies, and the overvalued U.S. dollar which makes it impossible for our producers to compete overseas.

Second, cargo preference does not apply to any sales that are strictly commercial in nature, only those shipments which are Government sponsored or Government assisted. Typically, these federally impelled shipments represent less than 2 percent of the total shipments in any given year.

Third, cargo preference does not even hamper the competitiveness of our Government assisted shipments in foreign nations. Our Government picks up the cost differential between foreign flag freight rates and the higher U.S.-flag rate. The net impact upon the recipient is as if the cargo had been hauled on a foreign-flag vessel.

Fourth, cargo preference does not cost the American farmer 1 penny, nor does it make U.S. commodities any less affordable in foreign markets. The Federal Treasury pays 100 percent of the added cost of shipping preference cargoes in U.S.-flag vessels.

Finally, let's be honest about Federal subsidies. Our agricultural sector receives an estimated \$18 to \$20 billion per year in direct Federal subsidies. By comparison, our maritime sector receives roughly \$500 to \$600 million in Government assistance, about 2 percent of the subsidies given to farmers.

Once you accept the notion that cargo preference does not cost our farmers anything, the only possible rationale for the amendments before us today is that the agricultural sector wants even more.

I believe the agricultural sector should be fair and consistent in this area. Agriculture has its subsidies, and they are enormous. Certainly other distressed elements of our economy are entitled to modest support from the Federal Government, particularly the maritime sector which is so important to our national defense.

So I would urge my colleagues to reject these amendments today, and to oppose any unbalanced effort to change or weaken our Nation's traditional cargo preference policy.

In closing, Mr. Chairman, this issue will, obviously, not end today, no matter what we do in this bill. Earlier this year, the maritime industry sat down with elements of the farm community in an effort to develop a workable compromise that would resolve this impasse. While these groups did reach an agreement, this compromise has broken apart, due to dissatisfaction within the agricultural groups.

Rather than continuing to hammer away at one another and forcing Members of Congress to choose up sides, farm interests and maritime interests should go back to the negotiating table and come up with a compromise that will help insure the stability and future growth of both industries. But until such a balanced package is presented to this Congress, I would strongly urge my colleagues to reject any unilateral attack upon established cargo preference law.

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Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Idaho [Mr. Stallings].

(Mr. STALLINGS asked and was given permission to revise and extend his remarks.)

Mr. STALLINGS. Mr. Chairman, I am compelled to rise today in support of the English amendment to exempt agriculture export credit programs from cargo preference requirements. As so many of my colleagues have so eloquently stated here today -- this body must stand firm in its resolve to do what it can to restore profitability to American agriculture.

Yet today we are contemplating actions that would further erode U.S. agriculture's competitiveness in world markets and seriously jeopardize our efforts to save the family farmer. Consider the facts concerning our farm exports. The U.S. share of world wheat trade has declined from 48 percent in 1981 to 36 percent this year. Our share of the world feed grain exports has fallen approximately 20 percent over the same 5 years. These declines have amounted to a loss of more than \$10 billion in agricultural exports since 1981.

I am not suggesting that this disastrous decline in our farm exports is the direct result of cargo preference requirements. But rather, my point is this -- our precarious farm exports have been further burdened by a Federal court ruling that expanded cargo preference to the USDA Commercial Blended Credit Program. The increased costs in shipping which experts have put at \$40 to \$60 million for the blended credit program alone forced the USDA to suspend shipments of some 3.6 million metric tons of agricultural commodities worth more than half a billion dollars.

The result of the court-ordered expansion in cargo preference has not been additional revenues for our maritime industries, but just the opposite. Without functioning commercial export programs, our maritime industries have gained nothing from this expansion in cargo preference and our farmers have lost millions of dollars in export sales.

This situation is intolerable for both our agricultural and maritime industries and can be remedied by the amendment before us. I believe our Agriculture Committee made a good faith effort to reach a workable accommodation on this cargo preference issue. But the price of this accommodation is too high if our commercial export promotion programs are not allowed to function as intended. Our farmers and maritime workers desperately need the revenues that are generated by these commercial export sales. Our only solution now is to adopt the English amendment and restore cargo preference rules to their status prior to the February court decision.

Mr. LENT. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. Parris].

(Mr. PARRIS asked and was given permission to revise and extend his remarks.)

Mr. PARRIS. Mr. Chairman, I rise to indicate my opposition to the amendments to H.R. 2100, the 1985 farm bill, which would weaken or change the application of our time-honored cargo preference laws.

Let me say at the outset that I am completely sympathetic to the needs of our agriculture constituency and the importance of this constituency to the American economy. Indeed, I support the Food Security Act of 1985 and intend to vote for its passage. It is clear to me, nonetheless, that many either do not understand or totally underestimate the importance of a U.S.-flag maritime fleet. Although farm interests rightly point out the fierce foreign competition faced by them, they fail to recognize that our merchant marine is confronted by many of the same competitive forces and has been for many years.

Let me give an example that particularly concerns me in view of the administration's intentions to commence negotiations in just a few months toward a new maritime shipping agreement with the Soviet Union for carriage of grain. As we all know too well, countries with state-controlled economies do not have private merchant fleets in the same sense we do. It is impossible to determine whether the freight rates charged by these fleets even come close to covering their costs. In the past 20 years, the Soviets have set out on a course of rapid expansion into the cross trades so that today roughly half of Soviet cargoes involve these cross trades. The consequence for the West is that Soviet

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merchant ships move about 5.6 percent of all world cargoes even though the Soviet economy generates only 2.5 percent of world trade. The Soviet attitude and thus its policy towards its merchant fleet is dramatically different than ours. The Soviets consider every merchant vessel a military ship first and a commercial ship second; their goal is not profit, it is expansion and military capability. With these goals, the Soviets are able to penetrate into major trade routes by shunning conference prices and underbidding Western competitors by as much as 25 percent in some cases and 40 percent in others. So in this "free" market, certainly the Soviet freight rates are lower than ours. But surely American farm interests would not prefer to see our United States fleet replaced by Soviet and other state-owned fleets. Unfortunately, we would be headed in this direction if we were to take some of these attacks on cargo preference to heart.

Let's not play into the hands of our foreign competition -- state-controlled or otherwise -- by pitting two of our major American industries against another.

In view of the foregoing, I would strongly urge my colleagues to resist any attempts to weaken cargo preference application in this farm legislation which is much needed and which deserves early passage.

Mr. LENT. Mr. Chairman, I yield 2 1/2 minutes to the gentlewoman from Maryland [Mrs. Bentley].

(Mrs. BENTLEY asked and was given permission to revise and extend her remarks.)

Mrs. BENTLEY. Mr. Chairman, I rise in strong opposition to the Smith-English amendments.

And I would like to correct some statements made here today.

There was the statement that U.S.-flag ships have dropped in number from 3,000 to 600 with the Speaker alluding that it was the fault of subsidy and U.S. Government assistance.

The fact is that shipping today is far different today than when we had 3,000 ships.

Vessels are much larger today by three four and even tenfold. This is true worldwide except under the Soviet flag because the Soviet Union continues to build so it can control the world sealanes and freight rates.

We have also heard how many more hungry persons could be fed if foreign-rather than American-flag-ships were used.

If, in fact, our primary interest is to feed starving people to the maximum extent possible, then why not buy America's food-for-peace commodities abroad -- in Argentina, for example? Today, their wheat costs less than U.S. wheat on the world market. Currently, a ton of Argentine wheat sells for \$115, which is \$31 -- or more than 20 percent -- less than a ton grown here. If our Public Law 480 food aid were to be purchased in Argentina and other low-cost foreign sources, the United States Treasury could save more than \$250 million dollars -- enough to provide 1 pound of wheat per day for a year to more than 8 million people.

Obviously, neither I nor anyone else that I know of advocates that we buy these products in a foreign country. We all agree that we need the independence and power that a strong farming industry provides. I make the point, however, to demonstrate the need for balanced presentations in this debate over cargo preference.

Much also has been said here today regarding Secretary Black's cancellation of the Blended Credit Program while blaming it on the Federal Court ruling.

The record of the past 2 years is indicative of the U.S. Department of Agriculture's attitude toward the American merchant marine and the laws on the books.

The records will show that in 1983 both the USDA and the Agency for International Development [AID] violated

the cargo preference laws on the books by failing to allocate 50 percent of the cargo to U.S.-flag ships.

In 1983, the USDA only granted 48 percent of the cargo although there were ample ships available.

The record also shows that in 1983, only 45 percent of AID cargoes moved on American bottoms.

In 1984 both the New West African Release Program and Section 416 Dairy Donation Program violated cargo preference.

It should also be noted that in 1980 and 1981 when sufficient numbers of American ships were not available, only 41 and 42 percent of the USDA cargoes moved on U.S.-flag ships. Only 48 and 37 percent, respectively, of AID cargoes were U.S.-flag ships.

In the no cost GSM-102 program, the foreign loans guaranteed by the U.S. Government for grain programs cost the U.S. taxpayer \$1.7 billion because of defaults.

The total since 1982 is \$2.2 billion.

U.S.-flag ships were not involved in any of these defaults.

Cargo preference is essential to the U.S. merchant marine. Government agricultural preference cargoes account for a significant 37 percent of the tonnage carried in international trade by U.S.-flag vessels but less than 2 percent of the total 145 million tons of agricultural commodities exported from these United States in 1983. Yes, only a mere 2 percent of the total agricultural commodities exported were covered by the cargo preference requirements.

Both the agriculture and maritime industries are forced to compete abroad in the face of highly subsidized foreign competition, nontariff barriers and restrictive foreign policies. It is clear that both industries deserve, and are guaranteed under the present law, the support of our Government and neither should be helped at the expense of the other.

It is my belief that American agriculture and American maritime should work together for their mutual benefit, rather than expend their scarce resources in fighting each other, to the benefit of America's competitors.

Mr. ROBERTS. Mr. Chairman, I yield 3 minutes to my distinguished colleague, the gentleman from Mississippi [Mr. Franklin].

(Mr. FRANKLIN asked and was given permission to revise and extend his remarks.)

Mr. FRANKLIN. I thank the gentleman for yielding.

Mr. Chairman, I would like to point out what I think is the crucial issue that we are discussing here on cargo preference and what is a Government-sponsored sale that would apply under the cargo preference ruling of Judge Green and the attempt to try to codify into the permanent law of the agriculture bill the decision of one Federal court judge.

Mr. Chairman, the market today for all of the commodities that we grow in this country is below loan prices in most instances. If we are going to sell any of our commodities overseas, we are going to have to do it with some innovative methods that we come up with in this farm bill. We have called some of those things blended credit, we have called some of those things marketing loans, we have called it bushel commodity bonus programs, and we have called them export certificate programs. But be that as it may, all of those innovative things that we have come up with to try to become competitive once again in world markets can be determined under the extension of Judge Green's ruling to be Government-sponsored transactions under which the cargo preference ruling is applied and cargo preference would then be applied to every agricultural sale of this country overseas.

Quite frankly, my friends, I do not think the agricultural community can stand that. We have seen the effects of the

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Blended Credit Program, which, by the way, is the first time that a commercial transaction -- it is not a program where we as a benevolent country give our commodities in excess to feed the hungry of the world. These are private transactions where U.S. companies or individuals transact with others across the world in private commercial transaction with the aid of our Government through bonus credits and interest credits to get those goods moving.

If we take the logical extension of the ruling that is trying to be codified here into permanent law, and if we continue to see our commodity prices at the world level be below the loan rates of most of the commodities in this country, then every transaction of American agricultural products to overseas customers could be applied to the cargo preference ruling. Agriculture could not stand that for we would not be shipping any of our commodities overseas, and we would continue to be storing those commodities in our government warehouses and government bins.

There is one way we can remedy that problem; go back to the pre-Judge Green ruling where both the merchant marine interests of this country and the agricultural interests of this country seem to be satisfied, and benefiting by a program that was working. The way to do that is to support the Roberts-English substitute. I urge my colleagues to support that.

Mr. JONES of North Carolina. Mr. Chairman, I yield 2 minutes to the gentlewoman from Louisiana [Mrs. Boggs].

Mrs. BOGGS. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong opposition to the amendment and to the substitute thereto. I represent the Nation's leading grain exporting port, and I certainly would not support any provision that had a negative impact on agricultural exports. Existing cargo preference provisions in the law are a subsidy for American flag maritime transportation, just as our agriculture programs are subsidies that are essential to the productivity and economic well-being of our farm interests.

Mr. Chairman, let us get some of these statistics straight. Less than 2 percent of American farm exports are shipped under existing cargo preference provisions. That makes it about 1.6 percent of the agricultural subsidies that go to subsidizing the maritime component.

The American flag bulk cargo ships are essential to our national sealift requirements. In a time of national emergency, we cannot fully depend on Allied shipping or flag of convenience ships to carry military equipment and materials or to move raw materials and bulk commodities for our domestic industries. If we wanted to ship American-subsidized commodities on the least expensive shipping mode possible, we would ship our goods on Soviet flag ships. They can undercut any free world market carrier.

Mr. Chairman, I know that the American farmer is probably the most patriotic of Americans. When our farmers recognize the essential role that cargo preference plays in maintaining the American flag shipping capability we need to meet our military sealift and our national cargo requirements, I am certain that they will oppose this amendment and the substitute thereto.

Mr. de la GARZA. Mr. Chairman, might I inquire how much time is left to the Members managing time?

The CHAIRMAN. The Chair states that the gentleman from Texas [Mr. de la Garza] has 7 minutes remaining; the gentleman from North Carolina [Mr. Jones] has 3 and one-half minutes remaining; the gentleman from New York [Mr. Lent] has 2 and one-half minutes remaining; and the gentleman from Kansas [Mr. Roberts] has 7 minutes remaining.

Mr. de la GARZA. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I repeat as I have throughout the process of this legislation, this is a very difficult situation for me. I served on the Merchant Marine Committee; when I became chairman I had to leave that committee. The situation is one, though, that is very simple but it brings out emotion in most of the Members.

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We in the Agriculture Committee are only trying to bring back the basic law in operation up 20 this spring and the Merchant Marine Committee is trying to put into permanent law the decision of one district court. The sad situation is the same as the farmer, the merchant marine, the U.S. fleet is suffering. In this situation, no one wins because the Secretary is not spending the funds appropriated. He still has some \$57 million.

What we are trying to do with the Robert-English substitute is to bring back the status quo, and keep working so that the merchant fleet can have 50 percent so that we do not provide undue harm or damage to our farmers. If we do not do this, no one wins. You will have no ports; you will have no merchant fleet. We will have no farmers selling abroad.

I submit to you that the court decision brings in private, commercial transactions. I submit to you that Blended Credit Program was not a way to get around the cargo preference law. But I will go personally with the Merchant Marine to try and get funds. I will do anything that can be done. But we cannot prejudice this farm bill. We cannot send a signal out that we are going to sacrifice either the farmer or the merchant fleet or the ports of America. The best thing that we can do is keep the status quo until we decide within the family what we are going to do. The best course to take under that is to support the English amendment because it does no damage to the merchant marine or the farmer.

Again, I repeat, they are not now shipping. The Secretary is not spending the money. You are keeping the farmer from having some sales. While we bring back the farmer, then we can go and try and correct this situation, because one district court decision can be annulled by another district court. We cannot put it into permanent law at this time. We need to have hearings, and they need to be in the Merchant Marine Committee also.

I urge the Members to stay with the Agriculture Committee. Later we can work out the family difference.

#### PARLIAMENTARY INQUIRY

Mr. JONES of North Carolina. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of North Carolina. Mr. Chairman, it seems according to the official timer that we are down to 3 1/2 minutes. According to my records, we have approximately 7 minutes. I understand that during the debate on the time limitation, that that was charged to me, to our side.

The CHAIRMAN. The Chair would point out to his dear colleague and friend, the gentleman from North Carolina, that what was charged were these unanimous-consent requests. The reason they were charged is that under the motion that the gentleman made, the time expires at 4:45. In order for us to fulfill the 15-minute requirement, the Chair had to take the time out of that.

If the gentleman asks to extend the time the Chair can do that by unanimous consent.

Mr. ROBERTS. Mr. Chairman, if the gentleman would yield, in the spirit of compromise, I would be delighted to yield the gentleman 2 minutes from my time.

Mr. JONES of North Carolina. Mr. Chairman, in the spirit of brotherhood, let me express my appreciation.

Mr. Chairman, I yield 1 minute to the gentlewoman from California [Mrs. Boxer].

(Mrs. BOXER asked and was given permission to revise and extend her remarks.)

Mrs. BOXER. Mr. Chairman, I thank the chairman of the Merchant Marine and Fisheries Committee for this time.

I am a strong supporter of the American farmer. I have supported every aspect of this farm bill. But I say to my

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colleagues who are bleeding for their farmers -- and I share that pain -- I say it would be selfish -- it would be hypocritical -- and it would be wrong to turn your back on our merchant marine, and these amendments not only turn them on the merchant marine, these amendments stab the merchant marine in the back.

The cargo preference law that currently exists is keeping our merchant marine alive. This is an entirely valid goal, considering the importance of a U.S. merchant marine in times of both peace and war. It's as valid a goal as keeping our farmers alive.

I think that the cargo preference law should be clarified

Cargo preference does not single out the agricultural community. Instead, it applies to all shipments of Government-generated exports, whether they be soybeans or computers.

Cargo preference does not cost the American farmer or his foreign customer one penny. The farmer exporting his goods does not pay any additional cost of shipping on U.S. vessels nor does the foreign importer. Instead, the Department of Agriculture finances any differential between foreign-flag freight rates and a reasonable rate for U.S.-flag commercial vessels. The delivered price of American agricultural commodities to foreign purchasers is therefore not affected by cargo preference.

It should be noted that the rate differential between U.S. and foreign vessels is declining because the costs of U.S. shipping have decreased. In 1981 the average U.S. tanker rate for USDA-sponsored exports was \$102 per ton. By 1983 the average was \$51 per ton. With modernization of the U.S. fleet already underway, these rates will undoubtedly continue to decline.

The private American farmer is not substantially affected by cargo preference laws. But the merchant marine would be seriously affected by these amendments. In 1983, only 2 percent of U.S. agricultural shipments were subject to the cargo preference law. But this 2 percent accounted for nearly one-third of the total tonnage sent on U.S. vessels. Clearly, the merchant marine has much to lose if this amendment is adopted.

Let us not become a country that turns one group against another. The farmer needs help desperately -- our merchant marine needs help desperately. We have gone from more than 5,000 active ships during World War II to less than 400 active ships now. Let us be caring Americans. Caring for the farmer; caring for the merchant marine; and by our policies, let us help both segments of our American economy.

Please vote "no" on this amendment.

Mr. JONES of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. Gaydos].

Mr. GAYDOS. I thank the committee chairman, the gentleman from North Carolina [Mr. Jones].

Mr. Chairman, thanks to the fine work of two of our colleagues on the Committee on Merchant Marine and Fisheries, Chairman Jones and Mr. Biaggi, the 1985 farm bill, maintains the House position on cargo preference requirements concerning shipments of American food products to overseas customers.

In all truth, despite the arguments to the contrary, cargo preference requirements do not affect either the price American farmers receive for their goods nor the price that overseas customers pay for those commodities.

So, those critics who claim that the cargo preference laws hurt our farmers are just trying to confuse the issue by bringing in elements that have no bearing on it.

In fact, the cost difference between shipping agricultural products on American vessels as opposed to foreign ships is paid by the American Government as part of cargo preference, a longstanding, 30-year national policy of support for the American maritime industry. It is part of a commitment we have made to keep our merchant marine as healthy as

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possible in very trying times.

According to some recent data from the U.S. Maritime Administration, the U.S.-flag dry bulk fleet, which virtually depends on cargo preference laws for its very survival, today consists of a mere 21 vessels. Just think, only 21 American-flag ships to carry dry bulk foodstuffs.

Fortunately, it is a young fleet, with 11 of those 21 ships 4 years or less in age and 19 of the 21 at 12 years or less.

Further, these newer ships in the American dry bulk fleet can carry more tonnage and operate with smaller crews. Thus, the merchant marine fleet, with the help of the Seafarers International Union, has been able to cut manning levels and lower wage structures to keep the fleet more productive and more competitive.

We cannot accept any amendments. If we do, then we will be telling our maritime industry and those men and women who work on those ships that we don't care, that their efforts to stay competitive with other nations aren't worthy of our support.

The maritime industry is vital to this Nation, as vital as steel and other basic industries for our growth and expansion as well as our protection.

As we depend more and more on foreign nations for the materials and goods that we no longer produce in this country, shouldn't we at least insure that some American ships and some American seafarers are the ones who bring some of those materials and goods to our shores and carry some of our products abroad.

If we permit the cargo preference requirements to be deleted from this bill, then we are sending another signal to American industry, steel, shipbuilding, and maritime, that we are no longer interested in what happens.

We must preserve and protect these cargo preference requirements and keep them as part of H.R. 2100.

Mr. JONES of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. Kolter].

(Mr. KOLTER asked and was given permission to revise and extend his remarks.)

Mr. KOLTER. Mr. Chairman, the Congress made a strong commitment to the Nation's merchant marine industry over 30 years ago. I see no reason for changing that commitment now. Any attempt designed to weaken the existing cargo preference laws should be defeated.

Some in the agriculture community have asserted that cargo preference laws make the American farmer less competitive on the world market. This is not true. Cargo preference only applies to Government-sponsored or Government-financed cargoes. Any commercial sales between an American farmer and a foreign importer, in which the U.S. Government does not participate, is exempt from cargo preference laws.

American tax dollars make international food aid possible. It is only fitting that a portion of that food be transported on American ships.

Others have argued that the U.S. merchant marine fleet is not competitive. While it is true that the U.S. fleet has had problems in the past, the U.S. Department of Agriculture's own research demonstrates that the cost of financing cargo preference is declining. Between 1981 and 1984, the USDA's cost differential for commodity shipments under the Public Law 480 title I program, declined by over 41 percent. Funds currently spent by the USDA, for cargo preference, amount to less than eight-tenths of 1 percent of the amounts expected to be spent in 1985 on farm income stabilization. This is a small price to pay for a strong U.S. merchant fleet.

Mr. Chairman, I understand that the merchant marine coalition, and the U.S. agriculture community, have been trying to come to a compromise on the cargo preference issue. It would not be wise to set these two important industries

apart, now that they are working on a compromise. Adopting an anticargo preference amendment might do just that. We need all of our resources working together in order to be more competitive in the international marketplace. It would be a waste of valuable resources to have the farmer and the sailor disagreeing with each other. In the end, the only ones who would benefit would be our foreign competitors.

Mr. LENT. Mr. Chairman, I yield 2 minutes to the gentleman from Alaska [Mr. Young].

Mr. YOUNG of Alaska. Mr. Chairman, I thank the gentleman from New York [Mr. Lent] for yielding me this time.

Mr. Chairman, I rise in strong opposition to this amendment, both amendments before us today.

I have been listening to this debate on the floor and I have been well involved in the committees. It is time we recognize the merchant marine would be dealt a death blow by these amendments.

It is unfortunate we are now in conflicting interests between the farmers and the merchant marine, but I truly believe this will not hurt the farmers, it will definitely hurt the merchant marine.

Mr. Chairman, I yield to the gentleman from Washington [Mr. Miller].

(Mr. MILLER of Washington asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Washington. Mr. Chairman, I thank the gentleman from Alaska [Mr. Young] for yielding to me.

Mr. Chairman, I rise in opposition to this amendment to reduce and restrict the cargo preference provisions of H.R. 2100.

Mr. Chairman, if we are going to make wise choices in confronting the massive Federal deficit, we must begin by asking: What is the purpose of each program, and does it achieve its goals in a cost-effective manner? I believe there is only one justification for cargo preference: That it contributes to our national security.

I confess that I was skeptical when this justification was first presented to me.

During the past couple of months, I have read and have listened to people both in favor of and in opposition to cargo preference. I dug deeper and deeper into this question. This is what I have learned:

First, there is a direct linkage between our shipping capacity and the ability to supply our troops. During an armed conflict abroad we will need to transport over 95 percent of our fuel and supplies by sea. This may require a fleet of 500 ships, as it did during the Vietnam war.

Second, our current active merchant fleet is less than 400 ships, and almost 40 percent of their cargo comes from the requirement that they carry 50 percent of agricultural goods that are purchased with U.S. subsidies.

Third, because of the shortage of active U.S.-flag merchant ships which can be relied on during the opening days of any crisis, the Navy has begun buying 116 cargo ships to keep in reserve.

Fourth, a 1984 Congressional Budget Office study shows that it is far less costly to keep our merchant fleet afloat and available with this limited cargo preference than for the Defense Department to buy or build more ships.

Reflecting further, I believe much of the misunderstanding over cargo preference arises because it does not come within the Defense Department budget. What we are voting on here is not best characterized as an agricultural program or even a merchant marine subsidy, but as a Defense Department expenditure.

Mr. Chairman, I urge that this amendment be defeated because it would damage one of the most cost effective

elements of our national defense.

Mr. YOUNG of Alaska. Mr. Chairman, reclaiming the balance of my time, we should look at the rest of the nations in the world and how they ship to us the automobiles we are talking about in the trade bill that is coming up. It is all on the bottom of their ships.

It is time we recognize the one commodity we have is our agriculture commodity and it should be on our bottoms, not on their bottoms. It is time we recognize we need that merchant marine fleet. It is time we stopped putting this great Nation in the 11th place in the world. It is time we recognize this is vital not only to our security but to the employment of Americans. It is time we recognize that the one thing that the foreign countries need is our commodities and they should be on our ships.

I do not buy this idea that they will not buy from us if they cannot ship them on their bottoms. We are buying from them shipping on their bottoms. It is time we used American ships, American crews, and let us defeat these two amendments.

Mr. ROBERTS. Mr. Chairman, I yield 1 minute to my distinguished colleague, the gentleman from Nebraska [Mr. Bereuter].

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

Mr. BEREUTER. Mr. Chairman, I ask my colleagues to support the English-Roberts substitute. It preserves the status quo. The maritime industry does not receive benefits under the Blended Credit Program now. The adoption of the substitute does not take anything away from the maritime interests because they currently do not benefit from it now. Support the position of the Agriculture Committee.

I believe that all of you perhaps have seen the recent exposes in the Philadelphia Inquirer, the editorials in the New York Times, the Washington Post, and the Wall Street Journal pointing to problems in the cargo preference program and asking the Congress to make reforms. It is presently a shippers' market. We cannot find enough ships in reasonable condition to move the commodities now to meet the cargo preference provisions required by the Public Law 480 Program and other emergency or famine relief programs. One such ship sunk with the loss of over 30 people in 1983. The Indonesians will not let their citizens unload some of our ships because of unsafe conditions on those ships.

Now, I am going to have to feel compelled shortly hereafter if this substitute fails to try to limit the amount of price-gouging that can take place by the maritime industry and to reconsider the proper agency to fund the Cargo Preference Program.

So I say to my colleagues, save yourselves some grief. Support the English amendment and avoid the amendments I have awaiting you.

Mr. LENT. Mr. Chairman, I yield whatever time I have left to the gentleman from California [Mr. Hunter].

Mr. HUNTER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in opposition to the amendment, but I would hope that the chairmen of the respective committees and the committees could get together and perhaps work on some type of a compromise in the near future whereby we would be able to expand the tonnage of grain shipped under Public Law 480 which is about 2 percent of total shipments now to a tonnage figure around 10 percent, and yet ensure that it does not pervade the entire grain exporting market.

I would ask the Chairman if he could respond briefly to that.

Mr. JONES of North Carolina. I assure the gentleman that I support him.

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Mr. ROBERTS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in the spirit of compromise.

I do not want to be a burr under the maritime saddle. I would not do anything to hurt my dear friend, the gentleman from North Carolina Walter Jones. I want to smother the gentleman with grains of human kindness. I hope we could ship as much of it to North Carolina as he wants or wherever the gentleman would like to have it.

But I would like to set the record straight and ask my colleagues to vote on the merits of this issue. To my friends and colleagues on the Merchant Marine Committee I would only offer the comment that the real issue is that half of nothing is still nothing. Let me explain that statement. It is the same point as made by the chairman of the Agriculture Committee, Mr. de la Garza.

As a result of a lawsuit brought by the maritime industry, not by agriculture -- we did not start this -- last February, a Federal court ruled that cargo preference applies to the Agriculture's Blended Credit Program, under which the USDA offers very attractive terms to promote the sale of farm products.

Now for over 30 years, cargo preference has applied to one-half of all cargo shipped under Public Law 480 and section 416 authority. I appreciate the merits of the application of cargo preference to the food aid programs. That is a totally different argument. I am not making that point. In addition, there are some in the Congress who wanted to totally repeal cargo preference. Now we have backed off. That is not what the English-Roberts argument and amendment is all about.

What the English-Roberts amendment is all about is simply half of nothing is still nothing. As a result of the court's ruling applying cargo preference to the Blended Credit Program, the Secretary did suspend the operation of the program. We have heard a lot of arguments as to why he did that, but it was suspended.

The court's ruling would have added \$40 million to \$50 million in additional cost. Since the ruling, no shipments have been made under that program. In short, while the maritime folks won a battle in the courts, they have not won the battle in the fight to round up the money to pay for the additional cost of applying your cargo preference to commercial export programs.

The great court victory has not resulted in one additional maritime sailor going to work. It has not resulted in any additional U.S.-carried cargoes. However, what has resulted from the ruling is that U.S. farm exports are down. As a result, the American farmer has lost over 3 million metric tons or \$500 million worth of grain exports. When those exports are down, the surplus is up, the price is down, and that is how the farmer gets hurt.

During the Agriculture Committee's consideration of the farm bill, we included language reaffirming our commitment to a strong merchant marine. However, we also clarified the intent of Congress that cargo preference should, as it has in the past, apply to 50 percent of the shipments under Public Law 480 and section 416 and not commercial export promotion programs.

I know as a result what will happen if you do that in that district court, then it will be the GSM-102 Program, then it will be the Bicep Program, then it will be virtually every export program we have in the farm bill, mandated export subsidies to get our grain moving.

Quite simply, a vote for the English-Roberts compromise is a vote to allow our farmers to export their grain again, and is at the same time a vote for the maritime industry, because it does not repeal existing legislated cargo preference requirements.

I urge my colleagues to support this compromise in the committee bill.

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Mr. JONES of North Carolina. Mr. Chairman, I yield 30 seconds to the gentlewoman from Ohio [Ms. Oakar].

Ms. OAKAR. Mr. Chairman, I support the maritime industry and I support the agricultural industry. You cannot have it both ways. I have gone down the line with the Agriculture Committee and really and truly, we are talking about jobs and a national security issue that relates to other regions of the country, where frankly subsidizing farmers is not a big issue.

So I hope that we can stick with the gentleman from North Carolina [Mr. Jones] and the gentleman from New York [Mr. Biaggi] on this issue.

My only regret is that we do not have enough American-flag ships serving the Great Lakes region.

Mr. JONES of North Carolina. Mr. Chairman, I yield 30 seconds to the distinguished gentleman from Florida [Mr. Pepper], chairman of the Committee on Rules.

Mr. PEPPER. Mr. Chairman, I thank the able gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment and wish to associate myself with the remarks of the able gentleman from North Carolina [Mr. Jones] and the able gentleman from New York [Mr. Biaggi].

Mr. JONES of North Carolina. Mr. Chairman, I reserve the balance of my time.

Mr. de la GARZA. Mr. Chairman, I yield the balance of our time to the gentleman from Oklahoma [Mr. English].

(Mr. ENGLISH asked and was given permission to revise and extend his remarks.)

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I am happy to yield to the gentleman from Minnesota.

(Mr. STANGELAND asked and was given permission to revise and extend his remarks.)

Mr. STANGELAND. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the English amendment.

I believe the Roberts/English substitute amendment is a responsible compromise position, enabling both the U.S. agricultural industry and the U.S. maritime industry to move forward.

Any proposal to wipe out the Cargo Preference Programs, without a positive alternative, does not promote our farmers or our commercial mariners.

It is imperative that our Nation rebuild its U.S. merchant marine, but not on the backs of the American farmer. The farm commodity organizations must not only support but also assist in the rejuvenation of the American maritime industry. The fleet's eventual demise will undermine and decimate our American agricultural base. American farmers will watch their commodities rot on the docks, or worse yet, be held captive by a future shipping cartel of foreign nations not having to compete on the high seas for any U.S. cargoes.

Now, the farm commodity groups must join with the various maritime interests to move the cargo preference programs into the budgets of either the Departments of Transportation and/or Defense where these programs belong.

I welcome the opportunity to assist in this cooperative dialog.

Thank you.

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Mr. ENGLISH. Mr. Chairman, I have been listening with a great deal of interest to the debate that has taken place with regard to the proposal that the gentleman from Kansas [Mr. Roberts] and I have made, one that has been made in the spirit of compromise, one that I think is fair to all sides and, quite frankly, it is one that I have great difficulty in understanding why and how there could be any opposition to it.

We have heard some very interesting accusations and I think that is the only way they can be characterized. One Member said this proposal would be a death blow to the merchant marine industry. I have difficulty in understanding how that could be the case, since they are deriving no benefits whatever as it stands today.

All the amendment that we are proposing does is to take us back to where we were on January 1 of 1985, before the court decision. Everything else applies. All the subsidies, all the shipments that were being made under the interpretation of the law at that particular point would be made under the English-Roberts proposal. There is no difference. Nor has the court decision really made any difference. It has not helped the merchant marine industry. The merchant marine industry is not shipping a single bushel more today than they were on the 1st of January of 1985, not as a result at least of this court interpretation. It is simply not being done.

How in the world then could the adoption of this amendment, which simply preserves the status quo, how in the world could that have a death-blow effect upon the merchant marine industry? I simply do not understand it.

I can understand the merchant marine industry wanting an advantage, wanting to improve that industry. I want to improve it as well, but I certainly do not think that it makes any sense to go out and provide the merchant marine industry, where there is no advantage, and there is none under these circumstances; because what exists is this, that while there is no benefit to the merchant marine industry under this court interpretation, there is great harm being done to agriculture, simply because of the fact that the moneys that have been provided for the blended-credit sales are not being used. The Secretary is not using that money, and therefore sales are not being made, and since those sales are not being made, then shipments are not being made on U.S. bottoms. That means there is no benefit to the merchant marine industry, but it means there is a tremendous impact on the price the American farmer receives.

As I stated earlier, the American Farm Bureau projects that this law so far this year has reduced the price of wheat by 32 cents a bushel.

Mr. Chairman, I urge adoption of the amendment.

Mr. JONES of North Carolina. Mr. Chairman, I yield 30 seconds to the gentleman from Minnesota [Mr. Oberstar].

Mr. OBERSTAR. Mr. Chairman, just as Congress in the past has voted billions of dollars for a strong agricultural sector of our economy and will again in H.R. 2100, so also should it vote to sustain a strong merchant marine through the Cargo Preference Act.

The Great Lakes ports, however, have not fully benefited from the operation of the Cargo Preference Act because of the way the USDA has manipulated this program. I have asked the chairman of the Merchant Marine Committee to hold hearings to correct this problem of the USDA.

I would like to ask the gentleman from New York when those hearings could be held, and I yield to the gentleman.

Mr. BIAGGI. October 31. We recognize the problem of the Great Lakes and will address them I am sure to the gentleman's satisfaction.

Mr. JONES of North Carolina. Mr. Chairman, I yield myself the balance of the time.

In closing, I want to compliment the opponents and the proponents for what I consider a very high-level discussion of the issue at hand, but I cannot help but feel strange to be discussing a cargo preference bill in House agriculture bill.

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The two are not very compatible, regardless of the arguments advanced here today.

The question is one of where will the next attack on cargo preference occur? In another committee, another agriculture committee?

So, on the question of jurisdiction, we respectfully contend and respectfully ask the membership to respect that aspect of our procedure and vote no on both the Smith and the English amendments.

Mr. BORSKI. Mr. Chairman, I want to voice my strong opposition to amendments to H.R. 2100, the Food Security Act of 1985, which weaken U.S. cargo preference laws. Our cargo preference system is not responsible for today's farm crisis. The real culprits are this administration's huge budget deficits, high interest rates and over valued dollar.

Let me emphasize that cargo preference does not cost the American farmer money. Nor does it increase the price to the foreign customer. Restricting the application of cargo preference will not increase agricultural exports nor improve the competitive position of the American farmer. But, it will have a devastating impact on the U.S. maritime industry.

Congress enacted the Cargo Preference Act of 1954 in recognition of the critical role a merchant fleet plays in this nation's domestic and foreign commerce and national defense. The costs of cargo preference are borne by all American taxpayers in furtherance of these important national policies.

Congress established cargo preference to insure the survival of our merchant fleet and guarantee our national security in times of emergency or war. Without cargo preference, our maritime industry simply could not survive in a world where many foreign governments heavily subsidize their vessels and establish protective trade barriers to promote their fleets.

Reducing the scope of our cargo preference laws will cost thousands of U.S. jobs on our ships, in our shipyards and other related industries. Cutting back cargo preference will accelerate the decline of our merchant marine at a time when the Soviet Union is steadily building up their fleet. In the last 10 years, the Soviet merchant fleet has increased almost 70 percent and now totals 2,531 ships, while the United States has only 399 oceangoing vessels in operation.

The focus of the current debate over cargo preference is misplaced. It is the future of our merchant marine which is at stake.

In 1983, 145 million tons of agricultural commodities were exported. According to the Maritime Administration, only 2.9 million tons -- slightly less than 2 percent -- of these exports were subject to cargo preference. Yet, the cargo preference laws generated more than 37 percent of the total tonnage carried by the U.S. merchant marine, providing America with a fourth line of defense, at a cost well below what would be necessary in the form of a direct subsidy.

Even the cost to the public of financing cargo preference is declining. USDA's own research shows a consistent downward trend in the differential between U.S.-flag and foreign-flag vessel rates. Average U.S. tank rates for USDA-sponsored exports went from \$102.37 per ton in 1981 to \$51.11 in 1983. Average U.S. bulk carrier rates went from \$95.69 to \$61.20 in the same period.

Both U.S. agriculture and the maritime industry are essential to our Nation's security, and I reject the notion that we must sacrifice the interests of one to help the other. I am committed to helping both our farmers and maritime community compete in an international marketplace dominated by subsidized foreign competition and discriminating trade barriers.

Eliminating cargo preference simply will not help the plight of our farmers. But, it will damage substantially our maritime industry and our merchant marine. I strongly urge my colleagues to vote against any weakening of our cargo preference laws.

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Mr. DAUB. I strongly support the amendment to be offered by my distinguished colleague from Nebraska, Mrs. Smith, to repeal all cargo preference requirements.

A court applied cargo preference costs to all blended credit exports. The costs for blended credit exports would have increased to \$44.8 million. Understandably, USDA opted to terminate the program rather than pay this unacceptable price. These actions resulted in the loss of \$536 million in wheat exports this year.

Congress established the National Commission on Agricultural Trade and Export Policy in 1984. This Commission wrote that it strongly supports legislation " \* \* \* to achieve nothing less than the total exemption of all Government export programs from requirements of cargo preference laws."

The Commission's thinking is in line with the editorials of the New York Times, the Washington Post, and the Wall Street Journal which all advocate ending the folly of cargo preference.

And for good reason.

THE DISASTROUS IMPACT OF CARGO PREFERENCE IS ASTOUNDING:

IT IS SHRINKING OUR SHARE OF AGRICULTURE MARKETS ABROAD AND HELPING TO MAINTAIN PRICE DEPRESSING SURPLUSES AT HOME.

IT IS NEEDLESSLY ADDING TO THE COSTS OF TAXPAYER FINANCED STORAGE OF UNSOLD COMMODITIES.

IT IS SENSELESSLY PENALIZING THE WORLD'S HUNGRY BY EATING UP A FULL 10 PERCENT OF THE FOOD-FOR-PEACE BUDGET.

MR. CHAIRMAN, CARGO PREFERENCE'S TIME HAS GONE. LETS ADOPT THIS AMENDMENT AND DO FARMERS, TAXPAYERS, AND THE WORLD'S HUNGRY A FAVOR.

MR. MANTON. MR. CHAIRMAN, I RISE TO STATE MY OPPOSITION TO THE ENGLISH-ROBERTS AMENDMENT AND ANY OTHER AMENDMENT TO THIS BILL THAT WOULD CHANGE THE CURRENT STATUS OR LEGAL BASIS FOR THE APPLICATION OF CARGO PREFERENCE TO AMERICAN AGRICULTURAL EXPORTS.

I SUPPORT OUR FARMERS. I VOTED FOR THE FARM BAILOUT BILL WHICH THE PRESIDENT VETOED EARLIER THIS YEAR. AND I INTEND TO WORK HARD TO SEE THAT THIS FARM BILL IS PASSED AND BECOMES LAW. AMERICA'S FARMERS ARE ESSENTIAL TO OUR SECURITY AND ECONOMIC WELL-BEING. INDEED, THEY ARE ESSENTIAL OVERSEAS. AT THIS TIME THE AMERICAN FARM INDUSTRY FACES ONE OF ITS WORST CRISES EVER -- STAGNANT PRICES, A STEADILY MOUNTING DEBT, AND PREDATORY FOREIGN COMPETITORS. THESE PROBLEMS ARE COMPOUNDED BY THIS ADMINISTRATION'S FARM AND TRADE POLICIES WHICH ARE DISTINGUISHED BY THEIR INEFFECTIVENESS AND INDEED MARKED BY A SENSE OF CALLOUS INDIFFERENCE WHICH IS HARD TO FATHOM BY THOSE OF US WHO CARE ABOUT OUR SECURITY, OUR ECONOMY, AND OUR PEOPLE.

CARGO PREFERENCE IS NOT THE CAUSE OF OUR FARMERS' PROBLEMS. HOW COULD IT BE? IT APPLIES TO ONLY 2 PERCENT OF OUR ENTIRE FARM EXPORTS, AND EXPORTS ACCOUNT FOR ONLY ABOUT ONE-THIRD OF OUR ENTIRE FARM ACREAGE. ELIMINATION OF CARGO PREFERENCE -- OR ADOPTION OF SCHEMES THAT WOULD, IN EFFECT, DIVERT CARGO OUT OF PROGRAMS TO WHICH IT NOW APPLIES -- CANNOT BEGIN TO ADDRESS THE BASIC PROBLEMS OUR FARMERS FACE. THOSE WHO SAY OTHERWISE are merely making up excuses, and excuses are not what our farmers need today.

For these reasons alone I would oppose any amendments to weaken our cargo preference laws. But there is a second, equally important reason for my opposition. While cargo preference is insignificant in comparison to farm support programs, it is extremely important to our merchant fleet -- particularly in today's severe, worldwide shipping depression. Indeed, cargo preference provides 37 percent of our fleet's revenues, and its removal now would devastate an entire industry. Any conceivable gain to agriculture would be dwarfed by its catastrophic effect on our fleet. To me, that simply is no way to pursue public policy in this Nation.

Mr. Chairman, we should not use the farm bill as a vehicle for major changes in our Nation's maritime and national security policies. Any such changes should occur only after full and careful consideration by all relevant committees -- including merchant marine and armed services. We can improve the implementation of cargo preference programs to reduce costs. Both industries must work together to implement a fair compromise between them on this issue. But neither industry will be served by the hasty victory of one over the other. I intend to support this farm bill as a measure to help American farmers. However, we do not strengthen the bill's merits or its prospects if we permit it to be used by one industry to destroy another.

Thank you, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. English] as a substitute for the amendment offered by the gentlewoman from Nebraska [Mrs. Smith].

The question was taken; and the Chairman announced that the noes appeared to have it.

#### RECORDED VOTE

Mr. ENGLISH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were -- ayes 179, noes 245, not voting 10, as follows:

(See Roll No. 335 in the ROLL segment.)

The clerk announced the following pair:

On this vote:

Mr. Goodling for, with Mr. Rodino against.

Messrs. PACKARD, BEILENSON, LEWIS of Florida, NICHOLS, and Mrs. JOHNSON changed their votes from "aye" to "no."

Messrs. ALEXANDER, PORTER, HEFNER, and DANNEMEYER changed their votes from "no" to "aye."

So the amendment offered as a substitute for the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Nebraska [Mrs. Smith].

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title XI?

Mr. de la GARZA. Mr. Chairman, I move that the Committee do now rise.

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The CHAIRMAN. The Chair will point out to Members that this is just to allow for filing of a report.

The question is on the motion offered by the gentleman from Texas [Mr. de la Garza].

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. Traxler] having assumed the chair, Mr. Bonior of Michigan, Chairman of the Committee on the Whole House on the State of the Union, reported that that Committee, having had under considering the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for the purposes, had come to no resolution thereon.

**ROLL:**

[Roll No. 333]

AYES -- 251

Ackerman	Anderson	Andrews
Applegate	Archer	Armey
AuCoin	Badham	Barnard
Barnes	Bartlett	Barton
Bateman	Bates	Bentley
Biaggi	Bilirakis	Bliley
Boehlert	Boggs	Boland
Bonker	Boucher	Boulter
Breaux	Broomfield	Brown (CO)
Broyhill	Bruce	Burton (IN)
Byron	Campbell	Carney
Carper	Carr	Chandler
Chapman	Chappell	Chappie
Cheney	Clinger	Coats
Cobey	Coble	Combest
Conte	Coughlin	Courter
Craig	Crane	Daniel
Dannemeyer	Daub	Davis
DeLay	DeWine	Dicks
DioGuardi	Dornan (CA)	Dreier
Duncan	Durbin	Dyson
Early	Eckart (OH)	Eckert (NY)
Emerson	Fawell	Fiedler
Fields	Fish	Flippo

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Frank	Franklin	Frenzel
Fuqua	Gallo	Gekas
Gibbons	Gilman	Gingrich
Goodling	Gray (IL)	Green
Gregg	Grotberg	Hamilton
Hammerschmidt	Hansen	Hartnett
Heftel	Hendon	Henry
Hiler	Hillis	Holt
Hopkins	Horton	Hubbard
Hughes	Hunter	Hutto
Hyde	Ireland	Jacobs
Jeffords	Jenkins	Johnson
Kanjorski	Kaptur	Kasich
Kemp	Kennelly	Kolbe
Kostmayer	Kramer	LaFalce
Lagomarsino	Latta	Leach (IA)
Lehman (FL)	Lent	Levine (CA)
Lewis (CA)	Lewis (FL)	Lightfoot
Livingston	Loeffler	Long
Lott	Lowery (CA)	Lujan
Luken	Lundine	Lungren
Mack	MacKay	Madigan
Markey	Marlenee	Martin (IL)
Martin (NY)	Mazzoli	McCain
McCandless	McCloskey	McCollum
McDade	McGrath	McKernan
McKinney	McMillan	Meyers
Michel	Mikulski	Miller (OH)
Miller (WA)	Molinari	Monson
Montgomery	Moore	Moorhead
Morrison (WA)	Mrazek	Myers
Nelson	Nielson	Nowak
O'Brien	Olin	Oxley
Packard	Parris	Pashayan
Pease	Petri	Pickle
Porter	Pursell	Quillen
Ray	Regula	Reid
Ridge	Rinaldo	Ritter

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Roberts	Roemer	Rogers
Rostenkowski	Roth	Roukema
Rowland (CT)	Rowland (GA)	Rudd
Saxton	Schaefer	Schneider
Schroeder	Schulze	Schumer
Sensenbrenner	Sharp	Shaw
Shumway	Shuster	Siljander
Skeen	Slaughter	Smith (IA)
Smith (NJ)	Smith, Denny (OR)	Smith, Robert (NH)
Smith, Robert (OR)	Snowe	Snyder
Solarz	Solomon	Spence
Spratt	Staggers	Stangeland
Stenholm	Strang	Stratton
Studds	Stump	Sundquist
Sweeney	Swindall	Tauke
Tauzin	Taylor	Thomas (CA)
Thomas (GA)	Vander Jagt	Visclosky
Vucanovich	Walker	Waxman
Whitehurst	Whittaker	Wolf
Wortley	Wyden	Wylie
Yates	Yatron	Young (AK)
Young (FL)	Zschau	

NOES -- 174

Akaka	Alexander	Annunzio
Anthony	Aspin	Atkins
Bedell	Beilenson	Bennett
Bereuter	Bevill	Boner (TN)
Bonior (MI)	Borski	Bosco
Boxer	Brooks	Brown (CA)
Bryant	Burton (CA)	Bustamante
Callahan	Coelho	Coleman (MO)
Coleman (TX)	Collins	Conyers
Cooper	Coyne	Crockett
Darden	Daschle	de la Garza
Dellums	Derrick	Dickinson
Dingell	Dixon	Donnelly

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Dorgan (ND)	Dowdy	Downey
Dwyer	Dymally	Edgar
Edwards (CA)	Edwards (OK)	English
Erdreich	Evans (IA)	Evans (IL)
Fascell	Fazio	Feighan
Florio	Foglietta	Foley
Ford (TN)	Fowler	Frost
Garcia	Gaydos	Gejdenson
Gephardt	Glickman	Gonzalez
Gordon	Gray (PA)	Guarini
Gunderson	Hall (OH)	Hall, Ralph
Hatcher	Hawkins	Hayes
Hefner	Hertel	Howard
Hoyer	Huckaby	Jones (NC)
Jones (OK)	Jones (TN)	Kastenmeier
Kildee	Klecza	Kolter
Lantos	Leath (TX)	Lehman (CA)
Leland	Levin (MI)	Lipinski
Lloyd	Lowry (WA)	Manton
Martinez	Matsui	Mavroules
McCurdy	McHugh	Mica
Miller (CA)	Mineta	Mitchell
Moakley	Mollohan	Moody
Morrison (CT)	Murphy	Murtha
Natcher	Neal	Nichols
Oakar	Oberstar	Obey
Ortiz	Owens	Panetta
Penny	Pepper	Perkins
Price	Rahall	Rangel
Richardson	Robinson	Roe
Rose	Roybal	Russo
Sabo	Savage	Scheuer
Schuetz	Seiberling	Shelby
Sikorski	Sisisky	Skelton
Slattery	Smith (FL)	Smith (NE)
St Germain	Stallings	Stark
Stokes	Swift	Synar
Tallon	Torres	Torricelli

Towns	Traficant	Traxler
Udall	Valentine	Vento
Volkmer	Walgren	Watkins
Weaver	Weber	Weiss
Wheat	Whitley	Whitten
Williams	Wilson	Wirth
Wise	Wolpe	Young (MO)

## NOT VOTING -- 9

Addabbo	Berman	Clay
Ford (MI)	Gradison	Kindness
McEwen	Rodino	Wright

[Roll No. 334]

## AYES -- 195

Anderson	Annunzio	Archer
Armey	Atkins	AuCoin
Badham	Barnes	Bartlett
Barton	Bates	Beilenson
Bentley	Bereuter	Bilirakis
Boehlert	Boland	Bosco
Boulter	Broomfield	Brown (CA)
Brown (CO)	Burton (IN)	Carney
Carper	Chandler	Cheney
Clinger	Coats	Coleman (TX)
Collins	Conte	Cooper
Coughlin	Courter	Crane
Dannemeyer	Daub	Davis
DeLay	Dellums	DeWine
DioGuardi	Dornan (CA)	Dreier
Durbin	Dwyer	Dymally
Early	Eckert (NY)	Edgar
Edwards (CA)	Fawell	Fiedler
Fields	Fish	Florio
Foglietta	Frank	Frenzel
Gallo	Garcia	Gejdenson

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Gekas	Gibbons	Gilman
Goodling	Gray (IL)	Green
Gregg	Grotberg	Hamilton
Hansen	Henry	Hiler
Hillis	Holt	Howard
Hughes	Hunter	Hyde
Ireland	Jacobs	Johnson
Kaptur	Kasich	Kemp
Kildee	Kolbe	Kostmayer
Kramer	LaFalce	Lagomarsino
Latta	Leach (IA)	Lehman (FL)
Leland	Lent	Levine (CA)
Lewis (CA)	Lewis (FL)	Lightfoot
Lloyd	Lowery (CA)	Luken
Lundine	Lungren	Mack
Madigan	Markey	Martin (IL)
Martin (NY)	McCain	McCandless
McCollum	McDade	McGrath
McHugh	McKernan	McKinney
Meyers	Michel	Miller (OH)
Miller (WA)	Moakley	Molinari
Monson	Moody	Moorhead
Morrison (CT)	Morrison (WA)	Mrazek
Nelson	Nielson	Nowak
O'Brien	Owens	Oxley
Packard	Pease	Petri
Porter	Price	Pursell
Regula	Reid	Ridge
Rinaldo	Ritter	Roukema
Rowland (CT)	Roybal	Rudd
Saxton	Schaefer	Schneider
Schulze	Schumer	Seiberling
Sensenbrenner	Sharp	Shaw
Shumway	Shuster	Siljander
Smith (IA)	Smith (NJ)	Smith, Denny (OR)
Smith, Robert (NH)	Snowe	Solarz
Solomon	St Germain	Stark
Studds	Sundquist	Tauke

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Torricelli	Vander Jagt	Vento
Visclosky	Vucanovich	Walker
Waxman	Weiss	Wirth
Wolf	Wolpe	Wortley
Wyden	Wylie	Yates
Yatron	Young (FL)	Zschau

NOES -- 228

Ackerman	Akaka	Alexander
Andrews	Anthony	Applegate
Aspin	Bateman	Bedell
Bennett	Bevill	Bliley
Boggs	Boner (TN)	Bonior (MI)
Bonker	Borski	Boucher
Boxer	Breaux	Brooks
Broyhill	Bruce	Bryant
Bustamante	Byron	Callahan
Campbell	Carr	Chapman
Chappell	Chappie	Clay
Cobey	Coble	Coelho
Coleman (MO)	Combest	Conyers
Coyne	Craig	Crockett
Daniel	Darden	Daschle
de la Garza	Derrick	Dickinson
Dicks	Dingell	Dixon
Donnelly	Dorgan (ND)	Dowdy
Downey	Duncan	Dyson
Eckart (OH)	Edwards (OK)	Emerson
English	Erdreich	Evans (IA)
Evans (IL)	Fascell	Fazio
Feighan	Flippo	Foley
Ford (MI)	Ford (TN)	Fowler
Franklin	Frost	Fuqua
Gaydos	Gephardt	Gingrich
Glickman	Gonzalez	Gordon
Gray (PA)	Guarini	Gunderson
Hall, Ralph	Hammerschmidt	Hartnett

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Hatcher	Hawkins	Hayes
Hefner	Heftel	Hendon
Hertel	Hopkins	Horton
Hoyer	Hubbard	Huckaby
Hutto	Jeffords	Jenkins
Jones (NC)	Jones (OK)	Jones (TN)
Kanjorski	Kastenmeier	Kennelly
Kleczka	Kolter	Lantos
Leath (TX)	Lehman (CA)	Levin (MI)
Lipinski	Livingston	Loeffler
Long	Lott	Lowry (WA)
Lujan	MacKay	Manton
Marlenee	Martinez	Matsui
Mavroules	Mazzoli	McCloskey
McCurdy	McMillan	Mica
Mikulski	Miller (CA)	Mineta
Mitchell	Mollohan	Montgomery
Moore	Murphy	Murtha
Myers	Natcher	Neal
Nichols	Oakar	Oberstar
Obey	Olin	Ortiz
Panetta	Parris	Pashayan
Penny	Pepper	Perkins
Pickle	Quillen	Rahall
Rangel	Ray	Richardson
Roberts	Robinson	Roe
Roemer	Rogers	Rose
Rostenkowski	Roth	Rowland (GA)
Russo	Sabo	Savage
Scheuer	Schroeder	Schuette
Shelby	Sikorski	Sisisky
Skeen	Skelton	Slattery
Slaughter	Smith (FL)	Smith (NE)
Smith, Robert (OR)	Snyder	Spence
Spratt	Staggers	Stallings
Stangeland	Stenholm	Stokes
Strang	Stratton	Stump
Sweeney	Swift	Swindall

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Synar	Tallon	Tauzin
Taylor	Thomas (CA)	Thomas (GA)
Torres	Towns	Traficant
Traxler	Udall	Valentine
Volkmer	Walgren	Watkins
Weaver	Weber	Wheat
Whitehurst	Whitley	Whittaker
Whitten	Williams	Wilson
Wise	Young (AK)	Young (MO)

NOT VOTING -- 11

Addabbo	Barnard	Berman
Biaggi	Burton (CA)	Gradison
Hall (OH)	Kindness	McEwen
Rodino	Wright	
	[Roll No. 335]	

AYES -- 179

Alexander	Anthony	Applegate
Archer	Armey	Atkins
Bartlett	Barton	Bedell
Bereuter	Boucher	Boulter
Breaux	Broomfield	Brown (CA)
Brown (CO)	Broyhill	Bruce
Burton (IN)	Chapman	Chappie
Cheney	Coats	Cobey
Coble	Coleman (MO)	Combest
Cooper	Craig	Crane
Daniel	Dannemeyer	Daschle
Daub	de la Garza	DeLay
DeWine	Dorgan (ND)	Dreier
Durbin	Eckert (NY)	Edwards (OK)
Emerson	English	Evans (IA)
Fawell	Fazio	Fiedler
Foley	Fowler	Frank
Franklin	Frenzel	Fuqua

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Gibbons	Gingrich	Glickman
Gordon	Gradison	Grotberg
Gunderson	Hall, Ralph	Hamilton
Hammerschmidt	Hansen	Hatcher
Hefner	Hendon	Henry
Hiler	Hillis	Hopkins
Huckaby	Hyde	Ireland
Jacobs	Jeffords	Jenkins
Jones (OK)	Jones (TN)	Kasich
Kastenmeier	Kindness	Kolbe
Kostmayer	Kramer	Lagomarsino
Latta	Leach (IA)	Leath (TX)
Lightfoot	Loeffler	Lungren
Madigan	Marlenee	Martin (IL)
Mazzoli	McCandless	McCloskey
McCurdy	McEwen	McMillan
Meyers	Michel	Miller (OH)
Monson	Montgomery	Moore
Moorhead	Morrison (WA)	Myers
Neal	Nielson	O'Brien
Obey	Olin	Oxley
Panetta	Pashayan	Penny
Petri	Pickle	Porter
Pursell	Ray	Regula
Roberts	Robinson	Roemer
Rogers	Rose	Roth
Roukema	Rowland (GA)	Rudd
Schroeder	Schuette	Seiberling
Sensenbrenner	Sharp	Shuster
Siljander	Sisisky	Skeen
Skelton	Slattery	Slaughter
Smith (IA)	Smith (NE)	Smith, Robert
Spratt	Stallings	Stangeland
Stenholm	Strang	Stump
Sweeney	Swindall	Synar
Tauke	Taylor	Thomas (CA)
Thomas (GA)	Traxler	Udall
Valentine	Visclosky	Volkmer

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Walker	Watkins	Weber
Whitley	Whittaker	Whitten
Wirth	Wolf	Wylie
Yates	Zschau	

NOES -- 245

Ackerman	Akaka	Anderson
Andrews	Annunzio	Aspin
AuCoin	Badham	Barnes
Bateman	Bates	Beilenson
Bennett	Bentley	Biaggi
Bilirakis	Bliley	Boehlert
Boggs	Boland	Boner (TN)
Bonior (MI)	Bonker	Borski
Bosco	Boxer	Brooks
Bryant	Burton (CA)	Bustamante
Byron	Callahan	Campbell
Carney	Carper	Carr
Chandler	Chappell	Clay
Clinger	Coelho	Coleman (TX)
Collins	Conte	Conyers
Coughlin	Courter	Coyne
Crockett	Darden	Davis
Dellums	Derrick	Dickinson
Dicks	Dingell	DioGuardi
Dixon	Donnelly	Dornan (CA)
Dowdy	Downey	Duncan
Dwyer	Dymally	Dyson
Early	Eckart (OH)	Edgar
Edwards (CA)	Erdreich	Evans (IL)
Fascell	Feighan	Fields
Fish	Flippo	Florio
Foglietta	Ford (MI)	Ford (TN)
Frost	Gallo	Garcia
Gaydos	Gejdenson	Gekas
Gephardt	Gilman	Gonzalez
Gray (IL)	Green	Gregg

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Guarini	Hall (OH)	Hartnett
Hawkins	Hayes	Heftel
Hertel	Holt	Horton
Howard	Hoyer	Hubbard
Hughes	Hunter	Hutto
Johnson	Jones (NC)	Kanjorski
Kaptur	Kemp	Kennelly
Kildee	Kleczka	Kolter
LaFalce	Lantos	Lehman (CA)
Lehman (FL)	Leland	Lent
Levin (MI)	Levine (CA)	Lewis (CA)
Lewis (FL)	Lipinski	Livingston
Lloyd	Long	Lott
Lowery (CA)	Lowry (WA)	Lujan
Luken	Lundine	Mack
MacKay	Markey	Martin (NY)
Martinez	Matsui	Mavroules
McCain	McCollum	McDade
McGrath	McHugh	McKernan
McKinney	Mica	Mikulski
Miller (CA)	Miller (WA)	Mineta
Mitchell	Moakley	Molinari
Mollohan	Moody	Morrison (CT)
Mrazek	Murphy	Murtha
Natcher	Nelson	Nichols
Nowak	Oakar	Oberstar
Ortiz	Owens	Packard
Parris	Pease	Pepper
Perkins	Price	Quillen
Rahall	Rangel	Reid
Richardson	Ridge	Rinaldo
Ritter	Roe	Rostenkowski
Rowland (CT)	Roybal	Russo
Sabo	Savage	Saxton
Schaefer	Scheuer	Schneider
Schulze	Schumer	Shaw
Shelby	Shumway	Sikorski
Smith (FL)	Smith (NJ)	Smith, Denny (OR)

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Smith, Robert (NH)	Snowe	Snyder
Solarz	Solomon	Spence
St Germain	Staggers	Stark
Stokes	Stratton	Studds
Sundquist	Swift	Tallon
Tauzin	Torres	Toricelli
Towns	Traficant	Vander Jagt
Vucanovich	Walgren	Waxman
Weaver	Weiss	Wheat
Whitehurst	Williams	Wilson
Wise	Wolpe	Wortley
Wyden	Yatron	Young (AK)
Young (FL)	Young (MO)	

NOT VOTING -- 10

Addabbo	Barnard	Berman
Bevill	Goodling	Gray (PA)
Manton	Rodino	Vento
Wright		

**SUBJECT:** AGRICULTURAL MARKETING (90%); AGRICULTURAL INCOME (79%); AGRICULTURAL PRICES (79%); GRAIN FARMING (59%); PRICE INCREASES (59%); ANIMAL FARMING & BREEDING (59%); CORN MARKETS (59%); FARMERS & RANCHERS (59%); TARIFFS & DUTIES (59%); AGRICULTURE (59%); LEGISLATION (59%); AGRICULTURAL COMMODITY REGULATION (59%); EXPORT TRADE (59%); BEEF & CATTLE MARKETS (59%); FACTORY FARMS (59%); CROP PRODUCTION (59%); TAXES & TAXATION (59%); SOYBEAN MARKETS (59%); REFERENDUMS (59%);