FOCUS - 33 of 144 DOCUMENTS

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TITLE: FOOD SECURITY ACT OF 1985

SPEAKER: Mr. AKAKA; Mr. BEDELL; Mrs. BENTLEY; Mr. BEREUTER; Mr. BROWN of California; Mr. COELHO; Mr. COLEMAN of Missouri; Mr. COMBEST; Mr. DASCHLE; Mr. de la GARZA; Mr. EMERSON; Mr. ENGLISH; Mr. GLICKMAN; Mr. GONZALEZ; Mr. GROTBERG; Mr. GUNDERSON; Mr. HILLIS; Mr. HUCKABY; Mr. JEFFORDS; Mr. JONES of Tennessee; Mr. KASTENMEIER; Mr. MARLENEE; Ms. MIKULSKI; Mr. Olin; Mr. PANETTA; Mr. PENNY; Mr. ROBERTS; Mr. SCHUETTE; Mr. SILJANDER; Mrs. SMITH of Nebraska; Mr. STALLINGS; Mr. STANGELAND; Mr. STENHOLM; Mr. VOLKMER; Mr. WHITLEY

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 pro tempore. 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 consideration of the bill, H.R. 2100.

The Chair appoints the gentleman from Michigan [Mr. Bonior] to preside over the Committee of the Whole.

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 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.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is suspended.

The gentleman from Texas [Mr. de la Garza] will be recognized for 1 hour, and the gentleman from Kansas [Mr. Roberts] will be recognized for 1 hour. The gentleman from New Jersey [Mr. Hughes] will be recognized for 15 minutes and the gentleman from New York [Mr. Lent] will be recognized for 15 minutes.

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

Mr. de la GARZA. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the House today begins consideration of one of the most important pieces of legislation that we will deal with this session, this year, in fact, I might say toward the end of this century, H.R. 2100 the Food Security Act of 1985.

This omnibus bill as reported by the committee and the appropriate subcommittees of jurisdiction was drafted after we spent all of last year listening, counseling with, receiving advice from every segment of agribusiness. For the first time, we brought in banks, seed dealers, fertilizer dealers, automobile and implement dealers. We listened to anyone that would be impacted, consumers, environmentalists, and we think we have a good product, Mr. Chairman, which we bring to the floor of this House. I would hope that as we proceed through the amendment process that the membership of the House, and of the Committee when we are in the Committee, would support what the Agriculture Committee has reported in behalf of American agriculture that needs the assistance we can give them at this time.

We bring this bill to the floor because American agriculture is in trouble today -- and it is the responsibility of the House to do whatever can be done to help dam the flood of problems facing agriculture that is causing great distress in many parts of the Nation.

This is a big bill. The text of the bill covers 525 printed pages and the Agriculture Committee's report is 827 pages long. It's a big bill because the problem is big. It's a complicated bill because the problems are complicated.

The crisis this bill addresses affects the farm economy and rural Amrerica. It affects millions of consumers, bankers, businessmen and workers in many industries and businesses all across the country -- and it affects the international economy as well.

I could tell the story we have to face by reading you economic reports and reciting from tables of figures. But I ask this House today to look behind the numbers and the tables and the economic reports. I ask the House to look at the human beings behind those numbers.

One of those people called me the other day. Her name is Mrs. Naomi Woods. She lives on a farm with her husband near Fort Morgan, CO. And she talked to me about problems on the farm in a way that I wish everyone in this House could hear and understand.

Mrs. Woods pointed out that when a family can't afford to buy farm supplies, it hurts -- but so do the people in the local businesses that depend on them. When a farm family can't afford to buy a pickup truck needed on the farm, they hurt -- but so do the people on an automobile company assembly line far away from Colorado.

I hope the Woods family can survive on their farm. That's what they want to do. But what happens if they are squeezed out by forces they cannot control, no matter how hard they work or how efficient they are? Mrs. Woods told me she guesses they'd have to move to Denver to look for work.

But is that any answer? What happens when thousands of farm families are forced to move into urban areas? What is the real cost to our society in the new housing needs, in all the other costs that pile up when people don't have jobs? I say that whatever it may cost to help efficient farmers stay on the land may be less than the real cost of forcing them off.

What this comes down to is that we are dealing with more than questions of policy and dollars. We are dealing with the future of people, and this is a great responsibility for every Member of the House and everyone else involved in farm policy.

Much of agriculture is in trouble today because of a combination of factors and forces that lie largely outside the areas that farmers themselves can control. The causes of today's problems include the general worldwide recession of the early 1980's, which depressed markets for American products, the strength of the dollar in recent years, which cost us export sales, the unfair trade practices of some competing nations in world markets, and continuing surpluses of some commodities.

Farm income is down to disastrous levels. Thousands of good, efficient family farmers find themselves unable to pay their bills. Farmland values in some States have fallen by up to 50 percent since 1981. We are facing what some people say is a crisis among some agricultural lenders.

Behind these grim statistics are stories of stark tragedy for thousands of families and hundreds of rural communities. When a farm family cannot pay its bills, as Mrs. Wood eloquently explained, the bad news does not stop at the farm gate. The shock wave goes all through our economy. Here is just one example: The Agriculture Department is currently predicting that farm purchases of new and used equipment this year are expected to sink as low as $6.4 billion compared with last year's depressed $7.3 billion figure. The pain in agriculture is deep, and it is spreading -- and forecasts for the near future, at least, are not encouraging.

Members of the House probably have heard that record crops are being predicted this fall, and unless we get some unexpected news, the result is likely to be continuing low farm prices and more distress in agriculture. The most severe crunch in our farm economy since the Great Depression is here. It poses a great challenge to this Congress. We need to provide agriculture at this time with an economic life preserver, not a pair of concrete boots.

These are some of the reasons why the Agriculture Committee is asking your help in passing a farm bill. I know that some may disagree with us over one or another portion of our bill. But I do not think anyone will disagree when I say that the need for an effective farm policy is urgent and in the interests of our entire Nation. That means consumers, too. In the long run, a depressed agriculture is bad news for consumers because they must depend on agriculture for what they need most -- an ample and stable food supply at reasonable prices.

In drafting H.R. 2100, the Agriculture Committee was faced with two challenges:

We wanted, and I believe the House wants, a bill that protects farm income to the greatest possible extent so that efficient farmers can hang on until conditions improve.

Under the terms of the congressional budget resolution, we were required to bring in a bill that fits within the budget targets for agriculture. This we have done through a process of hard and painful compromise.

I will not take your time to describe in full detail the provisions of H.R. 2100, but I will note briefly the major features of the bill.

First, it provides 5-year income stabilization programs, and in most cases supply stabilization programs, for major commodities including wheat, feed grains, upland cotton, rice, milk, soybeans, sugar, wool, and peanuts.

Next, it includes general commodity provisions, including a new and more effective method of setting farm bases and yields, a continued limitation on direct payments to farmers, and a new $250,000 ceiling on nonrecourse loans to individual farmers on wheat, feed grains, soybeans, peanuts, and tobacco.

Also, there is an important trade section that includes a program to use some of our surpluses as export bonuses to help regain and, we might hope, to expand overseas markets. With this, we have provided for expanded export credit programs and an extension of the Food-for-Peace Program together with additional authority to use our surplus food abroad.

In the conservation area, we have landmark new legislation, which I believe has wide support, to protect our fragile land. This section includes a proposed Conservation Reserve Program to get fragile land that is now in crops moved into protected use. And it includes Sodbuster and Swampbuster Programs to discourage the movement of erodible land into crop production.

In the field of agricultural credit, we have an extension of authority for Farmers Home Administration programs for farmers and rural development, with some changes in these areas. We have new regulations for the handling of land that the Farmers Home Administration has foreclosed. And we have a section to protect purchasers of farm products from liens held by creditors.

In the area of agricultural research, we extend authority for research programs with a number of provisions aimed at encouraging work in high-priority areas.

And in the field of domestic food assistance, our bill extends the Food Stamp Program for 5 years together with some modest and overdue improvements and a new section that requires States to set up special employment and training programs. In addition, we have other features including a 2-year extension of the Temporary Emergency Food Assistance Program to help get commodities to hungry people through agencies like food banks and soup kitchens.

Much of the discussion of this bill will involve the commodity programs. In that respect, let me give you some brief explanation.

For wheat, feed grains, upland cotton, and rice, the bill provides machinery that, for the next 5 years, would makeMARKET PRICES MORE COMPETITIVE BY PROVIDING AUTHORITY TO TIE PRICE SUPPORT LOAN RATES MORE CLOSELY TO MARKET CONDITIONS AND BY SEVERAL EXPORT PROGRAMS. AT THE SAME TIME, HOWEVER, THE INCOME OF FARMERS WOULD BE MAINTAINED BECAUSE WE WOULD KEEP TARGET PRICES FROZEN FOR 1986 AND 1987 AND WOULD PERMIT REDUCTIONS IN TARGETS IN THE FOLLOWING 3 YEARS ONLY IF FARMERS' COSTS ALSO DECLINE. FOR WHEAT AND FEED GRAINS, THE BILL ALSO INCLUDES ONE ADDITIONAL IMPORTANT FEATURE. THIS IS A PROVISION UNDER WHICH WHEAT AND FEED GRAIN FARMERS WOULD VOTE IN A REFERENDUM ON WHETHER TO ADOPT A PROGRAM OF VOLUNTARY ACREAGE CONTROL COUPLED WITH AN INCREASED PRICE SUPPORT LOAN RATE WITHOUT TARGET PRICES.

IF THE REFERENDUM PROGRAM BECOMES LAW, AND IF FARMERS THEN GO ON TO ADOPT THE PROGRAM, PRODUCERS WHO COMPLY WITH ACREAGE CONTROLS WOULD BE ELIGIBLE FOR THE NEW SUPPORT LEVELS, AND THEIR CROPS WOULD BE KEPT COMPETITIVE IN EXPORT MARKETS BY THE KIND OF EXPORT SUBSIDY THAT IS PROVIDED IN THE GENERAL TRADE SECTION OF THE BILL. PRODUCERS WHO CHOOSE NOT TO COMPLY WITH ACREAGE CONTROLS COULD GROW AS MUCH AS THEY WANT TO, BUT THEY COULD USE THEIR GRAIN ONLY FOR FEEDING ON THEIR OWN FARMS OR FOR EXPORT AT WORLD PRICES. IF THE REFERENDUM PROGRAM BECOMES LAW AND FARMERS DO NOT APPROVE IT IN THEIR BALLOTING, WHEAT AND FEED GRAINS WOULD REMAIN UNDER THE TARGET PRICE PROGRAM THAT WILL ALSO BE IN EFFECT FOR COTTON AND RICE.

I MUST NOTE THAT, AS COSTED OUT BY THE CONGRESSIONAL BUDGET OFFICE, THE REFERENDUM PROVISION WILL NOT REDUCE PROGRAM COSTS AS MUCH AS INITIALLY ESTIMATED. THIS WAS NOT INTENDED BY THE SPONSOR OF THE PROVISION, AND HE HAS ALREADY PREPARED A FLOOR AMENDMENT THAT WILL ACHIEVE THE NEEDED SAVINGS IN PROGRAM COSTS.

I KNOW THAT THE ADMINISTRATION HAS INDICATED IT IS OPPOSED TO THE REFERENDUM PROVISION, AND THE HOUSE WILL HEAR LATER A FULLER REPORT FROM SPONSORS OF THE PROVISION ON WHY IT DESERVES SUPPORT. I WANT TO POINT OUT NOW THAT IT IS A COMPROMISE PROPOSAL. SOME MEMBERS FAVOR A TIGHTER MANDATORY CONTROL PROGRAM, BUT THE VERSION APPROVED BY THE AGRICULTURE COMMITTEE PROVIDES THAT IF FARMERS APPROVE THE MARKETING CERTIFICATE PLAN IN A REFERENDUM, INDIVIDUAL PRODUCERS COULD STILL CHOOSE TO STAY OUT OF THE PROGRAM AND USE THEIR GRAIN ON THEIR OWN FARMS OR FOR EXPORT AT WORLD PRICES.

I WANT TO ADD A BRIEF WORD ABOUT THE DAIRY PROGRAM. THIS IS A CAREFULLY AND PAINFULLY DEVELOPED COMPROMISE. IT IS BUILT AROUND A NEW PRICE SUPPORT FORMULA THAT TAKES INTO ACCOUNT BOTH FARM COSTS AND THE NEED TO REDUCE SURPLUSES -- A FORMULA THAT IS FAIR TO CONSUMERS AS WELL AS TO FARMERS. AND IT INCLUDES THE SURPLUS DIVERSION PROGRAM ABOUT WHICH THERE HAS BEEN MUCH DISCUSSION. I WILL SAY AT THIS POINT ONLY THAT THE DIVERSION PROGRAM HAS BEEN TRIED BEFORE AND HAS WORKED. IT IS FINANCED BY the farmers themselves, and it helps protect both the dairy industry and the taxpayer. The committee's dairy program helps meet our budget targets by saving $1.7 billion over 3 years.

The budget requirements that we had to meet were difficult. They forced the Agriculture Committee to make hard choices and forced us to make some reductions that we did not want to accept particularly at this time of economic stress for farmers. Our committee recognized, as it has in the past, however, that farmers must join other Americans in attacking the problem of the national deficit. I want to caution Members that, if they consider amendments which would increase potential costs, they should think about what else they can find to cut to get us back to the budget.

As you know, the Committee on Merchant Marine and Fisheries has reported out cargo preference provisions that differ from those contained in H.R. 2100, as reported by the Agriculture Committee. While I hoped that this difficult issue could have been resolved by now, it will have to be disposed of during floor debate. I hope the House will remember in this debate that those of us in agriculture have no quarrel with the goal of maintaining an American merchant fleet. Where there are differing views on this issue, it is over means and not ends.

Mr. Chairman, I know that when the House debates amendments to this bill, we will be faced with many proposals to make changes in the Agriculture Committee's product. I appeal to Members today to consider those proposals in the light of what they may do to help -- or hurt -- a segment of our economy that is in great and sometimes heartbreaking distress today.

You may be asked to cut the programs for some commodities in this bill. When you face those choices, I hope you will think about more than the numbers. I hope you will think about the farm families who produce those crops.

You may be told that consumers will get cheaper food if Congress drives down farm prices. When you face that choice, I hope you will remember that driving down farm prices won't necessarily mean lower consumer prices. And I hope you will remember that the American consumer already gets the world's best food supply at bargain basement prices in comparison with average consumer income. We have poor and needy people in this country, but we try to help them with programs like the Food Stamp Program, which this bill addresses. For the average American consumer, however, food is a bargain -- and it will remain a bargain if the House stands with our Agriculture Committee and adopts this bill.

This bill is a collection of compromises. It does not give any one group everything it wants. It does not go as far as many of us would like to go in improving farm income. But it does provide machinery that can help in the crisis we face while keeping within the budget. In that respect, this is a good bill for farmers, it is a good bill for consumers, and it is a good bill for the Nation as a whole. I urge the House to adopt it.

The following material was accidentally omitted from the section of the committee report entitled "Purpose and Need for the Legislation" and I include it at this time to complete that section of the report:

The Temporary Emergency Food Assistance Act [TEFAP] requires the Secretary of Agriculture to ensure that commodities distributed under the program are not made available in quantities that are determined to result in substitution for commercial market sales. The determination is made by the Secretary of Agriculture.

According to a recent report by the USDA, substantial commercial displacement of margarine has occurred as a result of USDA butter donations. This report by Dr. James Zellner of the Economic Research Service indicated that during the 34 months of TEFAP operations, an estimated 428 million pounds of butter were donated, displacing 370 million pounds of margarine. For fiscal year 1985, USDA estimates a $69 million loss in retail margarine sales as a result of butter donations and, assuming the margarine displaced came from soybean oil, a $55-million reduction in soybean growers' receipts. The committee also received testimony indicating a negative effect on employment and manufacturing within the margarine industry as a result of commercial displacement due to TEFAP butter donations. In response to reports of displacement, USDA reduced by half the level of TEFAP butter donations effective August 1, 1985, from a monthly average of 12 million pounds to 6 million pounds.

The Agriculture Committee is concerned about the degree of estimated displacement of commercial margarine sales due to the volume of butter released under the TEFAP Program. The committee is likewise concerned that future donations of other products may have similarly negative consequences on other commercial sales and expects the Secretary of Agriculture to monitor this carefully. The committee bill maintains the language of current law restricting donation of commodities in quantities that the Secretary, in his discretion, determines will result in substitution for commercial purchases. To ensure that the Secretary will monitor this more carefully, the committee has added a requirement for an annual report to Congress on the occurrence and extent of any such displacement or substitution. The committee expects the Secretary to provide this report by January 1 each year.

The Secretary will also give consideration to the needs of the low-income population being served by the program.

title xiv -- national agricultural research, extension, and teaching policy act amendments of 1985

grants and fellowships for food and agricultural sciences education

In recognition of the fact that grants provided for higher education in the food and agricultural sciences must serve to maximize the potential benefit from the provision of such funds, under the bill, the Secretary of Agriculture will be authorized to weigh the availability of matching funds.

Similarly, the Secretary will be allowed to weigh the availability of matching funds in making competitive grants to educational institutions to develop and administer programs in the food and agricultural sciences. In addition, the law will be amended to stipulate that such grants go to institutions with a commitment to agriculture and the specific subject area for which the grant is to be used.

In order to expedite consideration and awarding of these grants, and avoid delays in the clearance of peer review panels, the panels will be exempted from the requirements of the Federal Advisory Committee Act.

extension at 1890 land-grant colleges including tuskegee institute

In seeking to remove certain unforeseen inequities caused by the inadvertent termination of authorization of extension programs at 1890 land-grant colleges, including Tuskegee Institute, the law will be amended to make permanent this authority to such institutions.

dairy goat research program at an 1890 land-grant college

In light of the progress made to date and the importance of research in this area, the committee bill will reauthorize the dairy goat research program at an 1890 land-grant college.

upgrading 1890 land-grant college research facilities, including tuskegee institute

In view of a inadvertent 1-year delay in funding the program to upgrade 1890 land-grant research facilities, the committee bill will amend the law to complete the 5-year authorization to fulfill the provisions of section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981.

pesticide resistence study

In response to disturbing new evidence indicating the growing incidence of pesticide resistence, the Secretary of Agriculture will be required to conduct a study and report to the President and Congress within 1 year on efforts to identify, monitor, and address the problems posed by pesticide resistance.

integrated pest management [ipm]

The Committee on Agriculture strongly urges the Department of Agriculture to maintain and strengthen its efforts to assist producers in the development, understanding, and implementation of integrated pest management [IPM] practices. It has been demonstrated that existing IPM efforts have greatly aided producers in the responsible and effective control of pests, and additional efforts are needed as the problem of pest management continues to grow. Moreover, the Secretary is to apprise the committee on a regular basis with respect to the nature and progress of its IPM activities.

dietary assessment and studies

Consumers continue to be inundated with sometimes conflicting, sometimes erroneous, and frequently confusing information about the dietary and health consequences of the food they eat.

As the first step in an effort to provide consumers with more definitive information regarding the relationship, if any, between dietary and blood cholesterol, and the importance of dietary calcium as a nutrient, the Secretary of Agriculture will be required, in cooperation with other agencies of the Federal Government, to conduct an assessment of existing scientific literature available on these issues. The Secretary then will develop the protocol and conduct a feasibility assessment for a definite study by the Department of Agriculture on the relationship between dietary and serum cholesterol and the importance of dietary calcium as a nutrient.

Subsequently, the Secretary will report to the House and Senate agriculture committees on the results of his findings and the plans, including costs, for a definite study on cholesterol and calcium.

nutrition research

The Department of Agriculture was designated, with passage of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as the lead agency of the Federal Government for human nutrition research. Consistent with that designation, and in recognition of the interest and need of consumers for more and better information on human nutrition, the Secretary is instructed, under the bill, to submit within 1 year a comprehensiave plan for implementing a national food and human nutrition research program, and to report annually thereafter to Congress on the human nutrition research activities of the Department of Agriculture.

special grants for financially stressed farmers and dislocated farmers

Although the Extension Service has performed admirably in recent months to provide financial management counseling to distressed farmers, additional assistance is needed to help farmers, including farmers actually dislocated, to find alternative forms of income.

Consequently, the Secretary will be required to provide special grants for programs to develop income alternatives for farmers. The programs eligible for the grants may include education and counseling services, financial planning and management strategies, and related features.

annual report on family farms

Since passage of the Food and Agriculture Act of 1977, the Secretary of Agriculture has been required to report annually to Congress on the state of the family farm in the United States.

Events of the past few years have demonstrated that among the most important factors affecting the viability of family farms are tax laws, investment opportunities, technological advances, the competitiveness of American agriculture, the success of Federal agricultural program objectives, and the cost and availability of farm credit. To ensure that these critical factors are assessed for their likely effect on family farms, the Secretary will be given the responsibility to consider these factors in preparing the annual family farm report.

BRIEF EXPLANATION

The major provisions of the Food Security Act of 1985 are briefly described below.

TITLE I -- SUGAR

The bill extends, through the 1990 crop, the price support loan program for sugar beets and sugarcane.

TITLE II -- DAIRY

The Dairy Unity Act of 1985 --

(1) for the fiscal years 1986 through 1990 --

(A) establishes price supports for milk under a formula that ties the support level to changes in the real cost of producing milk and adjusts the initial support level for each year to reflect changes in commercial demand for milk;

(B) authorizes the Secretary of Agriculture to adopt a milk supply-reduction program if projected surpluses exceed trigger levels, and requires him to do so if the projected surpluses exceed a higher trigger;

(C) provides for payments to dairy farmers who agree to reduce their production under the program;

(D) requires a reduction in the price of milk when a diversion program is in effect to cover costs of the program that exceed the costs to the Government of 5 billion pounds of milk; and

(E) directs the Secretary, when a milk diversion program is in effect, to purchase and distribute an additional 200 million pounds of red meat annually;

(2) directs the Secretary to study whether casein imports interfere with the milk price support program;

(3) creates a National Dairy Research Endowment Institute to be funded by revenues raised from milk producers and dairy product importers;

(4) requires the Secretary to increase differentials in a number of specified milk marketing orders;

(5) establishes a National Commission on Dairy Policy to study and make recommendations on the operation of the Federal milk price support program; and

(6) extends for five years (A) authority to transfer dairy products to the military and veterans hospitals, and (B) the dairy indemnity program.

TITLE III -- WOOL AND MOHAIR

The bill extends for five years the present program of payments to producers of wool and mohair.

TITLE IV -- WHEAT

The bill establishes a program for the 1986 through 1990 crops of wheat that would --

(1) extend and modify provisions for target price protection for producers;

(2) make available a price support loan program that is responsive to market prices; and

(3) establish acreage reduction programs that must be implemented if surplus stocks are large.

TITLE V -- FEED GRAINS

The bill establishes a program for the 1986 through 1990 crops of feed grains that would --

(1) extend and modify provisions for target price protection for producers;

(2) make available a price support loan program that is responsive to market prices; and

(3) establish acreage reduction programs that must be implemented if surplus stocks are large.

TITLE VA -- PRODUCER-APPROVED WHEAT AND FEED GRAINS PROGRAMS

The bill includes a program under which wheat and feed grain producers would have the opportunity, through referendum, to adopt a program under which cooperators under the voluntary program would obtain price support loans and marketing certificates. The program would provide for export subsidies to keep grain competitive in world markets, and producers who elect not to participate (and, thus, do not receive marketing certificates) would be required either to feed their grain on their farms or export it at world market prices.

TITLE VI -- COTTON

The bill establishes a program for the 1986 through 1990 crops of feed grains that would --

(1) extend and modify provisions for target price protection for producers;

(2) make available a price support loan program that is responsive to market prices;

(3) establish acreage reduction programs that must be implemented if surplus stocks are large; and

(4) direct the Secretary of Agriculture to issue marketing certificates to handlers when the world market price falls below the loan rate.

TITLE VII -- RICE

The bill establishes a program for the 1986 through 1990 crops of rice that would --

(1) extend and modify provisions for target price protection for producers;

(2) make available a price support loan program that is responsive to market prices;

(3) establish acreage reduction programs that must be implemented if surplus stocks are large; and

(4) direct the Secretary of Agriculture to issue marketing certificates to exporters when the world market price falls below the loan rate.

TITLE VIII -- PEANUTS

The bill generally continues, through the 1990 crop, the price support and marketing quota program that has been in effect since 1981, but makes certain modifications to reflect changed circumstances.

TITLE IX -- SOYBEANS

The bill extends, through the 1990 crop, the soybean price support program, which allows the Secretary of Agriculture to make certain reductions in the loan level as necessary to maintain domestic and export markets for the commodity.

TITLE X -- GENERAL COMMODITY PROVISIONS

The Agricultural Efficiency and Equity Act of 1985 adopts a revised system, to be reflected in permanent law, for establishing farm and commodity acreage bases and program yields for wheat, feed grains, upland cotton, and rice.

The bill also --

(1) establishes a $50,000 annual payment limitation under the wheat, feed grains, upland cotton, extra long staple cotton, and rice programs;

(2) establishes a $100,000 annual limitation on disaster payments under the wheat and feed grains programs;

(3) establishes a $250,000 annual limitation on the total amount of nonrecourse loans that a person may receive under the 1986 through 1990 crops of wheat, feed grains, soybeans, peanuts, and tobacco;

(4) permits producers of wheat, feed grains, upland cotton, or rice to devote any part of diverted acreage to haying and grazing during eight months of the year;

(5) authorizes the Secretary of Agriculture to provide a supplemental set-aside and acreage limitation program for wheat and feed grains if such action is in the public interest because of the imposition of export restrictions;

(6) authorizes the Secretary to enter into multiyear set-aside contracts with producers of wheat, feed grains, upland cotton, and rice;

(7) authorizes the Secretary, in order to reduce the costs of a commodity program, to --

(a) purchase, on the commercial market, a commodity for which a nonrecourse loan program is in effect;

(b) settle the loan for less than the total of the principal and interest when the domestic price of a commodity will not cover the principal and accumulated interest on the loan; and

(c) reopen a production control or loan program for a major commodity for the purpose of accepting bids from producers for conversion of acreage planted to the crop to diverted acres in return for payments in kind from Commodity Credit Corporation stocks;

(8) modifies the provisions of permanent law relating to the producer reserve program for wheat and feed grains;

(9) authorizes the Secretary to make advance deficiency payments to producers if an acreage limitation or set-aside program is in effect for wheat, feed grains, upland cotton, or rice, and if deficiency payments will probably be made;

(10) authorizes the Secretary to establish an export certificate program for wheat or feed grains;

(11) requires the Secretary to dispose of certain surplus Government-owned stocks for purposes of emergency domestic food assistance and emergency humanitarian food needs abroad;

(12) authorizes the Secretary to make advance recourse commodity loans to producers; and

(13) authorizes the use of Commodity Credit Corporation stocks, at no cost or reduced cost, to encourage the

purchase of such commodities for the production liquid fuel.

TITLE XI -- TRADE

The bill --

(1) extends authorities under Public Law 480 of five years;

(2) raises the authorization for the title II program under Public Law 480 to $1.2 billion annually;

(3) directs the Secretary of Agriculture to develop a payment-in-kind export assistance program to encourage expansion of farm exports;

(4) directs the Secretary, in coordination with the Special Trade Representative, to seek multilateral consultations to reduce the need for export subsidies and the likelihood of a trade war;

(5) provides for Government guarantees for at least $5 billion in commercial short-term export credits in fiscal year 1986, plus at least $325 million in direct export loans, for use in blended credit transactions; and

(6) broadens authority for intermediate-term export loans and extends for five years authority for an export credit revolving fund.

TITLE XII -- RESOURCE CONSERVATION

The bill -- (1) provides, with various exceptions, that persons who produce agricultural commodities on highly erodible land or converted wetlands will be ineligible for benefits under various Federal programs;

(2) establishes a conservation reserve program under which up to 25 million acres of highly erodible cropland may be converted from production of agricultural commodities in return for annual rental payments and Federal sharing in the cost of conservation measures;

(3) authorizes the Secretary of Agriculture to provide technical assistance to protect the quantity and quality of subsurface water; and

(4) extends the Soil and Water Resources Conservation Act of 1977 through the year 2008.

TITLE XIII -- CREDIT

The bill --

(1) includes joint operations among entities that may receive Farmers Home Administration (FmHA) farm ownership, operating, and disaster loans;

(2) modifies the program for FmHA water and waste disposal programs for smaller and poorer communities;

(3) imposes a "family farm" requirement on the FmHA disaster loan program, and provides that eligibility for disaster production loss loans is to be determined on whether the applicant has suffered a disaster loss and not on whether the applicant is located in a disaster county designated by the Secretary of Agriculture;

(4) requires the Secretary to ensure that FmHA loan guarantee programs are responsive to needs of borrowers and lenders;

(5) reforms the provisions governing the composition of FmHA county committees;

(6) provides protection to purchasers of farm products from liens held by the creditors of the sellers if prescribed procedures are followed;

(7) authorizes the Secretary to make grants to enable public or private nonprofit groups to establish rural technology centers; and

(8) makes various revisions in operations of FmHA farm lending programs.

TITLE XIV -- NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

The bill -- extends for five years various authorities to fund agricultural research and extension programs, and makes a number of modifications in program provisions.

TITLE XV -- FOOD STAMP AND RELATED PROVISIONS

The bill reauthorizes the food stamp program for five years, and makes various modifications in the Food Stamp Act of 1977.

TITLE XVI -- AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

The bill extends for two years the Temporary Emergency Food Assistance program.

TITLE XVII -- NUTRITION PROGRAMS

The bill --

(1) expands consumer education services to low-income individuals; and

(2) directs the Secretary of Agriculture to include a representative sample of low-income individuals in conducting the Department's survey of food intake, and maintains the Department's nutrient data base.

TITLE XVIII -- MISCELLANEOUS

The bill --

(1) establishes additional standards for the commercial processing of eggs for human food;

(2) requires that poultry and poultry products for use as food that are imported into the United States be subject to the same inspection, sanitary, and certain other requirements as poultry and its products produced in the United States;

(3) imposes more stringent requirements on inspection and other standards for imported meat and meat products;

(4) revises and strengthens the Beef Research and Information Act;

(5) establishes a promotion, research, and consumer information program for pork products;

(6) establishes a research and promotion program for watermelons;

(7) increases the maximum penalty for violations of marketing orders;

(8) prohibits the Secretary of Agriculture from terminating a marketing order for any commodity for which there is no Federal price support program, unless termination is favored by a majority of the producers involved;

(9) includes moisture content as a criterion in the official grade designations of grain if it is requested by the government of the country to which grain is shipped;

(10) provides for the establishment of a new grade for grain that exceeds current standards for United States No. 1 grade;

(11) improves quality standards for grain to be exported from the United States with respect to dockage, foreign material, and other factors;

(12) reforms the provisions of the Soil Conservation and Domestic Allotment Act relating to county and community committees;

(13) prescribes provisions to be included in Commodity Credit Corporation storage contracts to reduce costs;

(14) declares as a congressional policy that is in the public interest to maintain Federal involvement in providing agricultural weather and climate information; and

(15) strengthens provisions denying program benefits to persons growing marijuana or other prohibited drug-producing plants on land they control.

TITLE XIX -- NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

The bill establishes a National Commission on Agricultural Policy to conduct a study and report to Congress on the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices in the United States.

TITLE XX -- NATIONAL AQUACULTURE IMPROVEMENT ACT OF 1985

The bill extends for three years, and makes various modifications in, the programs under the National Aquaculture Act of 1980.

Mr. ROBERTS. Mr. Chairman, I yield myself such time as I may consume.

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

Mr. ROBERTS. I yield to the gentleman from Michigan.

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

Mr. SILJANDER. Mr. Chairman, as I drive across my district, I can't help but notice the rich, varied agricultural resources God has blessed the land with. However, in spite of boasting the highest productivity level in the world, the farmers are now facing financial and market pressures of a greater magnitude than they've ever faced before.

After the short supplies witnessed in the early 1970's, the Federal Government took part in the promotion of "fence row to fence row" production of wheat, feed grains, and other foods. Credit was expanded and made more easily available to farmers and efforts were made to provide farmers all types of assistance in ways to achieve higher production levels. With the improvement in strains and varieties of seed, forecasts of constant growth of export markets throughout the 1980's and a relatively low value of the dollar on foreign exchange markets, the farmers rose to meet the challenge.

Joining the farmer were a number of agencies and financial institutions. With land prices outdistancing inflation, export markets growing, crop prices and productivity increasing, lenders provided the farmers with large quantities of capital. One factor that was favorably viewed by the banking industry was the rapid appreciation of the value of farmland. Coupled with all of the profit factors associated with the land as productive unit, large scale credit expansion in the farm sector was facilitated.

Looking back, we see that this was a speculative move. Indeed, much of the blame rests on the very same institution that is trying to solve the dilemma of the farmer today -- the U.S. Government. Providing low interest and guaranteed loans, the government lured farmers deeper and deeper into debt. They told them that virtually unlimited demand was assured for decades to come. They said that if a farmer was going to be a good manager, he would use debt to buy more land and machinery and to develop the land. So, with the blessing of the Government, the farm community catapulted itself into a debt position which is now recognized as being a total disaster.

At the same time, Government barns overflowed with surplus. The Commodity Credit Corporation [CCC] has continued to amass huge inventories of agricultural products. Intended as a tool to stabilize the production-demand relationship for food in our country, the CCC has been transformed into a tool for clearing the market of overproduction caused by bad Federal policies. One could say that the CCC continues to stabilize the price, keeping the price depressed through the market traders knowledge that the Government inventories will be sold at certain levels. In this way, a price "ceiling" is inadvertently enforced by the Government.

So, here we are in 1985. The agricultural community is being oppressed by high interest rates, decreasing land values, a high dollar, and ever-growing problems in maintaining export markets. With the European Community devoting approximately one-quarter of its budget, $5.3 billion, to subsidizing its agricultural exports, we must make full use of our resources in maintaining our markets.

the export bonus program

The same European Community, however, which is part of the problem provided me with insight into part of the solution last year when I participated in the annual meeting of the European Parliament. These discussions with Common Market Ministers inspired my Agricultural Export Trade Equity Act. And I am gratified that H.R. 2100 contains many of the provisions of that bill.

The key to these provisions is the principle of the "baker's dozen." In H.R. 2100, this principle is woven through sections 1102 and 1104 through 1106 of title XI.

It provides that at least 75 percent of the commodities made available under title II for nonemergency programs be fortified or processed foods. And it reflects similar concern for the expansion of dairy product exports.

The baker's dozen principle in these sections also addresses the need for development of the foodhandling infrastructures in developing nations. And it acknowledges the importance of barter in the trade of our agricultural goods.

Finally, H.R. 2100 reflects the original intention of the Agricultural Export Trade Equity Act that the marketing and distribution of commodities not interfere with the usual marketings of the United States. Nor would the bill allow the resale of transshipped goods.

These are the positive farm initiatives I fought for in my own bill, and I enthusiastically support their incorporation in H.R. 2100. These, Mr. Chairman, are the measures that will return American agriculture to its former strength and stability.

Mr. ROBERTS. Mr. Chairman, this is not a pleasant time for Members who are privileged to represent our rural and smalltown areas, and who are privileged to sit on the House Agriculture Committee. We have been trying to do our very best with the farm bill for the better part of 9 months.

Right off the bat, I would like to pay homage and pay my respects to our chairman, the gentleman from Texas [Mr.

de la Garza], who has worked long and hard and very diligently, with much patience, and also with some persistence. He has had a chore I think very much like trying to push a rope, Mr. Chairman, and he has done it well.

I would also like to give credit to our ranking member, the gentleman from Illinois [Mr. Madigan], my good friend, who has also done a splendid job, as well as all of the members of the House Agriculture Committee who have had a difficult task trying to shape a farm bill that not many of us really agree with in regard to our individual preference, and we have had to try to fit that under a budget that some of us did not vote for, and as a matter of fact, very bitterly resent.

Having said that, I think all of the members of the Agriculture Committee did a splendid job under difficult circumstances.

Mr. Chairman, I yield 4 minutes to my friend and colleague, the gentleman from Vermont [Mr. Jeffords].

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

Mr. JEFFORDS. Mr. Chairman, I thank the gentleman for yielding.

As has been pointed out, this is an extremely difficult time for farmers.

I want to talk to you today about the dairy provisions of H.R. 2100. First of all, I want to thank this body for the confidence that it put in the Agriculture Committee and the subcommittee the last time that we came before you with a program to handle the dairy situation.

As you well know, the dairy industry has been bedevilled by surplus milk production for several years now. Although this problem has been resistant to solution, I want to point out that significant progress was made last year in our efforts to balance the market for milk. More importantly, I want to point out that that progress was made because the House, after several earlier rejections, accepted the program recommendation of the Agriculture Committee.

Prior to 1980, milk production had seldom exceeded the demands of the commercial market. Indeed, milk production ranged only between 115 and 125 billion pounds in each of the 20 years prior to 1980. Much of the credit for this remarkable stability over time is due to the dairy price support program. Established in 1949, it was designed to stabilize production and thereby stabilize milk supplies and prices. Its success is an example of the tremendous value that a well designed agricultural program can produce for farmers and consumers like.

Things started to go awry, however, in 1980. Milk production began to grow at a rate greater than that at which commercial demand was increasing and the surplus consequently began moving to the Government. Whereas in 1979, the Commodity Credit Corporation purchased only 1.1 billion pounds of milk -- less than the Federal Government's own needs for food assistance programs -- in 1983 the CCC bought 16.8 billion pounds of surplus. Over that period of time, the Agriculture Committee came before the House with several recommendations that it felt would turn the situation around. In 1982, for example, the committee urged adoption of a two-tier pricing system which would have balanced supply with demand in very short order. The House accepted the proposal only to see it lost in a budget reconciliation conference which instead approved the disastrous "$1 assessment" program. This rejection of the committee's recommendation was only one of several that caused the surplus situation to grow worse instead of better.

I do not wish to belabor the point. I make it because every time in the last few years that the House or Congress has chosen to ignore the Agriculture Committee's recommendation, the surplus has grown worse and the burden to the farmer and the Treasury that the surplus creates has been exacerbated.

In 1983, the House and the Congress accepted a series of changes to the dairy program that the committee had developed in conjunction with the dairy industry. This program effected the first reduction in milk marketings and Government outlays since the onset of the surplus in 1980.

I want to spend a little time discussing that plan so that you may understand just how good a decision the House made in approving it. Dubbed the "Dairy Compromise" by both its supporters and detractors, the committee's legislation caused milk marketings to drop by 5 billion pounds, CCC purchases to decline by 8.5 billion pounds and Government outlays to fall by more than $1 billion. These changes occurred in 1984 and were the first such reductions in 5 years.

The heart of this plan was a milk diversion program. Even though it was to be financed by dairy producers themselves, the diversion became a source of considerable controversy. Those who decided, for one reason or another, to oppose this effort to balance the milk market argued that we should merely cut the support price by $1.50 per hundredweight. They claimed that this act alone would straighten things out and that, in fact, the diversion would only make matters worse.

Who then was right? At the time, Members could certainly be excused if they felt confused by the cacophany of competing claims. After all, the diversion was a new and untested idea. What we did know, however, was that price cuts alone would not accomplish what was necessary. USDA noted that, in the past when the support price had been reduced in an effort to turn back unnecessary poduction, the cuts had reduced milk production only slowly -- over 18-24 months -- and at great cost to individual dairymen. The committee, cognizant of the need to reduce the cost of the dairy program immediately as well as to maintain farm income at reasonable levels, felt that a short-term supply management program would be required. It, therefore, recommended a diversion program.

This past July, the Government Accounting Office released the results of a self-initiated analysis of the committee's product. It concluded that the diversion program "was responsible for reducing 1984 milk production by about 3.74 to 4.11 billion pounds below the level that could otherwise have been expected. In addition, about 705 million pounds of the milk produced was used on the farm and not marketed because of the program. Because this milk would have added to the surplus and would likely have been purchased by USDA, GAO estimates that 1984 purchase costs avoided by the program could be from $614 million to $664 million." GAO/RCFD 85 126 "Effects and Administration of the 1984 Milk Diversion Program."

What could otherwise have been expected would have been the result of the support price reduction that opponents of the committee's plan urged upon this body. History now confirms that, had we accepted their recommendation, Congress would have unnecessarily added over 5 billion more pounds of milk to CCC stocks and over $0.6 billion more to the deficit.

We wisely rejected the arguments of the price cutters who sold their plan as a simple reduction of the support price. I was reminded then of H.L. Mencken's comment that "for every complicated problem, there is a simple -- and wrong -- solution". There is no doubt in my mind that the price cutters were simply wrong.

Strange as it may seem, they are back again this year. The problem of surplus milk production has not gone away. Because the diversion program was limited to only 15 months' duration, no permanent reduction in milk production capacity was made in 1984. The gains that were made last year, however, were clearly the result of the committee's recommendation. As the GAO points out, the price-cut alternative would not have anywhere near the effect that the diversion produced.

In spite of this lesson, you will next Thursday be presented with more of the same arguments that were used to convince you in 1983 that the best way to eliminate surplus milk production is to simply reduce the support price. This time, the price cutters will argue that a 50-cent reduction in the support price next year, followed by 50-cent reductions each year thereafter until Government purchases fall below 5 billion pounds, are just what you and, believe it or not, dairy farmers have been looking for. I submit to you that the price cutters are as wrong this time as they were in 1983 and that the conclusions of the GAO report with regard to the committee's 1983 proposal provide good insight into this year's debate. Will the House be beguiled by the siren song of those who apparently have not learned from past experience, only to find itself battered on the rocks of illusion?

I hope not. The committee has put together a proposal that will produce much the same benefits in the short term that the 1983 legislation produced, and that will moreover, finish the adjustment to supply that was started last year.

The GAO report demonstrate that short term supply management has a salutory effect and that price cuts alone do not work. The committee's dairy proposal that is contained in this year's farm bill builds on the success of last year's program by incorporating a short-term, farmer financed milk diversion program to reduce Government removals and costs quickly. It adds an exciting new feature, however, that deserves special attention. If there was a drawback to the committee's 1983 plan, it was that the diversion did not reduce cow numbers sufficiently. Cow numbers are important because they are at the root of our current dilemma. The dairy industry is the most productive industry in the country. Over the years, it has worked to increase the output of its cows so that consumers might enjoy lower real costs for nature's most perfect food. I might note that, while the Consumer Price Index has risen -- percent over the last years, the index of all dairy products has risen by only -- percent, an amount that is less even than that for all foods. Consumers have been the primary beneficiaries of this increased farm productivity.

For most of the last 30 years, the number of cows being milked by farmers in the United States fell at a rate that just about exactly offset the rate of increase in yield per cow; the result was the remarkably even production from year to year that I cited earlier.

In 1980, however, cow numbers began to increase. Because yield per cow continued to increase, milk production began to outstrip commercial demand. Last year's milk diversion reduced milk production and Government costs, as GAO points out. It did not, however, do so through a lasting reduction in cow numbers. As a result, no significant reduction in the number of "machines" that make milk was affected.

The committee, therefore, decided to confront this fact head on. Recognizing that financial pressures require that cows raised to milking age -- as some 11 million animals have been at this point in time -- be put in the barn and milked, the committee has included a dairy herd reduction program in this year's farm bill. Its purpose is to remove from the Nations's dairy herd the 600,000 to 700,000 mature cows that produce the milk that is today being made in excess of commercial needs. We propose to achieve this goal by offering producers a financial incentive, again funded by the dairy industry itself, to sell their herds for slaughter or export, and thereby, permanently reduce the number of animals being milked in the United States.

Such an effort will reduce milk production quickly and dramatically, 7.5 billion pounds being our target. In so doing, it will reduce Government purchases of surplus milk by a like amount in 1986 alone. The savings that will accrue to the Federal Government will be in excess of $1 billion. The reduction in purchases will essentially get the Government out of the milk business.

The dairy farmer will benefit by virtue of the fact that the surplus that is now responsible for depressing his prices and income will be eliminated. Instead of merely making more milk in order to maintain a decent standard of living -- a self-defeating approach in the long run, farmers will receive an adequate return for their milk and be freed from the treadmill of ever larger production.

These accomplishments are the same that we sought and achieved in 1984 with the dairy division. This proposal will, in my opinion, finish the job where we left off.

In all fairness, I must say that the committee did explore the option that will next Thursday be raised as a substitute for the committe's bill -- a price cut. It rejected this approach, however, for several very important reasons.

Price cuts do eventually reduce milk production because they force enough farmers out of business. Even if one were to ignore the myriad economic and social problems created by such an event, this method of eliminating cows is extremely inefficient. When a producer sells out, he generally has an auction. Most of his cows, instead of going to slaughter, move into a neighbor's herd. As a result there is very little, if any, net reduction in cow numbers and the problem of surplus production is not effectively addressed. The dairy herd reduction program, by actually buying out those cows and sending them to slaughter or export results in a direct reduction in cow numbers. From a purely practical point of view, it is far superior.

The dairy herd-reduction approach will quickly reduce milk production, Government removals, and budget outlays. Under the price cut scheme that will be offered as an alternative to the Committe's plan, cow numbers will not drop very quickly. They will, therefore, continue to make milk which, having no commercial home, will move to the Government.

The Congressional Budget Office has analysed these two approaches and has also concluded that the committee's proposal will result in considerably greater budget savings than the price cut alternative and that these savings will accrue more quickly than under the price cut plan. Over the 3-year period that the budget considers, 1986-88, the committee's proposal will cost $495 million less than the price cut alternative. We cannot in good conscience turn our backs on savings of this magnitude.

The committee did look at the possibility of reducing cow numbers and Government costs through the use of support price reductions alone. Analysts at the Congressional Budget Office, however, advised us that a reduction of over $1.50 per hundredweight would be necessary in 1986 to achieve the spending levels that the Budget Committee is demanding. I shall not belabor the point, but I think that you can understand why the committee rejected this approach out of hand. A reduction in support of that magnitude would devastate the dairy industry and jeopardize our ability to supply our own needs for milk. To create such a situation would be the height of insanity.

This exploration, of course, pointed up one other difference between the committee's plan and the price cutters' approach. As you are no doubt aware, farm income has fallen to record lows. A frustrating set of circumstances has conspired to reduce farm income more than at any time since the changes that occurred during the Great Depression. The 1983 diversion program had the salutory effect of increasing the price that farmers received for their product at the same time that it reduced production and Government costs. Does that seem too good to be true? It shouldn't. By reducing production, the diversion program tightened up commercial milk supplies -- everyone's stated goal. The result was that market prices rose above the level that would have otherwise prevailed. In New England, for instance, farmers received 27 cents per hundredweight more for their milk than they would have received had we not had the diversion.

Put another way, had Congress merely enacted the $1.50 per hundredweight support price reduction that was proposed in 1983 as an alternative to the committee's bill, New England dairy farmers would have received 27 cents less for their milk than they actually did in 1984.

Thursday there will be those who urge you to adopt the mistake that we avoided in 1983. They will ask that you believe that a 50-cent per hundredweight reduction in the support price will solve the problem before us. It won't. Only by cutting the price by $1.50 over the next 3 years will we drive enough farmers out of business that surplus milk production will finally be reduced. Because this mechanism will work so slowly, the Government will be forced to spend almost a half billion dollars more than the committee thinks necessary to achieve our goal. In the process, the surplus that will persist for the next 3 years will depress farm prices and ruin many farmers who are already struggling to survive. I cannot think of a crueler or more senseless way to get where we want to go.

I am the first to admit that there is no proposal that is perfect in every respect. The dairy surplus is too complex a problem to expect that there could be a perfect solution. I am convinced, however, that the committee's direct approach of treating the cause of the surplus -- the number of cows on farms today -- is the most effective and considerate way to deal with this situation. Just as the diversion did in 1984, the herd reduction/diversion features of this bill will reduce surplus milk production quickly. Net removals will fall from 11.5 billion pounds this year to less than 5 billion pounds in 1986. The cost of the dairy program to the budget will fall from nearly $2 billion this year to less than $800 million next. Farm income, instead of being depressed by a Government policy that does not work -- the price cut -- will be buoyed because the market reacts to a balanced relationship between supply and demand.

I urge you to support the committee's bill. It was not put together lightly. It is the product of hard analysis and work. The dairy industry has shown a remarkable amount of concern for the problems that the surplus causes to the Federal Government. No other commodity group has been so willing to sacrifice in order to set things right.

The committee is not asking you to go on a blind date. The GAO report clearly demonstrates that the diversion did what the committee said it would when we asked for your support in late 1983: reduce Government purchases by 5 billion pounds, reduce budget outlays by $600 million, and strengthen farm income. These are the things that the committee said would happen in 1984 and they did indeed come to pass. I believe that the proposal that we are offering you now will perform as well in the short term and that it will, because of the dairy herd reduction program, produce the lasting solution that we have all been seeking. I also believe that the alternative to be presented by the price cutters, well intentioned though they may be, will absolutely not work.

Please do not vote to add nearly one-half billion dollars to the deficit. Please do not vote to throw the committee's farm bill over budget. Please do not vote to keep the Government in the business of buying an unneeded surplus of milk. And most of all, please do not vote to cut farm income in this time of stress in farm country. All of these things you will do if you vote to support the price cut amendment that will be offered to the committee's bill.

When it comes right down to it, the question will be whether or not you will let our dairy farmers pay for a program to solve their problems and to preserve their income, or whether you will take a substitute, which if it works at all, will cut the net income of dairy farmers by 70 percent and force 4,800 of them out of business. Help us finish the job that we made so much progress on with our last recommendation. Stay with your Agriculture Committee one more time.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Tennessee [Mr. Jones], chairman of our Subcommittee on Conservation, Credit, and Rural Development.

(Mr. JONES of Tennessee asked and was given permission to revise and extend his remarks.)

Mr. JONES of Tennessee. Mr. Chairman, I rise in support of the farm bill. This bill is a long way from what I think American farmers need. It has many shortcomings but it has some strong points as well.

The commodity price support programs I feel are generally inadequate in that they do not provide sufficient mandatory production controls or price guarantees. However, the farmer referendum tied to the Voluntary Marketing Certificate Program on wheat and feed grains is a move in the right direction. This program should be expanded to other commodities.

I also support the compromise dairy program and encourage my colleagues to support it. The dairy proposal does not please dairymen in all regions but it is a true compromise, and I believe it serves the interests of the industry as a whole and will help ensure that American consumers will have a dependable supply of milk and dairy products.

Further, I am extremely proud of the resource conservation title. This package, which includes a conservation reserve, sodbuster and swampbuster programs, is probably the most comprehensive soil conservation package ever to come before the House.

I plan to support the bill. American farmers are in deep trouble and we must keep the legislative process moving, attempting to improve the bill where we can.

Mr. ROBERTS. Mr. Chairman, I yield 6 minutes to the gentleman from Michigan [Mr. Schuette].

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

Mr. SCHUETTE. Mr. Chairman, I thank my friend and my colleague from Kansas [Mr. Roberts], and before I give my general comments on the most important piece of agricultural legislation since the 1930's; yes, this 1985 farm bill, I want to offer my congratulations to Chairman de la Garza and our ranking member, the gentleman from Illinois [Mr.

Madigan], for the able leadership and the demonstrated competence that both of these individuals handled this tough, tough situation that we have in agriculture today.

Now there are problems, and there is a depression, and a crisis, and severe stress facing agriculture producers, American farmers, all across rural America and in the 10th district in mid-Michigan. I think my producers, my farmers are no different than the symptoms and the problems facing farmers across this land.

These are human problems involving families, and men, and women, young, and old; and we have a rich tradition in this country, of agriculture. It is a fabric and a vibrancy that has helped this great land. I recognize this as an advocate for agriculture, in seeing the problems we have in Michigan.

These problems, yes, are severe, and they are many. From low, low prices -- I see it at B&W Co-op in Breckenridge, MI; corn at 188 -- we have severe problems. Land values that have deteriorated in some instances across this country by 60 percent; a high exchange rate, a strong value of the dollar means that our agricultural exports are not priced competitive on world markets.

We see unfair foreign subsidies impacting what American producers receive, and can we sell products on foreign markets.

Some folks say some of these problems have been brought on by the farmer. I wholeheartedly reject that, because the farmers didn't cause high interest rates or the strong value of the dollar, or did not bring the grain embargoes which have caused some of the problems we have had.

No on each of those three points. The Government caused the high interest rates and the strong value of the dollar, and the grain embargo; as a matter of fact, I think that the Federal Government has aided, and abetted, encouraged, and enhanced many of the problems facing agriculture today.

Farmers do not want a handout, no, sir; but they need help to get through these tough times particularly when many of the problems they are facing have been caused by the Government itself.

Now, I think there are many positive thrusts in the 1985 farm bill; the conservation reserve that Mr. Jones spoke of, and tough sodbusting provisions coupling with the conservation reserve to get some of that fragile, highly erodable ground out of production.

I think we have seen efforts on the trade side; a bonus commodity program, a baker's dozen approach to compensate for that strong value of the dollar. Export certificates.

We see strong sugar legislation, maintaining that existing program, because I know many of my sugar beet growers in mid-Michigan is the only means of stable income when we have seen such a drop and a shortfall in prices; and that is an important aspect of this bill.

We are maintaining income bridges with deficiency payments, and the nonrecourse loan. We had very strong cargo preference language which we will come and revisit in this body, to help address the unfair level playing field of the high dollar, unfair subsidies, and that tax, that end cost where it hits farmers right in the juglar due to the cargo preference problems.

Now, mind you, there are some controversial measures that this body indeed will debate and discuss next week, and I will be a part of that as well.

Mr. Chairman, I think it is important that we all realize that this farm bill is not perfect, and it would be far easier for all of us to draft and craft a bill for our own district or for our own State; but the situation is not that simple.

During the debate, I would urge my colleagues that we work for a couple of goals: No. 1, let us provide some hope for today to American farmers; try to minimize the hardship. Find ways to provide some income and better prices for farmers and rural America that are under great hardship.

There is a fabric and a linkage between a healthy and strong small business community; the merchant, the hardware storeowner, in a rural area and a healthy agriculture. It is a two-way street. It is a linkage, and it is part of that fabric that has made this country so sound.

I think, in addition, for hope for today, we need to have some hope for tomorrow, for long-term prosperity in Agriculture.

I will close with one comment, Mr. Chairman. I read a book the other day, and took out a page. It is by Louis L'Amour, called "Hondo."

A father and a daughter were talking and the father said:

"We hold" the land "in trust for tomorrow. We take our living from it, but we must leave it rich for your son and for his sons and for all of those who shall follow."

I think we need to remember that; that we keep this tradition and fabric of agriculture rich and prosperous; and those are the deliberations and those are the discussions that we will have. Hope for today, and some opportunity for healthy, long-term agriculture.

Those are our goals and our efforts in this farm bill.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Iowa [Mr. Bedell], chairman of the Subcommittee on Department Operations, Research, and Foreign Agriculture.

Mr. BEDELL. I thank the chairman for yielding, and I would like to associate myself with the remarks that were just made by the gentleman from Michigan Mr. [Schuette].

Mr. Chairman, we do not have to repeat the problems that exist in agriculture today; the fact is that agriculture is in trouble, and we can either do something about it or we can say no, we are not going to worry about it.

I think the committee has really addressed this problem very actively. Let me tell you that I support what that committee has done on the various commodities, and I think we need to hold that together; because whereas sugar may not have much to do with my people, or peanuts, the fact is we are either going to work together and try to help each other, or we are going to continue to have problems in different areas.

It is no secret that my amendment is one of the major parts of this bill. There is a lot of misunderstanding of my amendment and what it would do. My amendment would simply say that first of all, we are going to try to give farmers better farm income; and if we are going to solve our farm problem we have to do that.

Second, it would say we are going to have the strongest export program we can possibly have, and wherever prices go, we are going to meet those prices and stay competitive.

Third, it says that we are going to have a program which will cost the taxpayers even less, if the farmers vote for it, than what it would otherwise cost.

Finally, we are going to say maybe the farmers ought to have a say in what their program is going to be, and maybe they should get to have a vote.

I cannot understand why people would say that farmers should not have any opportunity to vote on what their future should be. I will say that I think we need to hold this bill together; I think we need to prevent weakening amendments that may be offered for any commodities, and I want to again commend the chairman for what he has done and I want to commend the committee for the way they have worked on things -- we have not always agreed on everything, but at least we have worked hard together, and I believe that what we have come out with is generally as good as we could have hoped for under the circumstances.

I sincerely believe, Mr. Chairman, that an objective reading of the Bedell provision will show that it is the only farm program proposal to simultaneously: First, offer the hope of improved farm income; second, provide farmers the opportunity to vote on a new direction in farm policy; third, assure that wheat and feed grain prices become competitive in the export market; Fourth, allow livestock and dairy producers to grow and feed as much of their own grain as they wish; and fifth, keep farm spending within the levels required by the budget resolution.

Mr. Chairman, the deepening credit crisis in agriculture, and the months of hearings, and debate which proceeded committee consideration of the 1985 farm bill, have produced calls that a new farm bill meet two important tests.

First, in light of the worsening farm credit crisis, many in agriculture have expressed the belief that new farm legislation must offer the prospect of increased farm income. Second, they have also stressed that, because of the perception that traditional farm programs have failed in their intended purpose to maintain farm income and preserve the family farm, farm programs for the remainder of the decade must reflect an innovative and significant new direction in farm policy.

The voluntary marketing certificate program -- the Bedell provision embodied in title VA of H.R. 2100 -- has envolved in an effort to meet these two tests. Furthermore, because of the fundamental shift which the proposal represents from current farm programs, farmers are provided an opportunity, in the form of a referendum, to accept or reject this policy alternative.

The program was conceived out of recognition that farmers receive their income from only two sources: the Government and the market. During an era of budget restraint, in which agriculture must absorb its share of budget reductions, it is apparent that fewer Federal funds will be available for basic farm price support programs. Consequently, if farmers are to receive higher farm income -- and they must if agriculture is to weather its current crisis -- then farmers have to rely on the market for more of their income.

The market for agriculture includes both foreign and domestic sales. Currently, the outlook for exports sales, most observers agree, does not look bright even assuming enactment of subsidy programs or reductions in commodity price support levels. Thus higher prices obtained in the domestic market offer the only real hope of increasing farm prices and sustaining farmers' income.

Although the marketing certificate program seeks to obtain increase farm income from domestic sales, it by no means concedes to our foreign competitors any advantage in completing for international sales. In fact, the marketing certificate program, through its mandatory export subsidy provisions, absolutely assures that U.S. exports of wheat and feed grains will be fully price competitive with those of other countries.

The marketing certificate program is designed to achieve improved farm prices while minimizing any adverse impact on the domestic livestock or dairy industry. Under the program livestock producers may opt to forego eligibility for price support loans and marketing certificates, and plant fence row to fence row, as long as all the grain they produce is consumed on provisions would result in a 3-year savings of $5.4 billion, well under the savings required by the budget resolution and nearly $1.6 billion less than the underlying provisions of H.R. 2100. The savings are achieved even after including the cost of the aggressive export subsidy program included in the provision.

Mr. Chairman, in 1932, during extremely difficult times in agriculture not unlike the farm crisis we face today, Franklin D. Roosevelt declared:

The country needs and, unless I mistake its temper, the country demands bold, persistent experimentation. It is commonsense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something.

Mr. Chairman, we have heard the empty rhetoric and we have seen the hand-wringing by those who claim that we must have better prices in agriculture. However, many of these same individuals seem prepared to endorse a program that by all estimates will lead to still lower prices in agriculture and force many thousands more off the farm. These same individuals have criticized alternative proposals, but they have failed to offer one of their own. I have placed the voluntary marketing certificate program on the table because the times demand that we heed Franklin Roosevelt's challenge and give farmers the chance to try something new in agriculture.

I urge my colleagues to give H.R. 2100 their full support, and to oppose any weakening amendments.

Mr. ROBERTS. Mr. Chairman, I yield 6 minutes to the distinguished gentleman from Montana [Mr. Marlenee], the ranking member on the Subcommittee on Wheat, Soybeans, and Feed Grains.

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

Mr. MARLENEE. Mr. Chairman, this is the most important farm bill in our history. Never has there been a crisis of this magnitude in agriculture and never has the agriculture industry in America been in such urgent need of responsible farm policy.

There are many provisions in this bill that meet this challenge. Regretfully, however, there are some major provisions in the bill as reported out of the House Agriculture Committee which I will strongly oppose.

Farmers are not looking for Government paychecks, enormous bailouts or outright handouts. Farmers want policy tools that will enable them to compete in a cut-throat world grain market. That is all -- just to compete. If American agriculture is allowed to compete, it will win. Given the opportunity, American agriculture will be both successful and profitable.

During a 3-week period this spring, the United States lost 1.3 million metric tons in wheat sales. France and Argentina underbid us by about $25 per ton. This type of drastic underbidding, once extraordinary, is now common, and the United States is always on the losing end. It is not the farmer's fault, but they are forced to shoulder the burden.

We can regain world markets, and this goal is paramount if the 1985 farm bill is going to be successful. The problem is this:

Current farm programs do not address the problems facing agriculture and ignore solutions to help us compete on the world grain market. Agriculture will continue to suffer until the problems are properly addressed.

The underlying wheat and feed grains provisions -- called the Foley-Marlenee provisions -- meet the challenge of the crisis in agriculture. The Foley-Marlenee language provides basic income protection and policy tools to make U.S. wheat competitive on the world market. While it isn't a perfect program, it represents a significant improvement over current programs and offers stability to producers. It also gives producers an opportunity to make long-range farm management plans, which has been sadly lacking during recent programs.

Foley-Marlenee retains the current target price of $4.38 per bushel and establishes a fluctuating loan rate designed to make U.S. wheat attractive to potential world buyers.

It is a straightforward, basic program that will provide income protection and enable competitive pricing of wheat and feed gains.

Our original proposal was to freeze wheat and feed grain target prices for 2 years at 1985 levels -- $4.38/bushel for wheat and $3.03/bushel for corn -- with a lowering of 5 percent in 1988 and 1989. However, the Glickman amendment, which I supported, prevents the Secretary from lowering the target in 1988 and 1989 unless the costs of production for wheat and feed grains is 5-percent less than the previous crop year.

Our underlying provisions with the Glickman amendment provides the surest means of protecting income to farmers during the current period of financial stress.

Loan rates will be subject to increased flexibility to enable competitive pricing of wheat and feed grains. The basic loan can be reduced by not more than 5 percent. In addition, the proposal expands the Findley provision by giving the Secretary of Agriculture authority to reduce loans up to 20 percent. If the Secretary were to initiate both of these loan authorities to the maximum, a 25-percent reduction would be implemented.

The continuation of the target price program and the expansion of Findley provision authority will produce market results.

I would emphasize that the National Association of Wheat Growers support the position we have taken. Likewise, the Montana Grain Growers Association also supports the income protection provided by the bill and the setting of loan rates at world-competitive levels.

The committee also approved two discretionary export programs. Under the export certificate program, which I sponsored, producers of wheat and feed grains could be given export certificates for the percentage of their crop available for export -- excluding the promotion of the crop expected to be added to carryover stocks. The certificates would be given a cash value and the Agriculture Department would redeem them from exporters, thus providing producers with a possible source of income and allowing exporters to sell abroad at more competitive prices. Under the other plan, producers of wheat and feed grains would be given export marketing certificates for the percentage of their crop estimated to be destined for export. These marketing certificates would have no face cash value, but exporters would be required to hold certificates when they exported grain.

In sum, the underlying provisions for wheat and feed grains will provide income protection, long term continuity and stability and will allow our products to become world market competitive without taking it out of the pockets of the producer.

Regretfully, on the last day of full committee consideration an amendment was accepted to the wheat and geed grain provisions already discussed which could have a devastating effect on American agriculture and on our exporting ability.

Before reporting out the bill, the committee approved a provision for a producer referendum on marketing certificates for wheat and feed grains. If 60 percent or more of the producers of wheat and feed grains, including at least 50 percent of the wheat and 50 percent of the feed grain producers, vote affirmatively, then marketing certificates would be in effect for the 2 following years. I have consistently voiced my concern about the severe mandatory supply controls which could require set asides of up to 50 percent that have been a part of all referendum proposals before the House Agriculture Committee. The referendum language reported by the committee is a back door mandatory control program based on marketing certificates. With this provision producers must participate in Government programs to receive the marketing certificates. Those not in the program would be required to either consume their production on their farm or sell the grain for export at world prices. While this is supposedly a voluntary program, all of agriculture would be impacted by the program. Those in the program would have to sharply cut production to meet a shrinking demand base, perhaps as much as 50 percent. Livestock and poultry producers who purchase feed grains would face a rapid increase in feed costs. Those grain producers outside the program and producing for export markets would face Government subsidized competition from those inside the program.

I will continue to argue against the referendum approach to farm programs as long as the provisions that would be triggered by such a referendum dictate a strong mandatory supply program. This program will further involve Government in agriculture and will not help our individual producers.

There are some very subtle and threatening parts of the conservation title of H.R. 2100 as adopted by the committee. This legislation would require the Secretary of Agriculture to withhold all farm program benefits, as well as Farmers Home Administration loans and Federal Crop Insurance, from any producers who break out even a minute amount of highly erodible soil that has not been in production since 1980.

Also included in the bill is a swamp-buster provision that would deny farm program benefits to farmers who convert wetlands to any crop use.

The average producer, and all of us, are rightly concerned about the massive plow-outs we have witnessed in recent years.However, in this legislation, the committee has lost the goal of stopping sod-busting and instead seems to want a program of environmental control. Such actions pave the road of regulations through the producer's front door right up to the kitchen table, which leads to the question -- who's going to control the environment on the farm, the producer or Government agencies?

In the meantime, does this bill actually stop the massive sod-busting that it purports to address? The answer is no. While farm program benefits are one incentive for the massive breakage of land that is done by sod-busting speculators, their chief incentives are the doubled resale value of the broken land and increased borrowing power. It is the quick money mentality of the speculator that must be addressed by soil conservation legislation.

How many producers will unknowingly plow a handful of marginal acres in order to streamline a field, only to discover that he has lost all of his farm program benefits in the process? How many producers will plow up a field that he had farmed for years, but has had in a cover crop since 1979, in his field rotation cycle only to find out that he has lost all farm program benefits? My estimate is quite a few.

The bill also includes a good long-term conservation reserve to remove up to 25 million acres of cropland from production and place that land into a conserving use. This provision will help reduce our surplus production, and producers will receive the necessary incentive and assistance to carry this out.

However, it is vital that our farmers know that once they place this land into the conservation reserve, this land is subject to the sod-buster provisions of the bill when their contracts expire. Farmers must be told this up front, and be offered a conservation plan by the Soil Conservation Service upon the producer's request.

I have discussed this matter with the Assistant Secretary of Natural Resources and Environment of USDA, and I have been assured that the Soil Conservation Service is willing to work with us to see that this is accomplished. It is absolutely vital that farmers know what they must do to bring this land back into production.

The committee has addressed an issue of great concern to our family farmers -- the threatened elimination of an effective crop insurance program by the management of the Federal Crop Insurance Corporation.

An effective crop insurance program is vital for our family farmers. The ability to obtain proper levels of crop insurance coverage can protect our already embattled producers from total ruin.

The management of the Corporation has proposed changes in the methods of determining levels of insurance coverage for farmers that would force countless producers out of the program, and possibly out of farming altogether.

The committee recognized this danger and has included report language in the bill that expresses the opinion of the committee that the Corporation must not make changes that unfairly lower insurance coverage for our farmers.

The House Agriculture Committee worked hard to produce responsible titles. However, it is my belief that our farmers, first and foremost, want stability income protection and continuity in their farm legislation. In my view, a mandatory supply program is the weakest part of the legislation that the committee reported. A possible referendum vote that could occur each year, triggering a different farm program, would not give the farmer a consistent and stable farm program. Also, mandatory production controls would effectively eliminate U.S. commercial sales of wheat, and exports of corn and soybeans would decline dramatically.

I believe along with my chairman that we have a good product for these times, one that will protect income and provide for export sales.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. Olin], a distinguished member of our committee.

Mr. Olin. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of enacting a good farm bill. We need one. I would like to commend the chairman for his work and skill in bringing this farm bill to the floor of the House. Most of the bill has very broad support. I think there are a few aspects of it that need to be modified a bit. One of those is the dairy title. I will be offering an amendment.

I represent nine counties in Virginia. I have the two largest dairy counties in the State. There is dairy in every part of the district. My dairy people want a policy that gives them predictability and stability so they can plan. None of these dairy farmers are planning on going bankrupt. They are urging me to go ahead with the program I am proposing.

I would like to talk about the cost just for a minute. In recent years, the CCC purchases have been in the range of 8 billion, 10, 13, 16 billion pounds of milk, running anywhere between 1 1/2 and 2 billion. We need to get those surpluses down and keep them down. My amendment would do that. The only cost of the amendment is CCC purchases. They will reduce every year, starting next year. By the third year, they will be lower than those in the committee bill. By the fifth year, they will be at 600 million, half of today's cost or less.

The committee bill will require continual CCC purchases over $1 billion or other subsidies, 1.1 billion every year. That bill will cost $500 million more than I am proposing. On top of that, the taxpayers will pay for the additional cost of milk for the Government food program of about $2 billion over the term of the bill. The consumer is probably going to pay something like $11.5 billion more for their milk.

There is no question at all in my mind that the program I am proposing is going to be good both for the farmers and good for the country.

I urge the Members to support the amendment.

Mr. ROBERTS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. Combest].

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

Mr. COMBEST. Mr. Chairman, I think all of us on the committee have mixed emotions about what we are fixing to undertake, consideration of a farm bill. I think we are glad it is here. I think many of us have mixed emotions about various portions of it. I would like to say that I commend the chairman, the gentleman from Texas, and the ranking minority member, the gentleman from Illinois, and every member of the committee for what I feel was a very bipartisan effort in developing legislation for probably one of the most significant parts of our economy today, certainly one which I think is probably in more of a distressed condition than almost any other segment. While many of us may have differed in the direction we wanted to go, I think each of us had the same objective in mind of where we wanted to be. And that was in developing some type of a farm program which we all know in itself is not the salvation to agriculture but which is a significant part of it, in developing a type of program which provides some income protection to agriculture. I do not believe in my lifetime I have ever seen agriculture in such a distressed state. I think, because of that, that we have also got to recognize the potential of maybe having to do some things that in normal conditions we may not do, because I see this as the potential of losing rural America as we basically know it today.

I think if that changes, if we continue to see the problems that agriculture is facing continue over the next several months, we may not be able to reverse the trend that we have now in rural America.

I think it is imperative that all of us look at the problem for a bipartisan standpoint and look at the problem with an understanding of what type of assistance we can provide without gouging some other segment of the market, without gouging some other segment of the end user of agriculture products, but to provide some income protection for agriculture, to provide an opportunity for a farmer to make a profit.

I do not know of any problems that we have today in agriculture that would not be solved if the farmer were able to make a profit. The credit problems which we are going to undertake very soon and try to deal with I think can be solved if the farmer can make a profit.

I think that this Government can compete with any government in the world. I think that our farmers can compete with any farmers in the world. But I do not think it is fair to put our farmers against other governments, and that basically is what we are doing. And until we can bring under control that type of unfair competition in world markets, I think it may be necessary for us as a body and for us as a government to deal with the problems of agriculture in a way that again we might not want to do in a more long-term situation and certainly one that we might not want to do any other time if agriculture was not in the distressed state that it is in.

I think it is imperative that we deal with the problem, that we recognize the problem, that we try to do something realistic, something responsible and something that can change.

In the past 4 years of the current agricultural program, this Government has expended more money than at any other time, and yet I think agriculture today is probably in worse shape than it has been at any other time.

Money is not the answer. It is not simply throwing money after the problem that cures it. It is the policy that we establish in a farm bill, it is the policy that we establish in trade relations, and it is the policy that we establish in overall economic factors that I think really have the effect on agriculture and really what is going to bring it back. No farm bill itself is going to solve the problem that we are facing in agriculture. It can go a long way toward solving it, but I think that we have got to recognize that there are many other things, as well, that have got to be done.

Again, I appreciate the work of the committee, of every member of the committee, and their sincerity, in trying to deal with the problem. And, again, while it has been that we may have differed from time to time on certain directions, I think the final point and that of providing some stability in agriculture is a goal that we have all sought, and I hope within the next few days that we can reach that goal here in this body.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from North Carolina [Mr. Whitley], chairman of our Subcommittee on Forests, Family Farms, and Energy.

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

Mr. WHITLEY. I want to thank the chairman for yielding, and I, too, want to begin my remarks by commending all of our colleagues on the committee for an outstanding job. This is the third 4-year farm bill, and thanks to the gentleman from Texas [Mr. Stenholm] and his amendment, this may be a 5-year farm bill if we pass it in its present form; but this is the third that I have had an opportunity to participate in putting together, and I can assure all of my colleagues that they get more difficult each time.

In this situation, we were under the constraints of a very tight budget. I think all of us knew things that we would like to do and perhaps ought to do to help the farmers and help agriculture, but in every case these things were expensive, they cost money. So we had to try to restrict ourselves in every instance and in every category to those things that would total to an aggregate amount less than that which the budget called for or within the budget. And I might add that I am very proud of my colleagues for having done this, and I think it is significant that the other body, the

Agriculture Committee in the other body, was not able to achieve this objective and, as I understand it, they reported a bill to their floor that exceeds the amount provided in the congressional budget.

I wish that we could say we have solved all of the problems of the farmers of this country in this farm bill, but we cannot. I wish we could say that we have solved all of the problems of any segment of American agriculture in this farm bill, but we have not. Those problems go too deep, those problems involve the high dollar overseas, those problems involve the various high cost of production, those problems involve dropping values of land, those problems involve high interest rates. They involve a great number of things that are not within the jurisdiction of our committee and which our committee cannot address in a farm bill.

But I think we have addressed and addressed as effectively as we could those things that were within our jurisdiction. Mr. Chairman, if the family farm is not to be an endangered species, we need to do as much as we can and we need to do what we have done in this farm bill.

Mr. ROBERTS. Mr. Chairman, I yield 3 minutes to my friend and colleague, the gentleman from Missouri [Mr. Emerson].

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

Mr. EMERSON. Mr. Chairman, today we are finally beginning to talk about one of the most important pieces of legislation that will appear before this Congress. American farmers have been waiting for the new farm bill for some time now. Some of them have not been able to hang on until now -- and even more may not be able to hang on until next year. It is imperative that the Congress pass, and the President sign, a farm bill that will provide programs for American farmers that will help create an economic climate where they can once again prosper, and earn a reasonable income for their hard work and investment.

Although the farming population of this country is depending on us for help, this is not simply a rural or an agricultural issue -- it is a national issue. I want to remind all of my colleagues, the citizens of the United States are, at this time, fed better and fed cheaper by our farmers than the citizens of any other country in the world. According to the USDA's Economic Research Service, in the United States only 12.7 percent of a family's average expenditures go for food; in Canada, just to the north, it is 15.2 percent of expenditures; in Great Britain it is 16.5 percent; in Australia it is 17.3 percent; in France it is 18 percent; in Germany it is 19.5 percent; in the Soviet Union it is 25.6 percent; and in Italy it is 27.2 percent. We cannot allow American agriculture to be removed from the control of family farmers, because if that were to happen the result would obviously be devastating.

In order to reach a consensus on the 1985 farm bill the Members of the House must work together: Democrats and Republicans, liberals and conservatives, urban Members and rural Members. This is the kind of cooperation between Members of Congress we must have in order to pass a new farm bill that will put our farmers back on the path of prosperity; and by putting them back on the path of prosperity we will ensure that American consumers continue to receive the very best in terms of their food supply.

Mr. Chairman, H.R. 2100, as it was reported from the Agriculture Committee, is not a panacea. I am sure I speak for all the members of that committee when I say that if there was a single button we could push to cure all the ills of agriculture we would do just that. But, there isn't, and there is no sense in wishing that there was. On the other hand, we have to work to benefit the national economy by lowering interest rates, by finding and exploiting new export markets, by reducing the deficit, by stabilizing the U.S. dollar at a reasonable rate, and by bolstering our economy in general to restore financial stability to the farm, so to speak.

I don't believe you could find anyone who likes each and every line of the 1985 farm bill, but the point is that the Agriculture Committee has worked to write a bill that will benefit everybody. We have listened to every producers' organization and we have tried to report a bill that will address everyone's problems as a whole. Some fine tuning still needs to be done and we must continue here in the whole House to do what we did in committee -- produce the best bill we possibly can.

Our farmers aren't asking for giveaways. They just want the help they need to pull them through these very difficult times in agriculture. The help they are looking for won't be found in the failed policies of the past. We must move the Government out of control of agriculture, because that governmental interference is one of the main reasons why farmers are in the shape they are today. However, the transition from an agriculture controlled by the Government to one controlled by the farmers can't occur over night -- it must be gradual and it must be orderly. Our farmers have earned that much, they deserve it, and I, for one, think we should give it to them.

Mr. Chairman, I will now turn to several other titles of H.R. 2100. Three titles involve issues related to food assistance and nutrition programs. For the past 2 1/2 years I have served on the subcommittee responsible for several of these programs. I have traveled across the United States and have participated in hearings, visited soup kitchens, welfare offices, and other sites serving low income people. I do not question that there are individuals and families in need -- I have seen them myself. Nor do I question that there are programs -- both public and private -- out there to help.

USDA food assistance programs provided $19.5 billion to needy people in 1984. Overall, in 1984, $80 billion in Federal and State assistance went to individuals and families who are in need. In addition almost $65 billion was donated, 83 percent of which was donated by individuals, to help their neighbors and communities.

The need is great and the response has matched it.

Within these three titles there are many positive measures. The Food Stamp Program, the Temporary Emergeny Food Assistance Program, and the Commodity Supplemental Food Program are reauthorized; a Mandatory Work and Employment Program, designed by States, is included; monthly reporting and retrospective budgeting is better targeted; a Nutrition Education Program which strengthens the Expanded Food and Nutrition Education Program is authorized; and the USDA nutrition monitoring is expanded. All of these are worthy of support and I do support them.

The Food Stamp Program itself serves on the average of over 22 million people per month -- in 1984 it is estimated that 38 million people were helped by the Food Stamp Program -- up from a 35.3-million figure in 1980. Some of these same people -- and more -- are helped by the other USDA food assistance programs. These are basically good programs. In fact, I believe the Food Stamp Program is significantly improved by one provision in H.R. 2100 -- that is the Mandatory Employment and Training Program.

I believe in work programs and I do not believe we should get hung up on terminology. If someone does not like Workfare but agrees with the concept of work for able-bodied people -- change the name, call it something else.

I believe that successful work programs, those in which the goal is to return able-bodied individuals to employment, must use a mixture of methods to achieve the goals.

Able-bodied individuals participating in the Food Stamp Program have varied work backgrounds. Some are only temporarily out of work. Others need help in finding work. Still others need to be trained in the special skills needed to get and keep a job.

That is why no one work program can be successful for all able-bodied individuals. Yet, I believe it is imperative that all public assistance programs require, and then help, able-bodied individuals to become employed.

There is a basic rationale behind this concept. The taxpayers of our country furnish the money for the Food Stamp and other programs. Their support or lack of it can determine the success of these programs.

One reason that the Food Stamp Program periodically suffers from a poor image is that it is such a visible program, as stamps are exchanged for goods in the grocery stores.

It, at times, is a program which the public believes is abused. I know when I ask my constituents if they believe able-bodied people should work or look for employment in return for their benefits, an overwhelming majority agree.

I see results of similar opinion polls in the Congressional Record and they reflect the same belief whether the Member conducting the poll is a Democrat or Republican.

Conversely, I believe most people want to work. I believe they would prefer to work for a living rather than rely on public assistance. Some lack basic skills needed to find and keep employment.

For both these reasons, the public support and help to the participants, public assistance programs must incorporate elements that will return able-bodied individuals to work. H.R. 2100 does accomplish this goal.

However, there are several provisions within title 15 with which I do not agree. I offered an amendment in committee -- which failed on a 22 to 21 vote -- to delete additional spending in the Food Stamp Program. My amendment would have reduced the cost of H.R. 2100 by over $1 billion by 1988 -- by 1990 it would have reduced the cost by over $2 billion.

My amendment deletes much of the additional spending contained in the committee bill for food stamps. It does not cut benefits. I urge you to look at my amendment carefully. It takes out the add on's. It allows all cost-of-living adjustments for benefits and deductions.

Under my amendment the thrifty food plan for a family of four will increase from the present level of $264 per month to $295 per month by 1988. The standard deduction will increase from $95 per month to $107 per month. The shelter/dependent care deduction will increase from $134 per month to $152 per month. All increases are provided for in the act and my amendment does not change that. This is not a freeze amendment. Growth is allowed and accommodated.

My amendment removes the add on's. The committee bill increases benefits and deductions over and above the cost-of-living adjustments. The committee bill expands the Food Stamp Program; adopts methods of adjusting benefits and deductions that were repudiated by the Carter administration; and reinstates reforms of 1981 and 1982 -- such as outreach. In addition the amount of money to be provided for food assistance in Puerto Rico is increased by $370 million by 1990 -- providing a total amount of almost $4 1/2 billion. And yet this increase in spending is described as a savings of $208 million.

I urge you to support my amendment. You will be giving cost-of-living adjustments to the food stamp participants. Benefits will go up and deductions will increase.

I urge you to support my amendment.

I would like to mention one additional area concerning H.R. 2100. That is the Temporary Emergency Food Assistance Program. As you may know this program is reauthorized and administrative funding is provided for 2 years.

I offered an amendment to this program that requires the Secretary of Agriculture to submit a report once a year to the Congress that assess the impact of the distribution of surplus commodities on commercial sales of similar commodities.

Unfortunately, the description of my amendment was omitted from the committee report on H.R. 2100. I thank the chairman of the committee for explaining this occurrence and for correcting the record.

The TEFAP Act requires the Secretary of Agriculture to assure that commodities distributed under the program not be made available in quantities that are determined to result in substitution for commercial market sales. The determination is made by the Secretary.

According to a recent report by the USDA, substantial commercial displacement of margarine has occurred as a result of USDA butter donations. This report, authored by Dr. James Zellner of the Economic Research Service of USDA, indicated that during the 34 months of TEFAP operations an estimated 428 million pounds of butter were donated, displacing 370 million pounds of margarine. For fiscal year 1985, the USDA estimates a $69 million loss in retail sales of margarine as a result of butter donations, and assuming the margarine displaced was derived from soybean oil, a $55 million reduction in soybean growers' receipts. The committee also received testimony indicating a negative impact on employment and manufacturing within the margarine industry as a result of commercial displacement due to TEFAP butter donations. In response to the reports of margarine displacement, the USDA reduced by half the level of margarine butter donations effective August 1, 1985, from a monthly average of 12 million to 6 million pounds.

The committee is concerned about the degree of estimated displacement of commercial margarine sales due to the volume of butter released under the TEFAP Program. The committee is likewise concerned that future donations of other products may have similarly negative consequences on other commercial sales and expects the Secretary of Agriculture to monitor this carefully. The committee bill maintains the current law language restricting donation of commodities in quantities that the Secretary, in his discretion, determines will result in substitution for commercial purchases. To assure that the Secretary will monitor this more carefully, the committee has added a requirement for an annual report to Congress, on the occurrence and extent of any such displacement or substitution. The committee expects the Secretary to provide this report by January 1 of each year.

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

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

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

Mr. Chairman, first of all, I want to commend all of my colleagues, but particularly the leadership on the committee for their hard work over these past several difficult months in crafting a farm bill. I have in my hands an article from the Minneapolis Newspaper which has the headline: "Earnings of Full-Time Farmers in State Drop to a Thirty-Year Low." That is the story in farm country all across America. And while we must deal with budget policies that will help us to bring interest rates down and will help us to bring the value of the dollar down so we can regain our exports, we also must deal in this farm bill with income for farmers and do everything we can in this farm bill to provide a better price for agriculture.

I have a chart that demonstrates what has happened to prices for corn and beans in my State at a local elevator in just the last few months. We started keeping these records back in July, and on July 26, new corn was at $2.01. Today, new corn stands at $1.90. On July 26, new beans stood at $5.04. Today, those prices are $4.82.

We are not going to solve the agricultural crisis if prices continue to decline. Farmers need an income; farmers need a profit. Total income lost to farmers in Minnesota because of that kind of price reduction in all commodities totaled $335 million just in the 2-month timeframe from July 9 to September 9. So just in 2 months, because of a drop in prices for every commodity for agriculture, farmers in our Statealone lost $335 million in income. Now, you are not going to take care of a $250-billion farm debt in America when you are losing income at that kind of a rate in American agriculture.

This bill is not a perfect package, but at the very least we must approve this measure to sustain income for farmers, and with the Bedell amendment, we have an opportunity to in fact increase income for agriculture in wheat and in grains. This farm bill could be improved by amendments that will be adopted along the way, but we ought to keep the focus on supporting amendments that improve price for farmers and vote down those amendments that would pull price out from under farm products.

Mr. ROBERTS. Mr. Chairman, I yield 4 minutes to the gentlewoman from Nebraska [Mrs. Smith].

(Mrs. SMITH of Nebraska asked and was given permission to revise and extend her remarks.)

Mrs. SMITH of Nebraska. I thank the gentleman for yielding me this time.

Mr. Chairman, I want to commend the chairman of the committee, my good friend, Mr. Kika de la Garza, Ed Madigan, Pat Roberts, and all of the members of the Agriculture Committee who have worked with so much ability and so much dedication to craft this bill.

As the Representative from the second most agricultural district in the Nation, I want to comment about some of the problems that face our agricultural economy as we are addressing H.R. 2100, the Food Security Act of 1985. We have widespread insolvency. Cattle prices are the lowest in 7 years. Our fed cattle are losing $150 a head. Corn prices for fall delivery are below $2. Wheat prices are far below the cost of production. Economists are predictingthat the farm income will deteriorate from $34 billion this year to $22 to $23 billion next year. Many of our farm commodities have already plunged to the lowest levels since 1978.

Of course with income down so drastically farmers cannot pay their bills. The farm credit system is in trouble; our banks are in trouble. According to the Federal Reserve System of Kansas City, between October of last year and March of this year 6.5 percent of the farmers in our seven-State region had to close down. With 57,000 farmers left in Nebraska we are closing down right now at the rate of about one farmer per hour.

When you add to this the U.S. dollar that has put a tax on exports so we have lost our export markets, in part of my district the worst drought in 80 years; the worst grasshopper infestation in 30 years; with more bank failures than since the 1930's, and with the greatest decline in land values in history, this situation has grown desperately serious. It not only affects agriculture, but it affects every main street in my rural district, and it will soon affect the main streets in our most urban centers if something is not done about it.

Now, we know that this farm bill is not going to solve all the problems. There are many things that have brought us to the situation we are now in. But it is still one of the most important farm bills in history, and it has many strong points. It has a strong conservation plank; a strong sugar bill; it strengthens exports; it has target prices, deficiency payments, and loans. It is not perfect; there are going to be some amendments that we will need to carefully consider, but against the worst economic picture in half a century, this is a serious attempt to improve profitability and give agriculture a chance to once again have a fair position in world trade, and to once again have a bottom line that can read with a profit.

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

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

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

Mr. Chairman, I first wish to commend the chairman of the Agriculture Committee for his fairness and dedication to work on getting a bill, as good a bill as possible, to the floor of the House, and I think he has done it under the budget constraints and the problems that we have had. It is a bill that has been crafted and delicately put together.

In my opinion, if it starts unraveling, we could very possibly lose the bill on the floor which none of us wish to do. Those of you that are concerned about the sugar, I would just like to point out that that sugar provision, and I have no sugar in my district, but if it would go out and we would have no sugar program, in my estimation we would not have any sugarbeet producers or cane producers in this country in the next 4 or 5 years. And you are going to say to them, "We do not want you anymore."

The second thing that would happen is that in dairy, if that dairy provision, if the amendment of the gentleman from Virginia, cosponsored by the gentleman from Illinois, is adopted, we will have very few dairy producers and only large ones in our country.

Basically, the same thing applies to the Bedell amendment, in my opinion. If that goes out and all we have is what is in the bill, in the regular part of the bill, then net income on the commodities, corn, wheat,will continue to deteriorate in the next 4 years.

What that means in my district is that we are going to lose, and a study has already been made, one-third to one-half of the farmers in northern Missouri, which includes the area of my colleague, the gentleman from Missouri [Mr. Coleman] and myself. We already have many banks in financial difficulty. If they cannot make it under today's prices, how do we expect them to make it under lower prices?

So I feel very strongly that we have to have a better provision. I am going to offer an amendment for a mandatory program. I would like to have that kind of program. I think it provides more income for the farmers, at least to let the farmers vote on a better program. But if that fails, for sure we have to have the provision in there for the referendum that has been sponsored by the gentleman from Iowa [Mr. Bedell].

I feel very strongly that we need to continue that, and I ask for the support of my colleagues in continuing the program in the bill.

Mr. ROBERTS. Mr. Chairman, I yield 5 minutes to my distinguished colleague, the gentleman from Wisconsin [Mr. Gunderson].

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

Mr. GUNDERSON. I thank the gentleman for yielding this time to me.

Mr. Chairman, let me begin, like so many of the others before me have, by issuing a very special compliment to our distinguished committee chairman for his patience, cooperation, and leadership in this most difficult of all farm bills.

I would like to begin by sharing a very personal story of something that is happening back in my hometown, in my home school district.

As we talk today, school officials are meeting with the neighboring school to find a way to next year merge these two school districts into one, because the facts are, to provide a quality education, no longer can the taxpayers, and in particular the farmers, the property taxpayers, find a way to make the necessary payments.

What that indicates to me more than anything else is that what we are talking about in the 1985 farm bill is not just the question of what our farm legislation ought to be. Ladies and gentlemen, what we are talking about in the 1985 farm bill is the structure of rural America. Whether we make the right or wrong decisions will determine whether or not we maintain our local schools, hospitals, churches, our rural and social, cultural, historical organizations that are the real fiber of this country.

The farm crisis, I think, is no news to anyone any more. In 1981, we had $31 billion in net farm income. In 1985, it is going to be down to $19 billion. Farm debt is up to $212 billion. Land values in my State of Wisconsin have decreased some 30 percent in the last 5 years. In the neighboring State of Iowa, of course, it is around 50 percent.

All of this is the result of the problems facingagriculture today. Farmers are producing more and more because they are receiving less and less for their product. The production increases the surpluses, which decreases the prices, and that reduces the farmers' net income, which creates, with high interest rates, a major credit crisis. So we in the Agriculture Committee will no more than complete our work on the farm bill before we will already be deeply involved in trying to resolve another farm credit crisis in the Farm Credit Administration this fall, and I suspect a new farm credit next spring when planting season comes before us.

I have suggested since day 1 that we ought to really have three goals in the farm bill: We ought to stabilize farm income, increase it if we can in the short; we ought to find a long-term transition toward more market orientation, not a free market, there is no such thing, but more market orientation, whether we are talking dairy, wheat, and feed grains or other commodities; and third, we have to do all of this and live within our Federal budget. The budget deficit and interest rates are one of the major weapons against the American farmer today.

I would like to take a moment, if I could, to compare the dairy section of the committee proposal, with the major amendment that is going to be offered to it, along this line of farm income.

First of all, the committee proposal says that the farmer ought to have a dairy price support of $11.09 the first year, $11.27 the second, and $11.74 the third. The Olin proposal does just the opposite. It starts at $11 and goes on down to $9.63 in the third year.

We are looking at a 30- to 60-percent decrease in net farm income under the Olin substitute. Anyone whobelieves the American family farmer is well enough off today to survive that does not understand what is occurring in American agriculture today.

Second, we want to make a movement toward market orientation, and I would suggest that everyone take a look back at the last dairy diversion program. Within less than 12 months of that program, the American dairy farmer was receiving, not from the Government, not from a support price, but receiving in the market a price approximately a dollar above the Government support.

Is that not the goal of farm legislation, to get the situation in a supply-demand balance so that the price in the market is what the farmer works for and earns and receives, not the Government floor? That ought not to be the ceiling, and clearly under the Olin substitute, the Government floor will be also the farmer's ceiling for many, many years to come.

We need a supply-demand balance in dairy. We are only going to get through a farmer-financed dairy diversion program.

I must make one other comment that I find so ironical, it is sort of hypocritical: That those who say we need a free market in dairy, I say go all the way. Eliminate price support, eliminate marketing orders, let every farmer in America compete against each other for the right to sell on the store shelf, and let the most efficient dairy farmer survive, whenever that happens. They say, "Oh, no; we cannot do that. We do not want to let your farmers in the Midwest compete with our farmers in Virginia, even though through our marketing orders we are getting $2 to $3 more per hundredweight than you are. We do not believe in that kind of a free market. We want our kind of a free market."

Third, we need to take a look at the budget and we need to take a look at budget savings. The fact is that over present policy, the committee proposal in dairy will save some $775 million the first year and over $1.7 billion over the next 3 years.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. Gunderson] has expired.

Mr. ROBERTS. Mr. Chairman, I will be happy to yield 1 additional minute to the gentleman from Wisconsin.

Mr. GUNDERSON. I thank the gentleman for yielding this additional time to me.

Mr. Chairman, the fact is, then, that we compare that also with the Olin substitute which will be proposed, and the committee proposal saves some $585 million over the Olin amendment in the first year. Over 3 years we save $495 million more than the Olin substitute.

The question is asked, "Wait a minute. We save $585 million the first year but $495 million over 3 years. Why less over 3 years?"

It is very simple. As the gentleman from Vermont before me indicated, under that proposal, what happens is that 48,000 dairy farmers in this country go bankrupt.

I hope that is not the solution of the American Congress.

Mr. Chairman, as we begin deliberations on the 1985 farm bill, I would like to share with you something that is happening back home. When I graduated from my local high school, our class consisted of 89 students. The class enrollments have continued around that number. Yet, today our local school system and the neighboring school system are in the midst of intensive studies and plans to merge the two school systems by next fall. Why? Very simply, the local residents, and especially the farmers, simply cannot afford increased taxes which would be necessary to maintain and provide the adequate education the children of the area deserve.

I share this story with you because it provides in living color the painful realities of life in rural America today. And it presents to this Congress the real specter of our challenge. For we are deciding in this farm bill, not only the Government's agricultural policies for the next 5 years, we are deciding the structure of rural America. Our schools, our churches, our hospitals, our small town main streets -- the fabric of America's heartland will be determined by our actions. Let us not underestimate the importance of our actions.

Nor let us underestimate the task at hand. American agriculture is in a crisis. Net farm income has dropped from a high of $31 billion in 1981 to a projected $19.2 billion in 1985. Farm debt is at a staggering $212 billion. Last year the farmer's debt to assest ration reached on all time high of 20.8 and is likely to remain in that range for 1985. Land and assest values are shrinking. In the last 5 years, in my home State of Wisconsin, land values have dropped about 30 percent, with even higher decreases in neighboring Iowa. And many predictions are that values will continue to fall. In the last year, 122,400 farmers have gone out of business, over half due to financial problems.

Last spring we witnessed a major credit crisis in agriculture. It is no wonder, while farm assets drop and farm increase drops that farmer's ability to pay off loans will decrease. For example, in 1981 farmers received a support price of $13.10 for each hundred pounds of milk marketed. That price has concistently dropped over the past 4 years to its present support of $11.60. Similar decreases in prices are evident in wheat, feed grains, and red meat.

The result? In the past few years the Farmer's Home Administration has been forced to substantially increase its expenditures for farm operating loans. In 1980 the Government provided $820 million; today they provide over $2.5 billion. And everyone agrees the demand will be even higher next year. At the same time the farm credit system's $75 billion loan portfolio is under stress like never before. Recently, the Farm Credit Administration announced that they will need the Federal Government to step in and assist them if they are to survive. Quite frankly, unless we act properly in writing a farm bill, the Federal Government will be faced with new indirect costs that make the present cost of the farm bill look like peanuts.

In addition to the stress American agriculture faces within this country, in 1985 we witness a new stress from outside. Like many other sectors of the American economy, agriculture is now facing a challenge from the Third World in our export markets. Industrial and nonindustrial countries are today seeking the same export markets. We have traditionally exported 30 to 40 percent of our wheat and feed grain production. Record harvests at home and abroad, the high value of the dollar, our cargo preference laws, plus other factors all put extreme pressure on us to just maintain, say nothing of increasing, our exports. Of course this in itself presents a major policy question; do we raise prices domestically to help farm income? Of course. But how do we do this and still maintain our export markets?

With these facts as a quick background, let me suggest this Government has three goals to achieve in the 1985 farm bill. First, we must stabilize or increase farm income in the short term; second, we must make a long-term transition to a more market-oriented agriculture; and third, we must achieve these goals within the budget guidelines.

From this perspective let us focus for a moment on the dairy section of the farm bill. No one disputes that there is a surplus of dairy production in this country. As mentioned earlier, as a result of that surplus, the price the farmer receives has consistently decreased from $13.10 to $11.60. During the past 4 years two different policies have been tried to reduce the surplus. Price freezes and price reductions have only resulted in farmers increasing their production. Only once during the past 4 years have we seen a significant decrease in milk production and in Government purchases of surplus milk, that being during the diversion program. That farmer financed program resulted in 4 billion pounds less production, it reduced Government purchases by 8 billion pounds (cutting the total purchases in half), and saved the taxpayers over a billion dollars by cutting the cost of the program from $2.5 billion to $1.5 billion in the 1 year the diversion was in effect.

As we consider the 1985 farm bill, we again face the question of which policy to follow in meeting the goals mentioned previously. How do we maintain, if not increase dairy farmer income? How do we maintain if not increase dairy farmer income? Which plan gives us the best chance to move towards a true market oriented dairy policy in the long run? Which policy does the most to provide cost savings to the budget? Clearly, the committee provisions far exceed the alternative.

In terms of income, the committee proposal provides a dairy support of $11.09 the first year, $11.27 the second year, and $11.74 the third year. Contrast this with the Olin-Michael amendment which provides decreasing support of $11.00 the first year, $10.13 the second year, and only $9.63 the thrid year. Even more important, if one considers the last diversion program the price the farmer received was actually a dollar above the support price because a supply-demand balance had been achieved. And isn't that our real goal, to have farmers income received in the market, not long years of low Government supports due to surplus production.

Many of my colleagues have suggested that their major concern in this farm bill is to save the family farm structure. I can guarantee you that a drastic support price decrease which will only affect selected areas of the country, such as the midwest, will devastate the family farm. Projections are that net farm income will be reduced between between 30 and 60 percent under the Olin proposal. Anyone who believes the family farmer can endure that drastic cut simply does not understand what is happening in American agriculture.

The second basic question is which policy moves us towards a more market oriented policy. Now, first, I want to clarify that there is no such thing as a free market in agriculture. But we still should become more responsive to the market. No one can justify long term production only for the government. But as I mentioned above, if one desires the market pricing mechanism to take over, then the only option is to support the committee proposal. First, the committee proposal will achieve a market price many years sooner than the alternative. Second, it is the committee proposal which through the farmer financed paid diversion will achieve the supply-demand balance necessary to allow us to make the moves toward a more market oriented dairy program.

The hypocrisy of those who promote the Olin-Michel alternative is most evident in this area. They claim because there is too much milk, we should let the market work, and just reduce the price. Every price support reduction in the last 4 years has not reflected in any reduction in the price to the consumer. Likewisethose advocating such a proposal do not really believe in the free market philospy they espouse. I have often suggested that if one wants a true free market in milk, fine, go all the way. Yet proponents of the Olin amendment do not support any change in the Nation's 49 milk marketing orders to allow all farmers to compete equally nationwide for the sale of their milk. It is frankly, rather funny that those living in areas where through market order protection have milk prices $3 and $4 above the Government price support should suggest that areas dependent upon the present price support for their income should take further cuts.

Finally, one must ask which proposal will achieve the most savings along the line of our previously passed budget. I voted against that budget resolution because it does an inadequate job of dealing with the deficit. I do not support increasing defense and cutting agriculture. Yet, that is what is before us. We must live with it.

In the first year, the committee proposal will cost $945 million (including the $200 million to purchase red meat) compared with the Olin proposal costing $1.465 billion. Over 3 years the Olin amendment will cost $495 million more than the committee proposal. Likewise it will result in 3.85 billion pounds more in purchases.

No legislative proposal is ever perfect. Certainly the one before us is not. But if our goal is to live within the budget, yet try and stabilize farm income and establish the environment which would allow us to become more market oriented, the committee proposal is our only alternative.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished chairman of the Subcommittee on Livestock, Dairy and Poultry, the gentleman from California [Mr. Coelho].

Mr. COELHO. I thank the gentleman for yielding this time to me.

Mr. Chairman, what I would like to do is, first off, thank the chairman of the full committee and the ranking member of the full committee, and also the ranking member of the subcommittee, for the tremendous cooperation that we have had over the past several months in coming up with a dairy program.

Most people felt that we could not come up with something that would meet the objectives of working with all the different dairy groups throughout the country, as well as working with the objectives of people from both sides of the aisle. After the work of many of my colleagues on both sides, we were able to come up with something that made sense for the dairy farmers of this country.

The current cost of the dairy program is $1.7 billion. The cost after the dairy unity bill is put into effect will be a little over $800 million. The difference is being made up by the dairy farmers themselves. They are willing to put up their own money in order to get us to a position where dairy farmers can go back to a market-oriented program.

We need to do that. Everybody understands that. We have too much milk today.

The difference between the Olin-Michel proposal and the dairy unity proposal basically is simple. The Olin-Michel proposal would prefer to put people into bankruptcy and to eliminate dairy farmers. The difference with the dairy unity bill is that what we want to do is to provide a situation where at the end of 2 years we will go back to a market-oriented program where we will have surpluses dictating what the price support should be.

That is what should be done. We should not have deviated from that over the last few years and we will be going back to it. That makes sense.

But the most important thing is that during this period of time price supports will be retained at $11.60. We will keep the dairy farmer in business and be able to get over the current hurdle we have with the dairy farmer in business. That makes sense for the consumer. That makes sense for the dairy farmer and that makes sense for everybody else in the livestock business.

I think it is a good plan and I want to applaud again my colleagues from the Republican side and my colleagues from the Democratic side who were able to work together to come up with this package.

I particularly want to compliment my colleague, the gentleman from Vermont [Mr. Jeffords] for working closely with us to bring this about.

Mr. de la GARZA. Mr. Chairman, I yield two minutes to the distinguished Chairman of our Subcommittee on Cotton, Rice, and Sugar, the distinguished gentleman from Louisiana [Mr. Huckaby]

Mr. HUCKABY. Mr. Chairman, I thank the gentleman for yielding.

I would like to just briefly elucidate the essence of the programs on cotton, rice, and sugar.

We are responding to the administration's request on cotton and rice to have a market-oriented program. Our basic loan will be 85 percent of the prior 5 years' price. The target prices for both these commodities will be frozen. We are not decreasing income protection for the farmers.

Unfortunately, the budget did not allow us to increase this income protection.

Mr. Chairman, within the last four years as the value of the dollar has continued to increase, this super high priced dollar has priced us out of many markets. It has actually acted as a surtax, a 30-percent surtax on our exports of cotton, our exports of rice. Hence, they are down significantly today. That is why our market prices this year are rock bottom.

A key provision of our bill mandates that the Secretary must lower the loan rate to be competitive in world markets. He can lower it up to 25 percent.

I understand that the administration is looking for someone to offer an amendment to gut this provision of the bill. I cannot understand why. This is the key and the heart of the bill to enable us to become market competitive once again, so that we can recapture the markets that we had. We can expand our production once again.

Mr. Chairman, the sugar program will be one of the most controversial sections of this entire farm bill. It will be the first provision debated.

We ask for an absolute freeze on the sugar program. I would like to point out to my colleagues that this is actually the first trade vote that you will be making this fall. We support the price of sugar at 18 cents in the United States. The European common market does at 23 cents and the French dump it for 3 cents on the world market and our farmers cannot compete with those farmers.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished chairman of the Domestic Marketing Consumer Relations, and Nutrition Subcommittee, the gentleman from California [Mr. Panetta].

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

Mr. PANETTA. Mr. Chairman, first of all, let me extend my thanks to the chairman of the full committee, the gentleman from Texas [Mr. de la Garza], and also the ranking minority member, the gentleman from Illinois [Mr. Madigan] for their cooperation in the work we have done on H.R. 2100. In particular, I want to thank my ranking minority member, the gentleman from Missouri [Mr. Emerson] for the cooperation that he has provided on titles XV, XVI, and XVII of the bill relating to nutrition assistance. We have not always agreed, and yet, he has always been cooperative in the effort to try to find answers to this problem.

H.R. 2100, the Food Security Act of 1985, is the constructive and responsible product of months of hard work by the Committee on Agriculture. Assuming there are no major changes in the bill, I urge my colleagues to support its passage on the House floor. There are many reasons why this bill is worthy of widespread support. As chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, I would like to highlight several areas that are of particular concern to me and hope that the following discussion will influence Members, particularly those from nonagricultural districts, to support this bill.

DOMESTIC HUNGER

Titles XV, XVI, and XVII of H.R. 2100 relate to domestic food assistance and nutrition programs. Title XV and XVI would take affirmative steps to address the current domestic hunger problem by reauthorizing and improving the Food Stamp Program and the Temporary Emergency Food Assistance Program [TEFAP]. Title XVII would augment these efforts by strengthening current programs for nutrition education and nutrition monitoring for low-income households.

Before proceeding further in discussing the domestic hunger issue, I would like to draw Members' attention to an inadvertent error in the committee report (Rept. 99-271, Part 1). By sheeroversight, a small portion of the committee report was omitted. This omitted part described a committee amendment (section 1605 of H.R. 2100) that requires the Secretary to submit an annual report to Congress as to whether and to what extent distribution of TEFAP commodities results in displacement of or substitution for commercial sales of commodities. I understand that the full text of this report language is included in today's statement by Chairman de la Garza on H.R. 2100. I would add that the displacement issue is one of serious concern to those of us who monitor the TEFAP Program. I believe that the omitted portion of the committee report printed today in the Record should be treated as legitimate legislative history.

The purpose and need portion of the committee report on H.R. 2100 provides excellent background on the extent of the domestic hunger problem and the need to do something about it. The subcommittee I chair has held repeated hearings around the country on hunger, including several this year. We have visited dozens of soup kitchens and talked with many people involved with the problem. Their message has been uniform and consistent: The hunger problem is real and growing. It is a message confirmed by countless studies and surveys, including a survey of major U.S. cities completed by U.S. Conference of Mayors just several months ago.

Several recent reports and studies also reveal increases in infant mortality and low-birth-weight rates in many areas of the country, and the growing incidence of nutrition-related health problems among children. A relatively high poverty rate, especially among young children, persists. Despite the recently reported decrease in the national poverty rate, approximately one-fourth of all American children below age 6 live in poverty. We are virtually guaranteeing serious social problems and greater costs down the road if we fail to take preventive action now.

Unfortunately, despite all the recent talk about hunger, the Federal response has been inadequate. Private-sector charities and food banks have responded generously to the crisis, but their efforts are falling short. Congress has staved off nutrition cutbacks sought by the administration in addition to those enacted in 1981 and 1982, but has been largely unsuccessful in restoring funding to vital nutrition programs that serve our poorest citizens. Even President Reagan's conservative Task Force on Food Assistance recommended spending increases that have yet to be enacted.

Last year, the House took a positive step by passing the Hunger Relief Act of 1984. Despite the strongly bipartisan 363 to 39 vote, the Senate took no action and the bill died.

H.R. 2100 recommends food assistance improvements that are very similar to those included in last year's Hunger Relief Act. The provisions of H.R. 2100 are moderate in approach and include many of the recommendations of the 1984 President's Task Force on Food Assistance. These provisions are consistent with the assumptions of the budget Congress adopted for fiscal year 1986.

I frankly believe that anyone who supported the Hunger Relief Act last year should support these food assistance provisions this year. The content is very similar and the 3-year costs are nearly identical. Certainly, all of the evidence indicates that the domestic hunger problem is just as severe, if not more so, than last year.

In my view, the key to dealing with the present budget-deficit problem is in knowing where to cut and where to invest in the battle for future savings. For 4 years, I headed the Budget Committee's task force responsible for enforcing reductions in all aspects of Government spending, including popular domestic social programs. One fundamental lesson I learned is that cutbacks in certain programs, such as those that feed the hungry in this country, save us no money at all. In fact, a problem like hunger is so fundamental -- and has such a far-reaching effect on the health, education, productivity, and spirit of our citizenry -- that even small investments now to combat it are likely to produce significant long-term savings. H.R. 2100 is intended to be this type of investment.

The primary food assistance cost item in H.R. 2100 is a slight increase (approximately 1 percent) in the basis for benefits in the Food Stamp Program. Food stamp benefits are based upon the costs of the Thrifty Food Plan, the lowest cost of four diet plans prepared by USDA. Currently, food stamp benefits lag 3-15 months behind actual Thrifty Food

Plan costs; over the past 7 years, benefits have lagged, on average, about 5 percent below actual Thrifty Food Plan costs. H.R. 2100 would simply require that future food stamp benefit adjustments must be 3 months more current than present. This results in an increase of less than 1 cent per person per meal in benefits paid to our neediest citizens. Benefit levels would continue to lag up to 12 months behind actual food costs.

Other key food stamp provisions of the bill would: Increase work incentives by restoring the earned income deduction from 18 percent to 20 percent of earnings and by establishing a separate deduction for dependent care costs; increase the ceiling on the excess-shelter-cost deduction to address the "heat or eat" dilemma faced by many households; liberalize the deduction allowed for high medical costs incurred by elderly and disabled households; and adjust assets tests along the lines recommended by the President's Task Force on Food Assistance.

The bill would greatly strengthen and improve current work requirements and opportunities through a new employment and training program that Representative Bill Emerson and I jointly developed. For the first time, all States would be mandated to establish a program of work, training, or job search, or any combination thereof, for appropriate food stamp participants. Each State would have considerable flexibility in designing a program that best suits its particular needs, including the ability to target the program on those individuals for whom it would be most effective. Increased Federal funding would be provided to assure active participation by the States.

In addition, the bill includes many provisions that simplify Food Stamp Program management and enhance program integrity. Significant incentives for increased use of computers in program administration would be provided, monthly reporting and retrospective budgeting would be targeted to maximize cost-effectiveness, penalties on retailers who violate the act would be strengthened, and simplified application and benefit determination procedures would be encouraged.

I am concerned, however, that a floor amendment to H.R. 2100 may be offered that would negate the positive steps that H.R. 2100 would take to address the domestic hunger situation. I cannot emphasize enough that maintaining the status quo in food program benefits will not make a dent in the hunger problem. If we make no changes in current programs, it would be tantamount to saying we are willing to tolerate the current shameful levels of hunger that now exist in this country.

If such an amendment were to be offered, Members would undoubtedly be inundated with a variety of facts and statistics to justify removing the antihunger provisions of this bill. In sorting through this information, I would hope Members would keep the following points in mind:

First, the provisions of H.R. 2100 would restore only a small portion of the deep food stamp reductions (an estimated $7 billion over the fiscal year 1982-85 period) enacted by the 97th Congress; and

Second, despite the major reported increases in hunger in this country in recent years, food stamp spending has remained constant over the past 3 years. Food stamp expenditures fell from $12.7 billion in fiscal year 1983 to $12.4 billion in fiscal year 1984. Anticipated fiscal year 1985 food stamp costs are about $12.5 billion.

Altogether then, I believe titles XV-XVII of H.R. 2100 represent a balanced and responsible approach toward improving domestic food assistance programs in this country. In my view, we cannot afford not to act on hunger now.

WORLD HUNGER

Over the past year, considerable public attention has focused on world hunger, particularly the desperate situation in Africa. America has been generous in responding to the crisis through both Government and private donations. Yet despite the unprecedented flow of food aid to Africa, there is much left to be accomplished. For the foreseeable future, the demand for emergency food aid to combat starvation will be enormous. Substantial additional aid for emergency health care, water treatment, and transportation is also necessary in the short term. With so many lives literally hanging in the balance, I believe it is imperative that we remain vigilant in providing assistance until the crisis is over.

One of the more common inquiries that I have received from constitutents throughout this hunger crisis is: "Why don't we ship the surplus grains and other commodities the Federal Governmentowns to feed the starving people of Africa?" While the cost of shipping commodities and the task of matching U.S. grain donations with the dietary patterns of recipient nations present complications, the short answer to the question is: We should be doing more. If the United States owns edible commodities that are not otherwise committed to aid farmers, to increase farm exports, or to serve domestic feeding needs, I believe some portion of these commodities should be made available to ease the world hunger situation.

I am pleased that the committee adopted an amendment I offered to section 416 of the Agricultural Act of 1949 with Representative Cooper Evans to require that greater quantities of uncommitted U.S. surplus commodities be made available for donation overseas. Not only does the amendment expand the variety of commodities available under section 416, but it mandates minimum tonnages, so long as sufficient commodities are available and certain conditions are met.

Under current law, eligible commodities for international distribution under section 416 are limited to dairy products and wheat. However, to date, the Secretary has exercised authority for release of dairy products alone. Despite continuing pressure from Congress and commodity groups, coupled with the increasing demand for wheat donations, the Secretary has inexplicably failed to approve requests for wheat. Given this record, it was necessary to add a minimum tonnage requirement to section 416 so that the Secretary would actually distribute the food. Among the newly eligible commodities for distribution would be uncommitted stocks of corn, rice, grain sorghum, and oilseeds.

This amendment would contribute significantly to international food aid basically for the cost of processing and shipping the commodities. Since the Government already owns the commodities, no new costs would be incurred for special purchases. And, while the cost of shipping this aid is by no means trivial, it represents a sound and humane investment. It is an investment that is far preferable to allowing the food to lie in storage indefinitely, subject to spoilage and waste. Furthermore, disposing of these commodities will lower our surpluses and have a salutary effect on domestic markets.

In sum, I believe that the committee's action to revise section 416 authority is a wise and humane decision. In my mind, there is no more compassionate goal than one that seeks to end the plight of those facing hunger and starvation. I am pleased that the committee has contributed to achieving this goal through section 416(b).

MARKETING ORDER AGREEMENTS

Over nearly a half century, the Agricultural Marketing Agreement Act has served to promote the orderly marketing of agricultural commodities. This has been accomplished by a policy that encourages industry participation in the implementation of 48 current marketing orders affecting milk, fruits, and vegetables.

As chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, I support the fair and effective implementation of marketing orders, including the participation of growers, handlers, and consumers in the regulatory process. During the course of the past few years, I have found it necessary to join many of my House colleagues in objecting to USDA policy decisions and intervention by the Office of Management and Budget in decisions of the Agricultural Marketing Service with respect to marketing order agreements. On several occasions, I have communicated directly with USDA officials concerning possibe circumvention of the Agricultural Marketing Agreement Act relating to seasonal referenda proceedings, release of confidential information, termination of orders, and enforcement of violations.

In an effort to clarify the intent of Congress in the administration and enforcement of marketing orders, the Committee approved amendments to the Agricultural Marketing Agreement Act that I endorse. These amendments and explanatory committee report language restate and emphasize congressional support for marketing order ageements and procedures for implementing them. Amendments adopted by the committee include: an increase in the criminal fine for handler violations of a marketing agreement; the requirement that a voting majority of industry representatives submit their approval prior to termination of a marketing order by the secretary; and a statutory clarification of the confidentiality of records provided to the Secretary by industry groups.

In addition, I am pleased that the committee report reinforces recent action by the Department of Agriculture to ensure that amendments to any marketing order are to be voted on individually in a referendum and that the failure of any one amendment does not terminate the entire order. In addition, the report encourages the Department to pursue fair and effective enforcement of all marketing order agreement violations and allows marketing order administrative committees to retain counsel for hearings and rulemaking proceedings at the discretion of the Secretary.

I am optimistic that the objectives of the Agricultural Marketing agreement Act can be achieved with the cooperation of the Department and affected industry groups. H.R. 2100 and its legislative history are intended to keep the Department on course in its administration of marketing order agreements. In recent years, the Department has attempted to make changes in marketing order policy that I believe are within the authority of Congress. These amendments send a signal to the Department to administer marketing orders in closer compliance with long-standing legislative and regulatory policy.

The following is a summary of the major food assistance provisions of H.R. 2100:

SUMMARY OF MAJOR FOOD ASSISTANCE PROVISIONS OF H.R. 2100

As agreed to by the Committee on Agriculture

(1) IMPROVING FOOD STAMP WORK REQUIREMENTS AND INCENTIVES

For the first time, each State would be required to set up an employment and training program for employable food stamp participants. States would be provided considerable flexibility to design their own program and determine who is to be served. A wide variety of options -- job search, job finding clubs, workfare, training, education relating to employment -- could be utilized by the States and States would have flexibility to target the program on those employable recipients for whom it is most appropriate.

The earned income deduction would be restored from 18 percent to 20 percent.

A separate deduction for dependent (child) care costs would be established, effective in FY 1987. Currently, only a combined excess shelter/dependent care deduction is available. The ceiling on the dependent care deduction would be set at $160 a month.

(2) IMPROVING FOOD STAMP BENEFIT ADEQUACY AND ACCESSIBILITY

The basis for benefits would be increased slightly (roughly 1 percent) to reflect more accurately the actual costs of the Thrifty Food Plan during the benefit year.

The ceiling on the combined excess shelter/dependent care deduction would be increased to $155 in FY 1986. (In FY 1987, the shelter and dependent care deductions would be split, with the cap on the shelter deduction reflecting the $155 level established in FY 1986, adjusted for inflation.)

The threshold for qualification for the medical deduction for elderly and disabled households would be changed from $35 a month, to 5 percent of gross income or $35 a month, whichever is less.

Assets limitations would be adjusted in a manner similar to the recommendations of the President's Task Force on Food Assistance. Farmers and others would be aided by excluding from assets consideration any property on which a lien has been placed and thus made unavailable for conversion to a liquid asset. The liquid assets test for an elderly household of one would be set at the same level as for households of two or more that include one or more elderly members.

Effective in Fy 1988, States and localities opting to participate in the Food Stamp Program would be prohibited from collecting sales taxes on food stamp purchases.

Self-employed persons, including farmers, would be permitted to offset losses incurred in self-employment against other household income in determining food stamp eligibility and benefit levels.

Eligibility of the homeless would be assured, so long as they meet qualifications requirements.

The definition of the disabled would be expanded to include certain severely disabled persons not currently treated as disabled for food stamp purposes.

Current law allowing SSI applicants and recipients to file a simplified food stamp application and be certified at Social Security offices would be reinforced and applicants and recipients of Social Security benefits would be permitted to apply for food stamps at Social Security Offices.

A limited program to allow State and local agencies to receive matching Federal funds to inform elderly, disabled and unemployed persons about the Food Stamp Program would be authorized.

The Nutrition Assistance Program in Puerto Rico would be extended through FY 1990, with funding increases to reflect food price inflation starting in FY 1987. Payment of benefits in cash form would be permitted.

The Food Stamp Program would be reauthorized for 5 years with spending ceilings that leave some margin for error in current estimates for inflation and unemployment over this period.

(3) IMPROVING PROGRAM MANAGEMENT AND ACCOUNTABILTY

The Secretary would be required both to provide quality control findings to the States on a more timely basis and to speed up his collection of sanctions owed by the State for high error rates.

States would be permitted to apply up to 15% of any error rate sanctions assessed in any fiscal year toward new efforts to reduce errors in the State, rather than pay the amount to the Federal government. Such efforts could include new computer operations, increased staff, better staff training or any other initiatives that would bring error rates down.

States would not be sanctioned for errors in food stamp administration that are due to inaccurate information provided by Federal automated information systems.

The mandatory aspects of monthly reporting and retrospective budgeting (MRRB) would be limited to those households with earnings or recent work history. This is consistent with the approach utilized in the Aid to Families with Dependent Children (AFDC) program. Waivers from MRRB for some or all of these households would be possible, subject to the Secretary's approval.

Food stamp households composed exclusively of AFDC or SSI recipients would be categorically eligible for food stamps.

State agencies would be authorized to issue benefits on a staggered basis throughout each month. This facilitates mail issuance and discourages grocers from raising food prices at the beginning of each month.

Simplified application projects would be continued unless the Secretary finds they are not achieving their intended goals.

Food retailers disqualified from the Food Stamp Program would be required to pay a fine if they sell their stores prior to expiration of the disqualification period.

Information submitted by retail food stores for food stamp purposes could be disclosed to agencies administering the WIC program.

The Secretary would be required to assess each State's computer operations and develop, in consultation with the States, the elements of a model plan for food stamp computerization. Such plan would be subject to public comment before being finalized.

Earnings of participants in Jobs Training Partnership Act on-the-job training programs would be counted as income for food stamp purposes, similar to the AFDC program.

Recipients of energy assistance vendor payments would not be allowed to claim the portion of their energy bills paid by the vendor payment in calculating eligibility for the excess shelter cost deduction. If these households have out of pocket utility bills, they would be eligible for the State's standard utility allowance.

Banks would be permitted to charge food retailers for processing food stamps only if retailers fail to bundle the food stamps according to Federal Reserve requirements.

Certain Federal credit unions would be authorized to redeem food stamps.

Through various tests, such as visual inspection, sales records, purchase records, inventory or other methods, retail food stores would be afforded the opportunity to prove that fifty percent of their business is staple food items, thus qualifying them to accept food stamps for food purchases.

(4) REAUTHORIZING AND IMPROVING SURPLUS COMMODITY DISTRIBUTION UNDER THE TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

TEFAP would be extended for two years, with $50 million a year authorized for State and local administrative funding.

Administrative funding would be provided on a more timely basis for State and local agencies.

Audit standards would be established to ensure accountability and to reflect the special circumstances of certain emergency feeding organizations.

The Secretary would be required to report annually to Congress on whether and to what extent donations under TEFAP substitute for or displace commercial sales of the same or any other agricultural produce.

(5) MISCELLANEOUS

The Department of Agriculture would be required to conduct a study of the feasibility of extending a food assistance program to American Samoa.

The Commodity Supplemental Food Program (CSFP) would be reauthorized and revised to (1) allow local operators to serve elderly persons out of available funding so long as women and children are not denied benefits; and (2) require the Secretary to approve new sites satisfying eligibility requirements so long as funding is available. Current law provisions governing CSFP administrative funding and three existing programs serving the elderly would be extended.

A small program of Food, Nutrition and Consumer Education would be authorized to complement and enhance current nutrition education programs like the Expanded Food and Nutrition Education Program (EFNEP). Funds would be provided to State cooperative extension offices.

State agencies would be required to encourage food stamp participants to utilize the EFNEP program. Upon the request of EFNEP officials, State food stamp agencies would be required, wherever practicable, to allow placement of EFNEP personnel and materials in food stamp offices.

Improved nutrition monitoring of low income individuals by USDA would be required.

Section 1114 of the Agriculture and Food Act of 1981 would be extended to require the Secretary to provide uncommitted Commodity Credit Corporation stocks to domestic feeding programs without charge or credit. H.R. 2100 would make clear that once the Secretary determines that cheese, nonfat dry milk, and wheat are in surplus, they must be distributed, although he is not limited to distributing these commodities.

National Commodity Processing, whereby the Secretary encourages consumption of bonus commodities through private companies, would be extended for two years.

Mr. ROBERTS. Mr. Chairman, I yield 4 minutes to my distinguished colleague, the gentleman from Missouri [Mr. Coleman], who is the ranking member on the Conservation, Credit, and Rural Development Subcommittee.

(Mr. COLEMAN of Missouri asked and was given permission to revise and extend his remarks.)

Mr. COLEMAN of Missouri. Mr. Chairman, let me add my voice of commendation to our chairman, the gentleman from Texas [Mr. de la Garza], who is certainly recognized as a fair individual and as a chairman who gives everybody the opportunity to be heard and to express himself by amendment or by opinion in our committee. I thank him for his courtesies as we have drafted this bill through the last 9 months.

Mr. Chairman, Agriculture and rural America are going through the most difficult adjustment period since the 1930's. High interest rates, low prices, declining land values and bad weather have made it nearly impossible for farmers to maintain a positive cashflow in many areas of the country.

The migration of people away from U.S. farms has been dramatic. The percentage of the U.S. population engaged in farming has decreased from about 25 percent in 1935 to less than 2.5 percent in 1985. The number of farms has fallen by more than 60 percent during that period.

We have before us for consideration a farm bill to reauthorize farm programs for the next 5 years. The bill has several new programs that should help the agricultural economy. However, we must also recognize that this bill will not create a miracle and will not change the agricultural economy over night, but this bill will help agriculture get back on the right track. There are many who believe that the programs in the 1981 farm bill have not worked. The 1981 farm bill was written in a time of high inflation. We anticipated that inflation would continue and we build inflation factors into the farm programs. In doing so, we made our agriculture products noncompetitive on world markets. The increased value of the dollar in comparison to other currencies has only compounded the problem of competitiveness.

It is clear that rural America is going through a very difficult transitional period. Steps must be taken now to prevent the raveling of the fabric of rural America. I am hopeful that this bill will help strengthen the threads that bind rural America together.

One of the brightest shining stars in this bill is the conservation title. Working in a bipartisan manner Mr. Jones, chairman on the Conservation, Credit and Rural Development Subcommittee, and I have fashioned a conservation title that has received overwhelming support.

Last year this body passed a Soil Conservation Act that had many of the same provisions included in the conservation title of H.R. 2100. We were disappointed when the legislation died in conference. However, this year we have worked in a bipartisan spirit to develop an even stronger conservation program. The administration has endorsed the conservation title as well as many soil and environmental groups.

Soil is, very simply, one of our most valuable resources and we can't continue to let it erode at a faster rate than it is replaced. We must take action now to save our land. The sodbuster and conservation reserve provisions in the conservation title will help to preserve our land for future generations.

Mr. Chairman, I have reserved time later on today for a special order to continue my discussion of this bill and would invite others to remain also.

Mr. COELHO. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. Stenholm], the author of title X, the Agriculture Efficiency and Equity Act of 1985.

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

I would say that today there is a growing awareness in America of the importance of agriculture to our economy. Unfortunately, there are no short-term solutions to the problems of agriculture. The challenge to the House Agriculture Committee was threefold: to write a farm bill, to deal with the short-term problems of having borrowed $100 billion more money than we farmers can pay back with current income; second, to meet a budget requirement imposed by the House and Senate conference on the budget; and third, to provide some long-term hope of working ourselves out of this dilemma we find ourselves in.

We have met that budget challenge. As tough as it has been, we have met it. We could have used another $11 billion, as the Senate Agriculture Committee reported last night, but we do not have it.

Unfortunately, we still have $150 billion deficits as far as the eye can see and I submit we will never solve our farm problem or our Nation's problem until we solve our propensity to spend more than we have as a nation.

Mr. Chairman, I support H.R. 2100. I encourage each and every one of you also. Where our committee has been split, we will allow the will of the majority to work. Where you have an idea to improve it, you will have an opportunity under an open rule to improve this legislation.

Mr. Chairman, H.R. 2100 gives us the tools necessary to begin working our way out of the dilemma we find ourselves in. It is a more logical basing yields bill, a more effective supply-management program, clear title legislation granting to innocent third-party buyers the necessary protection they need in this world today; a conservation title you have heard so much about, and I join with those who have expressed their support for that.

I hope that each and every one of you will join in opposing every farm income weakening amendment that comes on this floor. The dairy substitute, the sugar substitute, the peanut substitute, all will reduce farm income. We do not have farm income to share.

Mr. Chairman, I urge support for the bill.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from South Dakota [Mr. Daschle], a very important member of our committee.

Mr. DASCHLE. Mr. Chairman, so much has already been said about the bill and about the situation today in agriculture, but it does bear repeating. We are meeting at a time when we are in absolutely the worst condition agriculture has witnesses in the last 50 years and it is in this climate now that we try to put together the fabric of legislation which will allow us to address the problem in an equitable and effective way. It is not easy. From Georgia to California, from North Dakota to Texas, farmers have cried out for the recognition of the problem that they face in agriculture today, and with virtual unanimity they are saying that there really is only one solution, a better price.

So it is our hope that as we address this problem today that the ultimate goal will be a product that will provide farmers with what they have told us is the only panacea, a better price.

Our bill represents very divergent thoughts on how to accomplish a better price. Our bill represents a concensus among a very sensitive balance between those who take one philosophical approach and those who take another; but the fact of the matter is that this is a consensus and at a very minimum it is acceptable to virtually every element within our society today in agriculture who demand a better price.

What I would hope is that we as a committee, that we as a Congress, that we as a government facing a crisis in agriculture, unlike anything we faced before, can speak with the same unified voice in our response to the farmers who have called for us to provide the mechanism for a better price.

Mr. Chairman, we have that opportunity today. We have that opportunity as we deliberate on this bill in the next couple days. I can only hope that we succeed.

Mr. Chairman, the farm bill debate we open today is a debate about survival. The actions we take in this Congress, or those we fail to take, will determine whether independent family agriculture as we have known it since the founding of this Nation will survive.

There are those -- and they are powerful -- who believe family farming should be allowed to slide quietly into oblivion. The words they use are well known. They speak of shakeouts. They talk of market forces and competition and facing the inevitable.

Their terms are carefully calculated to foster the impression that family agriculture is an inefficient, unproductive relic of the past. Sure we feel sorry for the poor farmer, they say, but we have to be realistic. Family agriculture can't make it on the free market. We can ease the pain a little, but propping up the family farm is just an expensive exercise in postponing the inevitable.

That is what they say. It is a seductive argument, one carefully crafted to appeal to a budget-conscious, competition-oriented land. It draws for us a mental picture of Silicon Valley's high tech on the one hand and the American gothic farmer, pitchfork in hand, on the other. Painted that way, the choice is clear. America must go with the future. The family farmer is the past.

That is the picture they paint, Mr. Chairman, but that picture is a lie. It American family agriculture were anunproductive drag on this Nation's economy then those who seek its survival indeed would be the modern luddites their opponents make them out to be.

But American family agriculture is the very opposite of unproductive. Family agriculture is the most productive agriculture in the history of mankind. Whether they are compared to other systems through history, to other nations, or to corporate agriculture in this Nation today, the family producers come out ahead.

The problems of family agriculture have absolutely nothing to do with productivity or efficiency or competitiveness. They have nothing to do with inability to survive on the level playing field of a free market. The problems that will destroy family farming within the next 4 years if not remedied are problems created by Government. They are problems made in Washington and in Tokyo and Brussels. They are problems caused by an unfair tax system that favors the giant producer over the family operator; problems from a Government created high dollar; problems resulting from an American Government that has rolled over to foreign protectionism directed against her farmers and has directed what little help she has offered to the most powerful corporate farm interests, not to the family operators who deserve it.

Farm families know their problems are made in Washington, but they do not come to this city begging for a handout. What farmers seek is a fair price. They want to work. They want to produce. They know they can succeed if only their Government will level the playing field and allow them to earn a decent price.

Price, Mr. Chairman, that is the key. No farmer anywhere can survive on the $2.60 wheat and $2.05 corn the administration offers and pawns off as a free-market price. That is not a free-market price. That is a price created by tax subsidies to giant producers, by foreign nations that pay their farmers to dump crops on the world market at prices far below their actual cost.

Let us be honest here. If we are about to foreclose on the family farmer, let us at least tell the truth about what we are doing. Let us look that farmer in the eye, acknowledge he produces our food as efficiently as anyone has in history, but tell him we lack the courage to close those tax loopholes, the guts to force foreigners to let him compete or the nerve to get that dollar back down. Let's tell him we have decided to take the easy out: We are going to let him go under.

Acceptance of the obscene price formula's and the phony free marketism pressed upon us by John Block's unending veto threats may be the easy out. At least it may look that way. Standing up to a President is never easy. But I can guarantee you that pulling the plug on family agriculture is not going to be easy either.

There is a potential for catastrophe in my State. It is a potential born of absolute desparation and the unimaginable injustice of what is being done to family farmers.

The $2.60 wheat and $2.05 corn will unleash a rolling tidal wave of bankruptcy in my State this winter. I fear for what will happen as those foreclosure notices are served. I fear not justfor the individuals who may be harmed as these tinderbox situations unfold, but for this entire Nation.

What will it mean to America to see the men and women whose lives more than those of any others have formed her bedrock values cast asides? How will despair and disaster in Peoria play in the rest of the Nation?

Mr. Chairman, I do not think it will play well. And it will play particularly badly for those in this body seduced by the siren song of the phony free marketeers. There is a deep reservoir of support for American farm families. Some of that support is emotional. Much, though, is born of an innate understanding that turning agriculture over to the supposed efficiency of General Motors may not be such a great bargain after all -- an understanding that the price and quality of the farmers product might even compare favorably with that of their gigantic brothers.

This House, starting today, will decide.

There is much that is complex in this 1985 farm bill. But there is one thing that is not. It is price. With a price, farmers can survive. With the prices proposed in the amendment, we will buy time to meet the underlying tax and high dollar and trade problems that are the true cause of our current farm crisis. We will buy that time while staying well under our budget targets.

What we are talking about here is only a short-term solution. But unless we tide over the family farmers now -- for the short term -- few, if any, will still be around by the time we muster the courage to deal with the largely fundamental problems.

If we give our farmers a fair price today, 10 years from now we will all agree that it was one of the smartest things we ever did. We will point to it as one of our finest accomplishments, for we will have given America's family farmers the chance they want and deserve. We will given them the chance to feed our families as well as their own.

They are good at that. The best ever. We should give them that chance.

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the ranking Democrat on the Wheat, Soybeans and Feedgrains Subcommittee, the gentleman from Oklahoma [Mr. English].

Mr. ENGLISH. Mr. Chairman, a few weeks ago the subcommittee that I chair over on the Government Operations Committee was looking into some of the problems facing the farm credit system of our Nation, and we had the historian of the Department of Agriculture in to give us a little bit of a background and history as to what that system was all about and how it came about.

But during the course of that discussion, he made what I thought was a rather amazing and, quite frankly, very startling statement that I do not think either he planned, nor certainly was our committee trying to elicit. That is, he said that he was very disturbed by the similarities between what was taking place in 1985 in agriculture and what took place in 1926. He pointed out that in 1926 we saw the most productive region of our Nation's agriculture; namely, in the Midwest, slowly slipping into a depression, a depression that began to spread like an inkspot throughout agriculture, and finally throughout the rest of the Nation, in fact, pointing out that most economists today recognize that it was agriculture that was primarily responsible for the Great Depression of the 1930's, not the stock market crash, as I think the general public perceives.

I think as I look at it that some people, particularly in urban areas, say well, there are not as many farmers today as there were back in 1926, and surely the impact could not be as great. And I made this observation to the historian. He said that is exactly where so many people are wrong, and perhaps that is the reason they are being lulled by the current difficulties facing America in agriculture, because in 1926 agriculture comprised 20 percent of the gross national product of this Nation, and in 1985, agriculture still comprises about 20 percent.

So it is critical that we come up with a farm bill that gives our farmers a chance to survive, and gives the Nation as well a chance to survive.

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Hawaii [Mr. Akaka].

Mr. AKAKA. Mr. Chairman, I rise in support of the H.R. 2100, the Food Security Act of 1985.

At the outset, I want to commend the chairman of the House Agriculture Committee, Mr. de la Garza, and the ranking member, Mr. Madigan, for their efforts in bringing this bill before the House. The current farm crisis has presented the committee with a difficult challenge. The leadership of the committee has done an excellent job in responding to this challenge, and they bring a bill to the House floor which deserves every Member's support.

I also want to commend the chairman of the Subcommittee on Cotton, Rice, and Sugar, Mr. Huckaby, and the ranking member of that subcommittee, Mr. Stangeland, for all they have done in carrying out their responsibilities. In particular, I want to thank them for their efforts on the sugar title of the bill.

The bill freezes the Sugar Program at the current loan rate of 18 cents per pound. While a freeze at 18 cents will no doubt cause considerable hardship for sugar farmers in my area, I recognize that the Sugar Program in this bill is the best we can expect under the circumstances.

I am concerned about the amount of misinformation being circulated about sugar. It seems that the level of misinformation on the Sugar Program and its effect on consumer prices always escalates just before consideration of the farm bill. I sincerely hope that my colleagues in the House take the time to learn the facts before they consider voting for any amendment to cut the Sugar Program.

Sugar has a long and prominent history in Hawaii. We are proud of our sugar heritage. In 1985, Hawaiian sugar achieved a milestone. This year marks the 150th anniversary of cultivating sugarcane in Hawaii.

Favorite weather, rich soil, abundant rainfall, and a continuous growing season make Hawaii one of the most efficient sugar producers in the world. In Hawaii, we produce 1 million tons of sugar annually; nearly 1 out of every 5 pounds of sugar produced in the United States comes from Hawaii's canefields.

Despite the advantages nature has given us, the future for our sugarcane industry is bleak. As the sugarcane farmers I represent recognize, unless the current Sugar Program is renewed the United States will be overrun by a tide of cheap, subsidized, sugar imports. Without the current Sugar Program and the economic base it provides our State, the way of life we have known in rural Hawaii for a century and a half will rapidly disappear.

The fears expressed by my people in Hawaii are probably no different from those being voiced by many of your constituents. The Midwest is concerned about Japanese auto imports and its declining industrial base. The Southeast wants protection for its textile industry. The Pacific Northwest is concerned about the health of its timber industry. In New England, the issue is how to halt the flow of shoe imports. In Hawaii and in the 15 other States where beet or cane sugar is grown, there are similar concerns about import competition.

Those of us who have fought for a strong domestic sugar policy know of the hardship that U.S. sugar farmers have experienced. Over the past 10 years, 24 sugar refineries and processing plants have closed their doors. During the same period in Hawaii, 30 percent of our cane acreage has been idle and 4 of our 17 plantations have gone out of business. Unless our domestic Sugar Program is renewed, the situation will get much worse.

Unless Congress acts, U.S. sugar farmers will certainly face a bitter future. When the 1985 farm bill is considered on the House floor, I urge you to support an extension of the current Sugar Program.

Mr. ROBERTS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Minnesota [Mr. Stangeland] the ranking member of the Cotton, Rice, and Sugar Subcommittee.

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

Mr. STANGELAND. Mr. Chairman, there are numerous provisions in H.R. 2100 which are worthy of support and offer some hope to American agriculture. In particular, the long-term acreage conservation reserve, "sodbuster" language to discourage expansion of highly erodible cropland, the Dairy Program's "whole herd buyout" plan, and the Sugar Price Support Program, are just a few of the features which could provide some help for my farmers in northwestern Minnesota.

Unfortunately, one of the reasons it took the House Agriculture Committee 6 months to complete its deliberations on this farm bill is because from the beginning the philosophical debate on this most important agricultural legislation has been extremely polarized.

The Reagan administration first initiated a 1985 farm bill proposal that would have been disastrous for my Minnesota producers and all of American agriculture. Under the banner of market orientation, the administration's plan called for pain, not profit, for our farmers.

On the other hand, those who advocate mandatory controls wishfully think the answer to all of agriculture's problems will be achieved by merely cutting back our production. What do they think we have been doing? While we have implemented supply management programs in 5 of the last 6 years, our export competitors have expanded both acreage and production. At the same time, our share of the world export market in wheat has dropped from almost one-half to about one-third, while our export competitors have gained by the same amount.

Both of these narrow, shortsighted approaches would put American agriculture on a sure fire course for self-destruction. Sometime down the road the Reagan administration's proposal would certainly make our exports price competitive -- but it would be a joyless victory after counting the number of farmers who would be sacrificed in the process.There is also no question that strict mandatory production controls would ultimately raise farm prices. But would it be worth laying idle 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?

The administration's approach isn't truly "market-oriented" because it doesn't call for our Government to fight as hard for American farmers in the world market as other governments fight for their farmers. Yet those who only advocate strict mandatory production controls want to give up without even trying to fight back.

Farmers aren't quitters. Most have had to fight for everything they've got. They just want to see our Government start implementing policies that work for them instead of against them.

That is what I believe this farm bill should be about. And it is why I am still fighting for two new innovative concepts that many of my committee colleagues have joined me in supporting -- the "marketing loan" and the "targeting" of Government payments to family-sized farms.

The marketing loan allows us to immediately become price competitive in the export market while protecting farmers' income. Farmers would receive Federal price support loans on all of their production, but would only have to repay their loans at the lower of: First, the original loan rate; or second, the State average price at the time they redeemed their loan. Although many are advocating programs to bolster farm exports by subsidizing the exporter or the foreign buyer, the marketing loan is the one program which makes our exports price competitive by putting the "subsidy" where it is needed most -- in the farmers' pockets, not those of the exporter or foreign buyer.

In addition, I will be joining my coauthors on the committee in reoffering our amendment to direct maximum farm program benefits to the middle 85-90 percent of all U.S. grain farmers having wheat bases from 15-500 acres and corn bases from 15-350 acres.

Since the enactment of the 1981 farm bill, countless studies have shown that it is not the extremely small "hobby" farmers primarily dependent upon income earned off the farm, nor is it the large-scale "superfarms", which are most in need of farm program benefits.

I personally feel that in this time of limited fiscal resources, the time has come when we need to direct scarce Federal dollars to those middle 85-90 percent, comprising our medium-sized commerical producers, who will otherwise be driven from the land their families have in many cases tilled for generations.

The committee-approved bill now before us meets the true test of any legislative compromise -- nobody likes all of it. Like any painstakingly crafted committee bill, the final result appears less a clear blueprint for the future than it does a mixed bag of confusing and sometimes contradictory approaches. The best that could be said for it is that it contains the most of what is least objectionable to the greatest number of people. But I still think we can do better.

More than anyone, I am well aware of the uphill battle we face in proposing bold departures from depression-era farm programs.

But I remain convinced that new, innovative approaches are absolutely necessary to meet the needs of modern American agriculture in the 1980's and beyond and to offer farmers some hope.

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. Brown], the former chairman of the Department Operations, Research and Foreign Agriculture Subcommittee.

(Mr. BROWN of California asked and was given permission to revise and extend his remarks.)

Mr. BROWN of California. Mr. Chairman, I want to compliment Mr. de la Garza and Mr. Madigan for the work that they have done in bringing the 1985 farm bill to the House floor. This has been a long and difficult process which started shortly after we finished work on the 1981 farm bill. Through many months of hearings and markups, we have heard a variety of viewpoints in an open and fair process. We are all indebted to the dedication and patience of Mr. de la Garza and Mr. Madigan in presiding over that process.

American agriculture is in the midst of turmoil and transition, facing disasterous debt levels and excessive production, at a time when budget constraints have limited our options. The challenge before us is to stabilize our agriculture sector and fashion a new direction in Federal policy which will carry us through the rest of the century. We take the first steps today.

There will be a number of amendments offered to this bill in an attempt to perfect it, at least in the eyes of those offering the amendments. I will support some of these, particularly the Olin-Michael dairy substitute and the Lundine amendment on peanuts, having reached a different conclusion on those provisions than the Agriculture Committee did. I will have more to say on this in just a moment.

Tucked away in this bill, beyond much of the controversy which may surround other provisions, are changes proposed to our agricultural research extension and teaching programs. In the long run, these programs will do more to shape the direction of tomorrow's agricultural policy than any of the intermediate steps we may take elsewhere in the bill.

Our dairy surplus, for example, comes from dairy productivity advances resulting from years of research and extension work. Yet we have not made similar advances in our dairy policy work, and now have a modern dairy sector tied to an outdated dairy policy. And we are on the threshold of explosive new technological applications which will make past dairy productivity gains look insignificant.

In other areas of agricultural production, we will see similar changes. Plant agriculture will see new biotechnological applications which, by the end of the century, will cause a revolution in farming. Research to reduce farm input costs will offer new hope to farmers continually squeezed between cost of production and market prices.

If you examine the research extension and teaching proposals in title XIV, you will see a new challenge being issued. Questions about the adequacy of our technology transfer process, from the research labs to the farm, are raised. A recent reportby the Congressional Office of Technology Assessment [OTA] raises the issue of the effect of farm technology on farm structure and prompted many of the title XIV amendments. Questions about environmental concerns are expressed in the title as well.

What is not there, and probably needs to be, is a mechanism for taking these new challenges and new technologies and factoring them into our farm policy debates. The OTA tries to do this but cannot manage the entire task. I hope that in future years we can do a better job of combining research, sociological, economic, and policy concerns in order to avoid the surpluses which confront us in our current farm crisis.

As I mentioned earlier, the dairy title of this bill causes me concern and I would like to turn to that issue now.

Many Members joined me in November 1983 in setting the stage for this year's debate on dairy legislation. The occasion 2 years ago was a floor debate on the Conable amendment to H.R. 4196, the Dairy Production Stabilization Act of 1983. Until the dairy program is substantially reformed, this body will be compelled to confront again and again precisely the same issues and political dilemmas. I am afraid we must admit that many years have passed since we honestly confronted the failings of our dairy program -- and other aspects of farm policy; 4 steady years of bad economic news about the profitability of agriculture, and the prospects for even worse developments in the next few years, are ample testament to the failings of the last farm bill. The bill failed because it did not provide proper tools to adopt to changing economic conditions.

We are flirting with the same fundamental mistake with the 1985 farm bill. If we once again dodge the bullet in this farm bill cycle and perpetuate past mistakes, the agricultural community, and society at large, will pay increasingly high costs for our collective inability to restructure farm programs and policies. Undoubtedly over $100 billion is at stake in this year's farm bill debate.

I argued strongly against H.R. 4196, the 1983 dairy bill that authorized the milk diversion program. I supported a substitute bill offered as an amendment during floor debate by our former colleague, the Honorable Barber Conable. The Conable amendment was simple, and authorized the secretary to reduce the price support level for milk in stages until milk production and demand came back into balance. I'll present today facts which clearly demonstrate that the Conable amendment would have worked far better than the so-called compromise plan in H.R. 4196 that was eventually enacted.

Now, another set of key votes on major dairy legislation is about to occur. The issues haven't changed, that same sense of political drama is in the air, and the stakes are again very high. Once again the always clever and imaginative dairy lobby proposes to keep milk prices artificially high through a complex program that consumers will be forced to pay for. The transfer of wealth triggered by the dairy title alone is likely to exceed $10 billion over the next 4 years. This time around though, we have the opportunity to make much more informed decisions because of the lessons of the past 2 years. It would be tragic for American agriculture, and society in general if we unquestionably accept again arguments advanced in 1983 that can so clearly now be shown to be either spurious or just plain wrong. I also intend to as bluntly as possible expose the injustice of the dairy lobby's unity plan. It won't take much effort this year -- the facts speak loud and clear.

As I did in 1983, I urge my colleagues to critically evaluate the choices before us in the context of the severe crisis in agriculture, and in agricultural policymaking. The committee proposal coming to the floor -- the so-called unity bill -- is fatally flawed. It is bad policy and it won't work for the same reasons the 1983 legislation failed to deliver as promised. In fairness to Members who supported the compromise plan in 1983, no one fully anticipated the weaknesses in the compromise plan, nor the depressed feed grain prices that further encouraged dairymen to keep production at high levels. In all honesty though, I find it rather remarkable that the committee is again offering before the House a plan which suffers from the same fundamental weaknesses as the 1983 legislation. Let's not repeat the mistakes of 1983 -- join me in supporting passage of the Olin-Michel substitute bill calling for a predictable, gradual reduction in price support levels.

I. CRITICAL ISSUES

During the last two farm bill cycles in 1977 and 1981, dairy policy debates have set the tone, and helped define the approaches incorporated in other major commodity titles. Political struggles in 1981 and 1983 over the direction of the dairy program accelerated the formation of new coalitions and alliances. These coalitions, in turn, have become strong new voices, exerting new pressures in the formation of farm policy. Just like the farm economy, the policy process is becoming increasingly complex, unpredictable, and unstable. Rejection of the unity plan in the bill before the House will mark the end of a 50-year era of farm programs and politics. By passing the Olin-Michel amendment, this body will do more than finally address the basic problem in the dairy program. Our action will signify acceptance of a new set of policy principles governing farm program design. These new principles are defensible on both economic and policy grounds. They should and can now be applied equitably across all farm program commodities, and are responsive in a more equitable way to the legitimate interest of consumers, taxpayers, and all agricultural and food industries.

The unity plan before the House would take the dairy industry another large step toward a complex supply control program that is necessitated for the simple reason that the Government-set price support level is too high relative to the costs of producing milk. The unity plan proposes to address the symptom -- too much production -- with very costly, cumbersome, and ultimately ineffective medicine. Instead, our efforts should be directed to the cause of the problem -- artificially high support prices.

For decades, the agriculture committees have sold Congress and the public on progressively more complex, and costly farm programs that subsidize agriculture by keeping prices artificially high, while attempting to restrict production through some sort of diversion or land retirement program. In 1984 and early 1985, we even tried paying farmers not to produce milk. The approach worked a little bit for a short while, but at great cost to the industry and consumer. Now, the committee bill proposes to continue on this path by extending and expanding the diversion program, and -- believe it or not -- increasing the price support level for milk. This approach will not work.

The basic fact and principle we should finally incorporate in our farm programs is that farmers are intelligent and rational business men and women. They know that the relative price levels of farm inputs and outputs dictate production levels. Accordingly, this body should adopt in all the titles of the farm bill simple, predictable formulas to adjust price support levels according to changing market conditions, along with language mandating that the formulas be incorporated over a reasonable time period to avoid any drastic changes in support prices.

I have firmly supported for over 20 years the basic stated purposes of our traditional farm programs -- assuring a stable, safe, and affordable food supply to American consumers and a fair income to all those engaged in agriculture. I believe a fundamental policy change is needed not because I now reject the very reasonable goals that farm programs have tried to achieve, but because the programs simply don't work, and hold no realistic prospect of working in the future. Times have changed, and so must farmers -- and farm programs -- if they are to survive in this increasingly competitive environment governing agriculture in this country and in global markets. In the past we have been quick to obscure the need for change by tinkering with payment rates and swallowing large, additional increments of spending. I feel strongly that Congress should stop misleading producers by acquiescing to pressures that produce policies we know are flawed. It is time Congress began helping the dairy sector work through a difficult period of economic adjustment that is now unavoidable, in part, because of our dairy policy mistakes in past years, and in part, because of increasingly rapid technological changes in the industry.

A second basic principle that Congress should now firmly endorse by passing the Olin-Michel substitute is that consumers deserve a greater share of the benefits brought about by the remarkable efficiency gains made throughout agriculture. The unity plan would keep the price of milk products artificially high, assuring that producers capture most of the economic benefits associated with rising productivity. I think producers should get a major share of the gains, but not them all. With bovine growth hormone and a host of other remarkable new technologies in the pipeline, virtually all experts are certain that dairy productivity will continue to rise steadily for years.Productivity gains can and should translate into lower per unit costs of production, some of which can and should be passed on to consumers in the form of lower prices. For a long list of reasons, this won't happen if we pass the unity plan.

As I did in 1983, I have consulted widely with experts in the field, and studied all the projections available comparing the impacts of the unity plan, Olin-Michel, and other alternative approaches. I know as well as any Member the shortcomings of the various models used, and the many future uncertainties that could alter the projections. Still, this body must face honestly the magnitude of the stake consumers have in this debate. Over the 5-year life of the program -- 1986 to 1990 -- the most plausible estimate that can be made is that the unity bill will increase the income of dairy farmers between $6 and $10 billion, largely at the expense of consumers -- and taxpayers -- who will pay $6 to $10 billion more than they would have to under the Olin-Michel substitute for dairy products and the industry's price support program. All projections confirm that such a tradeoff will occur, and most fall within the $6 to $10 billion range I've cited. Based on the events of the last few years, I personally feel a strong case can be made that even the $10 billion figure underestimates the true and full range of excessive costs that consumers will have to pay if we pass the unity plan.

This extra dairy farm income each year would constitute a healthy 8.6 to 14.4 annual increase in farm cash receipts over 1985 earnings. Calculation based on USDA projected cash receipts in 1985 of $17.4 billion, and between $1.5 and $2.5 billion annual increase in income over this level. From the consumer's perspective, the unity plan would raise the total cost of dairy products from 4.3 to 7.2 percent, while also reducing the volume of consumption between 7 and 10 percent. Put in the simplest possible terms, the unity plan is designed to sustain each year a $2 to $3 billion transfer from consumers and taxpayers to producers by artificially inflating the overall cost to society of dairy products. Even if it worked as intended, the unity plan would be a very poor deal for most Americans, and a deal much of the dairy industry wants no part of.

There is a third basic issue we now have a chance to squarely face, for the first time in decades, in passing the Olin-Michel substitute. New technologies that have the potential to increase productivity have traditionally been funneled by our farm programs in a single direction -- increased per-acre yields or more production per animal. Indeed, most farmers and agricultural leaders don't even understand that productivity can rise while production falls. Most valuable, new technologies can achieve two results equally well: they can raise yields more on a percentage basis than they raise costs; or they can be employed to reduce per-unit costs more on a percentage basis than yields. Today it is abundantly clear to everyone that Federal farm policy should, as a matter of utmost priority, encourage technologies that make us more competitive by lowering production costs. Fortunately, this goal also happens to make a lot of sense in helping resolve surplus production problems. Technologies with the capability to raise productivity both through raising yields and/or lowering costs, or both have been steadily incorporated in U.S. agriculture, to the benefit of both producers and consumers. Yet public policies have almost exclusively encouraged, through tangible economic benefits incorporated in our farm programs, use of these new technologies to raise yields and production with little or no regard to cost of production consequences. We now awaken to find that Argentine wheat can be sold in the Midwest at a price below the support rate. Oats from Sweden in parts of South Dakota for less than the going market price in the Nation's leading oat-producing State? Is this possible? Farm programs have evolved from a big part of the solution to farm income problems in the 1950's to a big part of the problem in 1985.

I am able to report with some confidence -- and trepidation -- that no sector of agriculture will benefit sooner, or more dramatically than the dairy industry from introduction of new biotechnologies. Pass the unity plan and those technologies will be exploited with a vengeance, and great success, largely to increase production and raise Government program costs. Cost per unit of production will not appreciably drop, and consumers will share almost no benefits from the efficiency gains made possible by use of the technologies. That is the way the programs have always worked, and is actually the way they are designed to work.

These new technologies offer a great opportunity to the dairy industry to cut costs. Efficient operators should be able to make a good return on investment even after the price support level is cut to longrun market clearing levels, somewhere between $10 and $11 per hundredweight with the currently low level of feed grain prices. If producers face a future of $10 milk, with predictable further adjustments in the price level in response to changing market conditions, the new technologies will be employed in a very different way, with different results.

It is vital, I believe, to make an historic shift now toward farm programs that encourage productivity gains of all sorts -- consistent with the needs of the market. When supplies are short and prices rising, lets go for productivity gains through yield increases. But when we are in an era of chronic surplus capacity, let's provide equally compelling inducements to use new technologies to lower costs, thereby helping produce our way out of the economic doldrums.

The economic consequences of the adoption of bovine growth hormone, and other major new dairy technologies, will be determined by a host of public and private policies. Passage of the Olin-Michel substitute will not, by itself, guarantee that these technologies are adopted in ways that reduce costs, and lower surpluses. But such an outcome is, without doubt, far less likely to occur if the unity plan, and the principles it represents are adopted by Congress as the foundation for future dairy policy.

The Olin-Michel substitute is superior to the unity plan because it is responsive, and realistic in light of the three key issues I've stressed. A simple dairy program with support prices adjusted in a predictable way toward market clearing levels will be reliable, and affordable. It will work as intended, providing producers, consumers, and agribusinesses clear signals regarding economic prospects. It is the most equitable approach, and will encourage cost-savings from the adoption of new technologies. This body, however, will hear many arguments to the contrary, the majority of them based on faulty data and/or analysis. Also regardless of the merits of the case, any major change in dairy policy is bound to be opposed vigorously by some because of political reasons. As a body we have been remarkablystubborn in giving up the notion that we can effectively micromanage the dairy industry.

II. SUBSTANTIVE CHALLENGES IN CHOOSING AMONG ALTERNATE APPROACHES TO DAIRY POLICY

The 1983 debate on the relative merits of the Conable amendment versus the compromise plan unfolded with a confusing flurry of numbers, conflicting projections, novel and self serving interpretations of history, and a diversity of dire predictions regarding the consequences of one course of action or another.

This year Congress will be subjected to a similarly confusing combination of conjecture and facts. I am distressed that we begin the 1985 debate ready to repeat the embarrassing episode in 1983 during which the great depth of farm policy expertise represented by the membership of the Agriculture Committee could not produce a coherent explanation to our colleagues of the relative costs and benefits of the major program choices that came up for votes. We were badly divided, and resorted to an unnecessary numbers game that left most Members confused, and some disgusted. This should not have happened because the basic consequences of the compromise plan, in contrast to the Conable proposal to cut price supports, were clear, predictable, and inevitable. Experts can and always will argue about the timing and magnitude of impacts, but there was no reason or excuse in 1983, nor is there in 1985 to obscure the basic direction and approximate magnitude of the consequences of our votes. Yet that is what happened, and may be happening again.

I implore Members to question the validity and assumptions behind all projections, including the ones I report, because none are infallible, and all have certain weaknesses and/or built-in biases. Yet, even a cursory review of the projections made by several groups yields a very consistent picture of the implications of the two basic approaches the Congress must choose between.

I am also concerned that bogus historical analyses will once again be repeatedly cited to confuse Members. You will hear that cuts in the price support level do not translate directly into reduction in the retail price paid by consumers for dairy products. Five historical instances of this will be mentioned. A close reading of the debate in 1983 will reveal that nobody seriously contended that a dollar drop in the support price would drop retail prices a dollar. There is slippage. But the historical evidence and virtually all reputable economists who have studied the issue agree that a 10-percent drop in the support price produces over a few years between a 3-percent and a 4-percent drop in consumer prices, below the level that would otherwise have prevailed. There is simply no reason to become confused or diverted by arguments over this relationship because the facts are clear. Moreover, I believe that the difference between a 3- or 4-percent response does not appreciably alter the fact that the consumers will be milked under the unity plan. There clearly has been a drop in retail prices of at least this magnitude from the reductions in the price support level beginning in 1983. Members that argue otherwise do not understand the facts, or choose to mislead less-well-informed Members.

There is another argument that will be advanced in emotional terms again this year. Some Members will claim that cutting the price support level will drive off the farm tens of thousands of dedicated families that simply won't be able to make ends meet following a price cut.

I have defended the family farm since entering this body, and will continue to do so. I have consistently opposed policies that favor large farms, or make it more difficult for small farms to survive. I also am encouraged whenever any of my colleagues speak to this concern of mine. But don't let very real sympathy for farmers in financial stress blur the issues at hand. Since 1970, some 25,000 or more dairy farms have gone out of business annually. Others have gone into business. The unity plan, or the Olin-Michel substitute may or may not keep certain farmers in business that otherwise would have to cease production. The basic facts to remember are: there is historically a relatively high degree of mobility mostly out, but in some cases into dairying; the need to reduce dairy production will necessitate some reduction in farm numbers, regardless of the bill we pass; there is no valid data to document the impact since 1983 of the compromise plan on the number of dairy farms; as I argued in 1983, for most farms, the critical determinant of whether a given farm will survive is whether it is efficient or inefficient in terms of total production costs -- including debt service, not whether it is large versus small.

The impact of dairy program changes on the financial viability of highly leveraged and/or inefficient dairy farms is indeed a distressing topic. But those farms facing serious economic problems will not be saved by any feasible program alternative; and those farms in good financial shape will find a way to remain profitable regardless of what actions Congress takes. This point is forcibly driven home by the extremely broad distribution of milk production costs found in a recent farm credit system study: the most efficient group of producers had total production costs averaging $11.78 per hundred, while the least efficient group had costs over $20 per hundred weight, reflecting in most cases considerably higher debt loads and interest costs per producing cow. We simply cannot afford, nor justify the immense infusion of funds that would be needed to bail out all dairy farms with production costs considerably above current support and market prices. I do think it both proper and advisable that efforts be made through other programs and policies to help ease the human suffering associated with these economic adjustments. Again, let me stress that other initiatives to help those farmers leaving dairy production will be of great value regardless of the provisions of the dairy program eventually passed by Congress.

A last challenge before this body is to remain focused on real issues and real consequences rather than the political taunts and ultimatums that find such fertile ground around dairy legislation. My colleagues on the agriculture committee bear a special burden to objectively and honesty lay out for the House the pros and cons of the choices before us. I hope we do not revert as we did in 1983 to bogus arguments over numbers, models, and assumptions. We owe the House a straightforward explanation of the probable consequences of the Unity Plan in contrast to the Olin-Michel substitute. Unless we totally confuse and frustrate everyone again, I am convinced that this body will have a relatively easy time identifying the superior course of action.

III. IMPACTS OF THE 1983 DAIRY BILL AND THE COMPROMISE PLAN

The failures of the 1983 bill constitute one of the strongest arguments for adoption of the Olin-Michel substitute. The very nature of the committee bill before us and the many reasons another major rescue effort is needed is ample evidence that the 1983 bill was a failure.

Supporters of the compromise plan in 1983 told this body that this emergency plan would only need to be temporary; that it would "virtually eliminate [USDA's] stockpile of dairy products by the end of 1985." We were told the plan "leaves nothing to chance," that "a number of safeguards (were included) to assure that the diversion program results in a real reduction in milk production"; and that the Secretary's authority to cut the support price another 50 cents after the diversion program would deter production increases at the end of the diversion program.

Milk production in May 1985 increased at the sharpest rate in three decades, and June's monthly production jump was the largest in four decades. Net removals by the CCC in 1985 are expected now to reach 11.4 billion pounds by the end of this fiscal year. The GAO documented that only about one-half of the milk production decrease contracted and paid for in the 1984 diversion program actually was attributable to the program. In other words, many producers were paid for herd reductions that had already occurred for other reasons.

The 5 to 30 percent milk diversion program is an inherently flawed policy tool. Milk production capacity is too slippery to effectively keep track of, and cope with through such a program. The problems that plagued the diversion program in 1984 will arise again if the Unity Plan is adopted, and as long as such a scheme is attempted.

Several analyses of the reasoning behind producers' decisions to join the program have been completed. In general, producers who were cutting back anyway found participation attractive. Others who felt they could temporarily profit by cutting production joined, with the expectation of increasing production to preprogram levels once the diversion payments ceased. Much of this milk is now coming back on-stream.

Supporters of the compromise plan argued it would save money. Because of the relatively low participation rates, and the trend toward lower feed costs, production did not drop nearly as much as predicted, and has already expanded to levels well above monthly rates at the time the 1984 diversion program was initiated. In light of these facts, further price support cuts remain the only viable option for returning the dairy industry to a sound economic footing since the Secretary has already exercised his authority to reduce the price support rate another 50 cents.

In the 1983 debate, I argued that the temporary authority for price support cuts in the compromise plan would emerge as a fundamental flaw. It has. The most cogent statement supporting this view was made by a compromise plan proponent in the 1983 debate in reference to the temporary nature of the very unpopular assessment authority given to the Secretary in the Agriculture Budget Reconciliation Act of 1983: "And the (temporary assessment/price cut) signal (given to producers) is a very counterproductive one which reinforces the view that Congress is not yet really serious about using reduction in supportprice levels as a primary tool for bringing supply and demand back into balance." Of course, the legislative success of the Unity Plan in reaching the House floor further reinforces those in the dairy industry that expect support prices to remain artificially high. Further details on the projected and actual effects of the 1983 compromise plan appear in table 1.

TABLE 1. ESTIMATED AND ACTUAL IMPACTS OF 1983 DAIRY LEGISLATION

NOTE: This table is divided, and additional information on a particular entry may appear on more than one screen.

	1983	1984
Production:		
CBO estimate	137.6	130.0
Cornell* estimate	139.1	133.0
Actual	139.6	135.4
Consumption:		
CBO estimate	122.5	124.8
Cornell estimate	123.6	128.8
Actual	121.3	122.5
Government outlays:		
CBO estimate	2.37	1.03
Cornell estimate	1.65	2.06
Actual	2.6	2.0

	1985
Production:	
CBO estimate	133.3
Cornell* estimate	137.8
Actual	138.0
Consumption:	
CBO estimate	126.8
Cornell estimate	132.1
Actual	127.4
Government outlays:	
CBO estimate	1.3
Cornell estimate	1.6
Actual	1.9

*Cornell projections provided by Dr. Andrew Hovakovic in November 4, 1983 letter to Congressman Brown, printed on pages 9528-9530 of the November 9, 1983, Congressional Record.

I do not wish to unduely belabor the shortcomings of the 1983 bill, and have dwelled on these points primarily to highlight the many reasons we should reject the Unity Plan. I will not address other important problems like the unequal distribution of payments in the diversion program, a weakness in the plan insightfully identified and addressed by the minority leader Mr. Michel in his floor comments in 1983. The assessment that will be used to finance the new diversion program also represents an inequitable transfer of wealth within the industry. The level of the assessment needed to make the program self-supporting is also a matter of dispute, although I am told it surely will not fall below 4 cents, and could very likely reach 7 cents. While the Department of Agriculture's estimate of $1.05 to $1.25 is probably high, the ocmmittee's contention that the assessment would never exceed 56 cents is most certainly low.

IV. OLIN-MICHEL AND THE FUTURE OF THE DAIRY INDUSTRY

The dairy industry is a critical sector of agriculture, accounting for nearly 13 percent of all cash receipts earned by farmers. Products from this industry are vital to sound nutrition and the health of our population. There are 300,000 dairy farms around the country, each making important contributions to local economies and the Nation's prosperity.

Passage of the unity plan is not in the best interests of the dairy sector, and clearly is not good for consumers and/or taxpayers. The sizeable transfer of wealth from consumers to producers under the Unity Plan is, to many farmers, reprehensible. Many of the farmers that oppose the Unity Plan desperately need the extra income it would provide them in the short run, yet they reject it because they recognize the weaknesses of the Unity Plan. They fear that the Unity Plan will become a wedge in the public's mind, dividing like never before the interests of consumers from those of dairy producers.

Responsible dairy farmers want to retain the trust and confidence of both consumers and taxpayers. They believe they can provide the American public a better deal on dairy products, save the Government some money, and restore economic order and predictability to their industry. They are very anxious to do so now because they suspect that other profound technological changes are just a few years from commercial application that could further exacerbate overproduction and economic tensions if the Unity Plan, or a related approach is still in place.

I commend those in the industry who recognize the need to accept change. The Olin-Michel substitute would produce a dairy program that is predictable. It would clearly be the most orderly in assisting the industry work through painful adjustments. Under any plan, some farms and regions will fare somewhat better than others. No plan can save all dairy farms now in economic trouble, nor preserve dairying in regions where production costs have risen above average levels attainable elsewhere.

Close to the end of the very long, often heated debate on the Conable amendment in 1983, a significant player in the legislation -- Mr. Madigan, the Agriculture Committee's ranking member -- broke a very conspicuous silence. For weeks he had refused to take a position on the amendment although he was very heavily lobbied by both sides. He opened his comments by deliberately stating that his position on the Conable amendment had been undecided. Then he said:

Historically the only thing that has reduced the dairy surplus problem has been a Conable (price-cut) type provision. There is plenty of data to support that assertion.

The Compromise would ultimately get to the Conable-type provision and it appealed to me because it did it gradually and it said 'Let us try these other things first.'

But today we heard from the sponsors of the Compromise that before they would allow us to reach the chronological point in the timetable that the Conable-type provisions would be arrived at in the Compromise, they would intervene with other legislation ... I do not want this assembly to be misled. I want the members to understand that we have a Compromise because an earlier idea failed, that before the good part of this Compromise can be arrived at, we are going to go on ad infinitum until the whole thing finally collapses of its own weight.

Mr. Madigan's assessment is, in my judgment, an accurate one. His words set the context for the choice once again before the House. The time has come now to begin a new approach to farm policy. The financial plight of so many involved in agriculture today distresses us all, and is the most forceful testament possible to our need for a new approach to farm policy. We need new strategies that build on the traditions and lessons of the past, yet are designed to fuel and harness -- not hold back -- the productive potential of U.S. farmers. If we reduce per unit production costs as dramatically in the next 15 years as we have increased per acre production since 1970, U.S. agriculture will regain an ironclad grasp on its position of commercial preeminence around the world. There simply are no scientific or technical reasons why we should be any less successful at cutting production costs in contrast to raising yields. We simply have never really tried, raising yields has always seemed the only logical thingto do. In the 1985 farm bill, we must take an historic step by accepting the need to lower support price levels for all commodities to encourage -- even compel -- producers to utilize technology first and foremost for reducing costs as a matter of economic necessity and survival.

We need to challenge and refocus the entrepreneurial skills and talents of agribusinesses, scientists, and engineers. Lets start by adopting a dairy program that rewards efficiency, that can easily accommodate further innovation, and that equitably shares the benefits of the tremendous productivity gains we are fortunate enough to enjoy.

Let's stop fooling ourselves, and deceiving farmers. This body lacks the ability and time to manage the dairy industry with complex programs, like the Unity Plan, and this body will not continue to appropriate increasingly large sums of money to support a program that so consistently fails, so predictably costs more money than promised, and that imposes such great and unjustified costs on consumers. Join me in what will be a first historic step toward a new foundation for farm policy by passing the Olin-Michel substitute.

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to my colleague from the Judiciary Committee, the gentleman from Michigan [Mr. Conyers].

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

[Mr. CONYERS addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Texas [Mr. Gonzalez].

Mr. GONZALEZ. Mr. Chairman, I thank the gentleman from Kansas for allowing me these 2 minutes.

I rise with a troubled heart because I see the fulfillment of something that since 1965, some of us have been addressing from the financial-structural standpoint. At this point in America we are facing a domestic time bomb that is far more explosive than the so-called Third World debt bomb. We have a home made debt bomb of our own: Every day you read about another farm bank going under.

Now, nothing in this legislation addresses the central issues or does anything to really arrest the further decline of American agriculture. I realize, being chairman of the Subcommittee on Housing, what it is to try to legislate constructively under the situation we confront today.

In the first place, with the entry of Portugal and Spain into the European Common Market, we will see a further preempting of our American grain exports to that area.

As far back as 1962, my first month in this House, in the 87th Congress, I voted against the John Kennedy pet proposal, the so-called General Agreement on Tariffs and Trade because of the fact that it was obvious to me that nobody in America, all during the 8 years of Eisenhower's regime, not one reference was made to the emerging European Common Market that was destined to preempt our agricultural exports.

Our most productive American element, which is agriculture, is knocked out of the world markets because of the imbalance in our currency situation. The American dollar has been very well manipulated to where it is overvalued and we just do not have a chance. Until we address those central issues, we will be flailing our arms.

Mr. ROBERTS. Mr. Chairman, I yield 5 minutes to my distinguished colleague and friend from Nebraska [Mr. Bereuter].

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

Mr. BEREUTER. Mr. Chairman, I thank my colleague for yielding me this time. I am not a member of the Committee on Agriculture, but I do want to in all sincerity compliment and congratulate the chairman of the committee, the ranking member, and all members of the House Agriculture Committee for their their long and very sincere effort to find solutions to our major agricultural problems today.

I think there ought to be different kind of medal, a Congressional Medal of Honor for all of you for what you have been through, and I believe that you probably should be issued steel trousers for those many hours of hearings that the committee has held.

I think it is indeed appropriate that the committee has named this bill, H.R. 2100, the Food Security Act. That gets to the heart of what we are attempting to do by assisting the American agricultrual sector by providing a profitable agricultural base for the country. This has been a difficult task, I know; the committee has tried to build a consensus and it has gone a long way toward doing that. I wish the committee the best as we proceed in debate next week and following, and in the conference with the other body.

I want to say to my urban colleagues a particular thank you because so many of you have been visited by representatives of farm States, by farm organizations such as the farm crisis group that had its genesis in Emerson, NE, in my district.

You, my colleagues, have been extremely courteous and have listened to these representatives of farm families and agribusiness families. To all of my urban colleagues, I very much appreciate the sincerity with which you welcomed and listened to my farm constituents and those from other districts.

A special thanks to the Black Caucus, who have really I think gone out of their way to be hospitable and helpful to farm families from throughout the country.

There are many elements of controversy, of course, in this farm legislation; they have to do with whether or not a particular commodity should be under a farm support program; the levels of support, the referendums that may be offered to provide a choice; but I think we ought to concentrate a little bit on some of the innovative, imaginative, very positive things that are part of this farm legislation.

They certainly, in my judgment, include the conservation reserve. There seems to be unanimous support for that effort; I think it is overdue, but it was recognized early and now you are bringing us legislation which would establish this conservation reserve.

Likewise, the sodbuster provisions of this bill are very important, and I compliment the committee for those two conservation-related aspects of the bill and for the kind of changes that you helped craft; primarily the Committee on Agriculture, although the House Foreign Affairs Committee where I serve also has jurisdiction; I speak of the Public Law 480 Food-for-Peace Program. Those are important steps forward.

The Agriculture Export Commission, where I serve with seven other Members of the House, has found that most of its recommendations are incorporated in your legislation. We think that is appropriate; we congratulate you for the more aggressive stance that you have taken on expansion of exports.

I have met, as a part of a delegation, met twice a year with members of the European Parliament, and they contend that indeed we have as many dollars or units of subsidy to our farmers as they do to theirs; and perhaps that is true, but I have pointed out frequently to them -- perhaps without success at this point -- that most of our subsidy dollars are aimed at reducing production, while theirs are aimed seemingly at increasing production to unprecented levels.

Then they come along and use their export subsidies; the francs, the deutsche mark, to take away markets by export subsidy. So the primary beneficiary of our efforts to reduce production, to reduce surpluses, has been not first and foremost the American farmer or taxpayer; it has been the French farmer or his counterparts in the European Community.

I think you have taken some steps to deal with that problem; much yet remains to be done. I think it is important for all of us, but especially perhaps the urban colleagues, to think a little bit as we proceed with this debate, about the unusual agglomeration of problems that have come together to create disaster which affects whole states and whole regions and whole sectors of our agricultural economy.

Certainly, the genesis can be traced back at least to the creation of OPEC, the shock waves coming out of that, to fiscal policy, to a monetary policy which was primarily a stop policy in 1981 and 1982, which brought down the value of the agricultural land incredibly.

So this is the most important trade bill, and agriculture credit bill, as well as being a farm bill, and I commend my colleagues through the next few days.

Mr. ROBERTS. I yield myself such time as I may consume in the remaining timeframe that I have.

Mr. Chairman, it is not going to be my purpose in speaking in my own behalf to go down the litany of grim facts that do underscore the economic adversity that we are going through in farm country; the hurt, the fear, and the personal grief. That is a given.

Let me say that of the many problems that we face in agriculture, that these problems are not of the farmers' making. We have had a lot of publicity in the news media and a lot of folks in Washington pointing the finger of blame at the farmer; I just do not think that is accurate and I do not think it is right.

At the same time, I think many of these solutions to what ails us in farm country is beyond the scope of the Agriculture Committee. The budget that we passed here just a few weeks ago forced the Agriculture Committee to trim $7.9 billion from baseline and $11.4 billion from the committee bill that we passed. It forced the farmer to take a cut from what we are spending now in regards to agriculture. It did not force the Defense Department to take a cut, and it did not force the people on Social Security to take a cut with their COLA's or the rest of the entitlement programs, but yet it asks the farmer to take a cut despite the adversity that we are facing.

I do not think that is right. I do not think it is fair. I did not vote for the House budget. As a matter of fact, I think that budget is full of smoke andmirrors. I do not think it is going to get the $50 billion that it alleges down from the deficit. And the irony of it is that all of the people in my country, in the big First District of Kansas, want that deficit reduction No. 1 in terms of their issues of concern, and they will even believe more, they will even believe more, Mr. Chairman, in order to get the deficit down, but at the same time we pass a budget that does not do that, does not take that dramatic step, and so I am forced, as a member of the Budget Task Force of the House Agriculture Committee, to try to cut $11.4 billion out of a bill that I really do not prefer. The bill that I preferred was introduced by Mr. Stangeland, Mr. Glickman, and myself, the marketing loan bill. It lost by only two votes in the committee.

So the irony is that while farmers in my country would like to see significant budget reduction, the budget we have does not do that. Yet we have to cut more out of the farm bill.

If these were normal times, Mr. Chairman, this would be a good bill. It is a good bill in many respects. We have a conservation reserve. My colleagues have spoken to that. We have sodbuster legislation. We actually reform the acreage base provisions of this farm bill that will be of help to my long long-suffering summer fallow producers. We did contain positive language on the cargo preference section of the bill, until merchant marine reclaimed that issue and put their bull in our pasture. And I would say to the gentleman from Michigan [Mr. Bonior] who is currently serving as Chairman of the Committee of the Whole House, that, yes, this issue does only involve 2 percent of our export sales, but it will involve a lot more in the rest of the export program that we have, and we are not moving any grain right now into the export market. And if in fact it only involves 2 percent, I think that perhaps the Department of Transportation should pay for that and not agriculture. But it is not my intent to rehash the cargo preference issue at this particular time.

We have instructions to Extension and Research, those fine departments within the USDA, to do some things on the cost of production. We have a cost of production board that is made up of farmers to really try to take a good look at the true costs that we have out in farm country today.

So it was a good bill in normal times, but these are not normal times. We are going through a terrible time in farm country. This past August I toured the 58 counties of the big First District, that is 4,000 miles, 3,700 people turned out. It was a record. I do not care whether it was the courthouse, the church, the coffee shop, the elevator, or whatever, the primary issue is farm income, and, yes, there was another issue, and that is preserve the credit walls or the credit home of the farm credit system, our commercial banks, and our Farmers Home, as well, So I am going to say that the farm credit issue that my colleagues have spoken to deserves at least the same amount of time as the farm bill, and I think that is what we are going to see.

Let me caution, then, my colleagues, that if and when we pass this bill, when it is finally signed by the President, we have not solved this problem. Before this session is over, we will be back with the farm credit issue, and, in my view, an emergency farm bill.

Another issue this bill does not address is what are we going to do with the massive amounts of grain that are going to be forfeited to the Government in the next few months. Uncle Sam is going back into the grain business. We harvested a near record wheat crop this summer, and we are now harvesting a record fall crop of feed grains because the market price is now below the loan rate. Most of it will go under loan to the Government and ultimately may be forfeited to Uncle Sam.

By this time next year, if Congress or the USDA does not take steps to correct this situation, we will be drowning in a sea of surplus grain that we cannot sell. I am predicting, perhaps, not son of PIK, but something like a light commodity payment, so we can get out from under that grain.

I hope we will be able to pass this farm bill, get a bill signed into law as soon as possible. My farmers are already putting some seed into the ground. But let me warn my colleagues that the problem is so enormous and the economic malaise, if you will, is so acute in farm country that we will be faced with an emergency bill. Every farm bill that has been passed here the last four times has been followed by a crisis bill, an emergency bill, to correct some of the problems not addressed by this bill. So once we get this budget business or budget game, if you will, out of the way, I predict we will be back with an emergency farm bill. We are at a very critical crossroads. We can continue to pay lip service to our growing economic crisis in farm country or we can take action now to protect and shore up our farm lending system, to pass this farm bill and to make those very, very difficult choices needed to reduce the deficit, which is the number one issue in farm country.

There is no time left, Mr. Chairman, and no place to hide. We have to act. We have jumped that first hurdle in the House Agriculture Committee, due to the leadership of the gentleman from Texas [Mr. de la Garza], the gentleman from Illinois [Mr. Madigan], and my fine colleagues on the committee. It is time now to do the same thing on the floor of the House.

Mr. Chairman, I reserve the balance of my time.

Mr. GLICKMAN. Mr. Chairman, I yield myself such time as I may consume.

As no doubt the last speaker on the majority side, I do not want to reiterate what everybody has said, but I do want to point out, at least at the beginning, that our committee did make a conscientious and effective effort at complying with the budget that we did pass, as bad as that budget may be, as the gentleman from Kansas [Mr. Roberts] just indicated. We did pull our own teeth and others, as well, to get those numbers down. And for anybody who is watching this debate, I will ask them to focus on page 520, 521, through 525 of this bill, where we do list the meat and potatoes of the budget cuts that we made, and I want to make sure that my colleagues know that at least this body was responsible in trying to get the bill, as difficult and painful as it is right now, within budget.

As both Mr. Roberts and Mr. Gonzalez and others have talked about, there are a lot of problems facing farm country today, many of which have nothing to do with the farm bill itself -- large deficits in the last few years, high value of the dollar, tariff and nontariff trade barriers by other nations, making it impossible for our commodities, not only our manufactured goods but our farm commodities, to be sold into other countries, Government policies which often work against the producer of food and fiber of this country. But, unfortunately, the way this institution works, the way our country works, we do not come down with one big giant bill to take care of it all. We have to take care of the basic farm commodity problems that we have, and that is the function of this bill. It is not a perfect bill, but it is a heck of a lot better than what the President and Secretary Block proposed to us 7, 8, 9 months ago, and, obviously, almost everybody feels that way, because nobody, not even the President and Secretary Block, are sending us down signals that they support that original package. We did our best under very difficult circumstances to come up with a bill that tries to preserve farm income at least at the levels of what we have had it in the past. There are a lot of hot items in this bill, items like peanuts and tobacco and dairy and the Bedell amendments, and I am sure there are other hot items as well, efforts to decrease target prices, and I hope that my colleagues from both rural and urban areas, while they will have to use their own judgment on each one of these amendments, will do their best, as a whole, to preserve the delicate balance that we have tried to create and the complicated bill, with hundreds of different provisions.

I have been in the House almost 10 years, and I have never dealt with a piece of legislation that combines so many different pieces of the pie in one bill as the farm bill does. And people said, "Well, how is the farm bill?" And I tried to explain, "Well, there are a lot of different pieces to the farm bill, from commodity issues, to conservation, to credit, to exports, to almost everything under the sun."

But the fact of the matter is, we put this together, trying to come up with a piece of legislation that will be effective.

I just have a couple more comments before I reserve the balance of my time. I do hope that my colleagues will look favorably upon the Bedell amendment, an amendment which gives farmers the choice of voting on what program they would want next year.

I also hope that my colleagues will give favorable consideration to an amendment that I will be offering with the gentleman from Kansas [Mr. Roberts] and the gentleman from Minnesota [Mr. Stangeland] to tie a marketing loan concept to targeting of deficiency payments, so that we will have really and truthfully an innovative approach to farm problems without increasing the budget.

Targeting is interesting. It basically says that the benefits will go primarily to small and midsized producers, as opposed to producers of all kinds. It is controversial. But it is something that I think should make sense to a lot of people in this Congress who want to see that farm moneys go to people who really need it.

A few years back we had a bill to help save New York City, and at that time, as I approached that bill, I thought to myself, "What does a Member from Kansas have to gain by providing help to New York City?" And notwithstanding the politics of it, I felt at that time that it would not be in the interests of America to see the Nation's largest city suffer financial catastrophe. We helped with that problem. New York City is a much more thriving place today because of it. And I am proud of my vote. Today, rural America is in a crisis, at least as bad if not worse than the crisis that New York City was in. And I hope that all of my colleagues, rural and urban alike, notwithstanding their specific positions on some of these side issues, will see fit to support the basic farm bill as we have brought it from the Agriculture Committee.

Mr. Chairman, I reserve the balance of my time.

Mr. ROBERTS. Mr. Chairman, I have no further requests for time, and, therefore, I yield back the balance of my time.

Mr. GLICKMAN, Mr. Chairman, I yield 2 minutes to the gentleman from Idaho [Mr. Stallings], a new member of the committee.

Mr. STALLINGS. Mr. Chairman, I rise today to speak in favor of H.R. 2100. As a freshman Member, I have been most impressed with the way this committee has operated. I find a real sense of commitment to the wellbeing of the farmers of this country and a sense of the crisis that is about to envelope the entire land if something is not done to reverse this. So, to me, H.R. 2100 is perhaps the most vital bill we will be dealing with this session.

There is no question in my mind that the House farm bill will improve farm income while making our farm products more competitive in world markets. Our particular concern to farmers across this country is the opportunity to get a decent price for their products. America owes them that much and, in my mind, much more.

I would like to take a few minutes to speak to two specific provisions in this Food Security Act.

First, I applaud the language that was originally contained in H.R. 2100 that would remove cargo preference regulations, that specified designated exports be shipped in American vessels from the USDA's commercial export sales programs.

I call on all Members of this body to support cargo preference provisions that will allow our farm export programs to work as intended and still preserve our maritime industry.

Second, I urge my colleagues to support the sugar provisions in H.R. 2100 which direct the Secretary of Agriculture to support domestically produced sugar cane and sugar beets through nonrecourse loans at a rate not less than 18 cents per pound.

This price support system is vital to our domestic producers, numbering more than 13,000 families farmers in 15 States, along with nearly 150,000 workers involved in indirect and related sugar industries, who, it seems, are facing the same problems from foreign competition that most other domestic industries are now fighting.

We have an opportunity in the next few days to do something right for these producers, and that is to continue a program that works, a program, I might add, that does not cost the American taxpayers a single dime.

Do not be fooled by arguments that will be made by opponents who claim that the sugar program costs the American consumer tremendous amounts of money. The truth is that when sugar prices are high, these costs are indeed passed along to the consumers. When sugar prices drop, these cost savings do not seem to get spread along to the American consumer.

One last point: During the period of 4 percent annual inflation, the loan level on domestic sugar was increased only 1.4 percent a year. Surely, this cannot be a great windfall to our family farmers.

Mr. Chairman, I urge the support of the Members for this farm bill which represents hope to the family farmers across this land.

Ms. MIKULSKI. Mr. Chairman, I rise today and commend my colleagues on the House Agriculture Committee for their tireless efforts in working to help America's farmers out of the current crisis many of them face.

As a Representative from the State of Maryland, which claims agriculture as its No. 1 industry, I am deeply concerned about the plight of our farmers. Whether it is a poultry farmer on the Eastern Shore, a dairy farmer from Howard County, or a tobacco grower in southern Maryland, I believe it is essential that we work to insure that farmers receive a fair price for their produce.

In recent months we have heard a great deal about the difficulties which our farmers face: record numbers of foreclosures, high interest rates, low prices, and huge crop surpluses have placed thousands of family farmers in circumstances reminiscent of the 1930's.

It is my hope that with the enactment of new farm legislation we can improve the condition of our farmers and enable them to get through these tough times.

There are two provisions in H.R. 2100, as reported by the House Agriculture Committee, however, which I take strong exception to:

First, is the bill's sugar title. It would maintain the sugar loan rate at 18 cents a pound for the next 4 years, and retain the requirement that the Department of Agriculture maintain the market price for sugar roughly 4 cents higher than the loan rate.

The program was designed in 1981 to protect American sugar growers while the real effect has been to cost 3,000 American jobs in 7 refineries which have been forced to close because the amount of imported sugar processed in the United States has dropped from 5 million tons annually to about 2.5 million tons.

The 1985 farm bill maintains the current 18-cent-a-pound loan rate. If this is not modified, we will see more refineries close, placing another 4,00 jobs at risk. Of greatest concern to me is the chance that 650 Marylanders who work at Amstar's sugar refinery located in my congressional district will be put out of work because of the restrictive sugar policies which this bill would continue.

To prevent these dire economic consequences from occurring, I will be supporting my colleagues Representative Tom Downey AND Bill Gradison IN THEIR EFFORT TO MODIFY, BUT NOT ELIMINATE, OUR SUGAR PROGRAM. THROUGH A COMBINATION OF MODEST LOAN RATE AND MARKET PRICE REDUCTIONS, THIS AMENDMENT WILL PROTECT OUR NATION'S REFINERY WORKERS FROM BEING FORCED ONTO THE UNEMPLOYMENT LINES.

The second provision I oppose in H.R. 2100 as reported from the House Agriculture Committee is that which would exempt Government-sponsored agricultural export programs from our Nation's cargo preference laws.

The press focuses on how many subsidies the U.S. merchant marine receives, and how cargo preference is crippling our ability to export American agricultural products. My colleagues ought to know, however, that at its peak, the U.S. merchant marine received $650 million a year in Government assistance, while agriculture will get as much as $11 to $12 billion this year alone from direct Government subsidies.

I cite these figures not as an indication that we ought to slash our help to farmers, but to suggest that our merchant marine should not, and must not, be made a whipping boy for the plight of American farmers.

Cargo preference laws affected less than 2 percent of the 145 million tons of farm goods exported from the United States last year. Yet this small percentage of cargo accounted for over a third of the revenue which our merchant fleet generated.

Simply put, without cargo preference, we will face the virtual extinction of the U.S. merchant marine, part of our national infrastructure and truly the fifth arm of our national defense.

While American farmers have been suffering, so have American mariners. In the last three decades the number of people working in the maritime industry has dropped from over 70,000 to roughly 18,000. In the last 4 years alone, nearly half of our active merchant fleet has been scrapped because of the worldwide shipping glut.

Shipyards have closed and companies that once proudly boasted of ships in the U.S. fleet have been forced to diversify for lack of cargo, foreign subsidies, and Government unwillingness to provide even the smallest amounts to American mariners.

What has happened to the maritime industry is endemic of what has happened to our entire manufacturing/industrial base, as nearly 2 million jobs have been exported overseas and our trade deficit soars to an all-time high.

Because of this concern over weakening our Nation's cargo preference laws, I supported the leadership of the Merchant Marine and Fisheries Committee, particularly chairman Walter Jones AND VICE CHAIRMAN Mario Biaggi, REMOVING THIS ANTICARGO PREFERENCE PROVISION IN OUR COMMITTEE.

I am pleased that the Rules Committee has acknowledged the principle jurisdiction of the Merchant Marine and Fisheries Committee on this issue and has given us a bill that does not have the anticargo preference language in it.

In the event that someone would attempt to reinstate it, I intend to strongly oppose such an effort. In trying to assist two struggling industries, agriculture and the merchant marine, we should not seek to aid one at the expense of the other.

In conclusion, it is my hope that this House can produce a farm bill that is truly in the best interests of America: Legislation that helps American farmers without sacrificing America's manufacturing and maritime infrastructure.

Mr. KASTENMEIER. Mr. Chairman, colleagues, can there be any doubt in the minds of any member of this body that the farm crisis we have been facing for so many years continues steadily to worsen? That today, as highlighted by the recent declarations by the Farm Credit Administration that (in the absence of an infusion of Federal money) the Farm Credit System will soon go bankrupt, we stand on the brink of a final showdown for anywhere from one-third to one-half of our farmers.

One need only travel the backroads to see evidence that rural America is already suffering from a lack of capital. In small towns, houses and buildings go unpainted. Repairs are not made. Rural highways which used to be maintained in good condition are left for repaving in some future year. There is no money. There is no income. Rural counties are reporting that tax delinquencies are approaching record highs.

For over one year now the debate has raged in Washington and throughout the country as to what our national farm policy -- as established by this bill, the 1985 farm bill -- should be. Having experienced half a decade of declining farm prices, declining farm income, declining farm exports, rising farm foreclosures and bankruptcies, increasing bank failures, and intolerable rises in farmer depression and farm suicides, rural America has looked to this bill.

They have done so not optimistically, but hoping against hope that perhaps now, at last, the situation has gotten bad enough that the Government would turn to farm programs which would actually raise farm income, which would recognize that more credit alone is not an answer.

And what has the response of the Government been? President Reagan has been steadfast in his opposition to programs aimed at improving farm income. He has advocated programs which will clear out our markets by allowing our prices to drop to world market levels. He has rashly warned the Congress that he will veto any legislation aimed at improving farm income by decreasing farm production. He has accepted the inevitability of the disappearance of small, family farmers and has adopted a let them eat cake attitude to those who will be forced into bankruptcy by his cheap food policy.

The President had drawn the battlelines as sharply as they could be drawn by espousing a do-nothing fatalistic approach toward the plight of farmers whose fortunes have been crashed upon the rocks of slow-growth Reaganomics. The question as we consider this bill is what our response will be.

Just this week Earl Butz, the discredited former Secretary of Agriculture appointed by Nixon, was in my district disclaiming the existence of a farm crisis and proclaiming that it was, in fact, nothing more than the creation of a national media on the prowl for a new witch to hunt. Citing the proposition that perhaps some 60 percent of all farmers were doing well, Butz blithely ignored the other 40 percent and suggested things are just fine down on the farm.

We must not adopt this ostrich approach to our agricultural situation. We cannot hide our heads in the sand or the sand will soon be blowing down the streets of rural America.

The Agriculture Committee worked hard for many months to develop a bill which would improve farm income while lowering Government program costs. The bill which they have reported would accomplish that end. It could be better. And I will support amendments to make it better. But I would urge my colleagues not to make it any worse. The President is capable of leading the fight against a good farm bill. We do not need to do his work for him.

The Bedell voluntary certificate program for wheat and feed grains will improve income for wheat and feed-grain farmers. Let us not remove it from the bill. I will support efforts to expand and improve the Bedell approach. If the Alexander amendment is offered, I will vote for it. Not because it is the ideal farm program, but because it would give farmers the opportunity to vote in a referendum and determine whether or not they want to pursue mandatory supply control as a means of revitalizing our farm economy.

The Dairy Unity Act included in this farm bill is not the best we could have done for dairy farmers. I will be supporting efforts to improve it. But it is a better alternative than that being pursued by the administration. It does lower Government costs. It allows farmers to help themselves by supporting the costs of Government purchases and by cutting milk production.

I oppose the dairy provision which increases class I differentials for most of the milk market orders. I will support efforts to remove those increases from the bill because they put Wisconsin dairy farmers at a tremendous disadvantage. They actually would encourage increased production in many parts of the country when the intent of the diversion is to lower dairy production. I may offer my own amendment on the differential increases. But if my efforts fail, I will support the bill as being a better option than nothing -- a better option than the President's approach.

And so, I ask my colleagues to join me. Let's resist the efforts to turn our backs on our farm problems. Let's pass a farm bill that will let American farmers know where their best interests really lie.

Mr. GROTBERG. Mr. Chairman, today, the House begins consideration of H.R. 2100, the 1985 farm bill. This is a very complex and controversial measure, but one which affects all of our citizens, directly or indirectly. For the benefit of our colleagues, I would like to include my news column, written this week, detailing my feelings about the pending bill:

GROTBERG ANALYZES HOUSE VERSION OF NEW FARM BILL

Washington. -- It's taken months of hearings and hours of testimony from frustrated farmers and concerned agri-businessmen, but the House Agriculture Committee finally approved a new omnibus farm bill Sept. 10.

I'd be the first to admit we need to abandon our old Band-Aid approach to correcting the problems our farm communities face by drafting a new farm bill, but the one just approved by the Agriculture Committee has some major problems.

The bill, which could come to the House floor as early as this week, is supposed to preserve a five-year income protection safety net for farmers, as well as provide new trade expansion and conservation programs.

When the committee originally began marking up the bill, it carried a price tag of $42.8 billion over three years. But because of the $34 billion congressional budget limit, committee members were forced to reduce its total cost by $11.8 billion.

The bill provides that for five crop years -- beginning in 1986 -- market prices of major crops including corn and wheat would be made more competitive by authority to link commodity price support loan rates more closely to market conditions, and by several export and expansion programs.

In the final hours before the bill gained approval, an amendment was added giving farmers an opportunity to vote by referenda for higher wheat and feed grain price supports (Bedell amendment). The referendum requires approval of 60 percent of all voting farmers, and at least 50 percent of both wheat and corn growers, before the controls could go into effect.

It's this amendment that causes the problems, as I see it, because farmers who do not participate will not be allowed to sell domestically, and would not receive any subsidies. Participating farmers, on the other hand, would have to adhere to domestic wheat and corn limits, but would also receive subsidies. For those participating, crop loan rates would increase from $3.30 to $4.50 a bushel for wheat, and from $2.25 to $3.25 for corn.

This amendment would take more land out of production and decrease exports, signaling foreign countries to increase their production. And livestock producers would pay more for feed grains.

In talking with some members of my farm advisory group -- the members of which are farmers and businessmen from each county in my district -- they are not happy with the overall effects of the farm bill.

John White Jr., of Elburn, who is president of the Illinois Farm Bureau, said he is "opposed to the referendum" because the production controls could be instituted by only 60 percent of all voting farmers and at least 50 percent of both wheat and corn growers.

Eldon Gould of Maple Park said he wants to see present target prices maintained and the loan prices scaled down. He said he also favors production limits because "we're producing more grain than we're using."

Malcolm Whipple of Utica said his main concern is "getting the federal deficit cut down, at all costs, even if it means the farmers have to take their share of licks."

The vote by the House Agriculture Committee sets the stage for more skirmishing on the House floor, where program supporters and consumer groups intend to take new aim on the bill.

While there is still plenty of time for debate and changes on the House floor, I have real problems with the bill as passed out by the Agriculture Committee.

Mrs. BENTLEY. Mr. Chairman, today we are considering the comprehensive farm bill, H.R. 2100, the Food Security Act of 1985, as reported favorably by both the House Committees on Agriculture and Merchant Marine and Fisheries. The new farm policy, as reported by the House Merchant Marine and Fisheries Committee, is a sound bill benefiting two vital American industries, the agriculture and maritime industries, which can contribute to an improved balance of trade and generate American jobs. As it happens, these two industries, agriculture and maritime, are the very industries that have suffered the most due to the ever increasing U.S. trade deficit.

I believe that a productive, healthy agricultural industry and a strong maritime industry are vital to the economic well being and security of our Nation. I am very supportive of maintaining Federal support programs which benefit the agriculture community. At the same time, I know the importance of the cargo preference laws to further this Nation's policy of having a U.S. built, owned and operated merchant fleet sufficient to meet the Nation's waterborne commerce requirements and capable of serving as a military adjunct in time of conflict.

Cargo preference is essential to the U.S. merchant marine generating a high portion of the total tonnage carried by the U.S. fleet, 37 percent in 1983. It is important to remember that of the 145 million tons of agricultural exports in 1983, less than 2 percent, and I emphasize only 2 percent of the total agricultural commodities exported were covered by the cargo preference requirements. Also, I must point out that cargo preference requirements do not increase the cost of U.S. agricultural export and do not inhibit export trade. Cargo preference does not add 1 cent to the price the farmer receives or the price the overseas customer pays.

Both of these 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. This is exactly what H.R. 2100 accomplishes as reported by the House Merchant Marine and Fisheries Committee, which I proudly serve. Thank you.

Mr. HILLIS. Mr. Chairman, during the August recess, I was driving the back roads of Indiana and marveling at the fields of corn and soybeans which stretched as far as the eye could see. The weather had been too dry most of the summer, yet the technological advancements of modern agriculture were about to give us another bumper crop.

Indeed, everywhere I went I heard the same worry from our farmers: The crop was going to be so good this year, corn prices could drop to just $1.75, bankrupting hundreds.

That's the irony of the crisis on the farm. We're so good at what we do, it seems we can't seem to make a decent living doing it.

While hundreds of thousands starve in Africa, America's farmers -- the most productive in the world -- can't get a decent price for their grain.

It doesn't make much sense until you realize the American farmer has been less a victim of his own expertise and more a casualty of excessive government market manipulation.

Yet, here we are today, once again moving toward more intervention. The 1985 farm bill contains an all too familiar refrain of price supports, acreage reductions and paid diversion programs -- the same stuff which has failed in the past.

I believe it is time to abandon this philosophy and move, instead, toward a free market economy -- one in which the dynamics of supply and demand govern the health of the American agriculture industry.

I'm pleased to report my constituents apparently feel the same way. In my most recent districtwide poll, 78 percent of those responding favored a return to the free market while only 22 percent wanted to retain our system of farm supports.

Since the days of the Great Depression, the Federal Government has tried to influence the farm economy by juggling prices and production.

It is painfully obvious now that these policies accomplish little except to further deepen the budget deficit. With this bill, we have the opportunity to change the framework of U.S. agriculture policy.

It is an opportunity I do not believe we should pass.

This legislation proposes displacing the market-determined price of commodities with a price determined by the Federal Government. The intent is to protect farmers from a sudden price collapse. But the result is often the opposite.

The prices the Government sets generally exceed the market price, providing farmers with an incentive to flood the market with surplus goods. The law of supply and demand -- a law not even the Congress can repeal -- kicks in and the very economic crisis we are trying to avoid, occurs.

Commodity price supports, set at higher than market levels, result in inefficient resource allocation, unwanted surpluses and depressed prices.

Production controls, as proposed by this bill, will directly and immediately hurt large segments of American Agriculture.

In my own district, I am most concerned about suppliers of fertilizer, pesticides and equipment -- all of whom would see their business hurt as demand for their services fell.

Production controls, for the most part, have not succeeded anyway because they encourage farmers to retire their least productive land and farm the remainder intensively. Worse, our overseas grain competitors historically have taken advantage of U.S. acreage reductions by increasing their own production.

Once again, the American farmer is the loser.

Mr. Chairman, I am fully aware that we will not be able to alter our farm policy painlessly.

It will take time for the forces of the free market to stabilize supply and demand and restore profitability to the agriculture industry. For many, the adjustment will not be easy.

I believe Congress has an obligation to cushion this adjustment by using the tax dollars freed through elimination of support programs and applying them for programs which afford temporary relief.

American agriculture is at the crossroads. The crisis on the farm is real.

The immediate problems which are forcing hundreds into bankruptcy and ripping the fabric of rural America must be addressed. But, in doing so, let us neither ignore the long-term problem nor shy away from the long-term solution.

It is time to change our thinking. It is time to recognize that the revitalization of American agriculture lies in the free marketplace -- not in mandatory controls imposed by the Congress.

Mr. LEWIS of Florida. Mr. Chairman, let me begin by commending Mr. de la Garza, THE CHAIRMAN OF THE AGRICULTURE COMMITTEE, AND MR. Madigan, the ranking Republican who have worked many long and oftentimes difficult hours to bring H.R. 2100 to the House floor. That has been a thankless task and their efforts should be duly noted as nothing short of heroic.

Mr. Chairman, I'm sure we can all agree on the fact that this is not a perfect farm bill. Members of the Agriculture Committee, other Members of this body, the administration, farmers, industry officials, economists -- all have different views on how we can improve the American farmer's plight. As a matter of fact, I will work to have some of the provisions in H.R. 2100 changed during the floor debate.

Now, I don't doubt that all our views have merit. In fact, I would be the first to say, "Let's incorporate everyone's ideas," if I thought that would work. The plain and simple truth of the matter is, through little fault of its own, the American farm community is in serious trouble. These troubles can be attributed to many things; ineffective Government programs, high interest rates, a runaway Federal deficit, a dangerously high trade deficit -- and the list goes on and on.

No single piece of legislation can solve all these evils. However, H.R. 2100 is a vehicle, a good vehicle by which we can develop an American farm program.

The farmers of this Nation are waiting for us, their elected officials to provide them with a window clear enough to give our farmers a vision of what the future holds for them.

We have a challenge ahead of us. I hope the Members of this body will meet it head on.

We owe that to those who make up the roots and the fiber of our Nation, the American farmer.

Mr. GLICKMAN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

131 Cong Rec H 7663 Friday, September 20, 1985

The CHAIRMAN. All time has expired on the agriculture portion of the general debate.

The Chair will note that the members of the Committee on Merchant Marine and Fisheries designated to control the time for the general debate are not present on the floor and have advised the Chair that they do not wish to reserve such time; therefore, the Chair will consider such time for general debate to have been yielded back.

Mr. GLICKMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. Stallings] having assumed the chair, Mr. Bonior of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration 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, had come to no resolution thereon.

SUBJECT: AGRICULTURAL MARKETING (90%); FARMERS & RANCHERS (79%); AGRICULTURE (79%); AGRICULTURE DEPARTMENTS (79%); FOOD PRICES (59%); FUNDRAISING (59%); RURAL COMMUNITIES (59%); LIVESTOCK FEED (59%); AGRICULTURAL INCOME (59%); DAIRY INDUSTRY (59%); AGRICULTURAL PRICES (59%); FOOD SAFETY REGULATION (59%); GRAIN FARMING (59%); ENDOWMENTS (59%); CAMPAIGN FINANCE (59%); AGRICULTURAL LENDING (59%); DAIRY FARMING (59%); ANNUAL REPORTS (59%); FAMILY FARMS (59%); FOOD SCIENCE & TECHNOLOGY (59%); FOOD CHARITIES (59%); REFERENDUMS (59%); MATCHING GIFTS (59%); PESTICIDES (59%);