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SPEAKER: Mr. de la GARZA; Mr. DOWNEY of New York; Mr. MADIGAN

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

Mr. DOWNEY of New York. However the gentleman would like to do it. That would be one way; another way would be for you to share the time among yourselves.

Mr. de la GARZA. Will the gentleman yield to me?

Mr. MADIGAN. I would be happy to yield.

Mr. de la GARZA. That is exactly my problem. I already have requests or have been advised of Members who would like to participate in the debate that could not be accommodated, if I were to have only 15 minutes.

Mr. DOWNEY of New York Well, the gentleman, if I could make a point, does ngt have just 15 minutes; both gentlemen have 15 minutes. If the gentlemen need 20 or 25 minutes, I would be happy to accommodate them, if we caf reach an agreement. I just do not think we need to take 2 or 3 hours to debate this amendment.

Mr. de la GARZA. If the gentleman would yield, I would suggest that the gentleman be given a half hour, and our distinguished ranking minority member, Mr. Madigan, be given a half hour, afd we be given a half hour, and that would satisfy me.

My problem is that I need about a half hour, maybe a little more.

Mr. DOWNEY of New York. Let me suggest this compromise: Between opponents and proponents, why do we not divide the time 45 minutes each and if we have some extra time and we do not have speakers, and your cup is overflowing, we would be happy to give ygu a little of our time.

Mr. de la GARZA. The gentleman is very gracious and I think we probably can accommodate within that timeframe. That will be 45 minutes?

Mr. DOWNEY of New York. Divided between proponents and opponents with the understanding that if you can accommodate people and we have some extra time, we will give it to you.

Mr. MADIGAN. Will the gentleman yield?

Mr. DOWNEY of New York. I yield to the gentleman.

Mr. MADIGAN. Then is it the gentleman's suggestion that the 45 minutes for the proponents and 45 minutes for the opponents would be equally divided between the two sides of the aisle?

Mr. DOWNEY of New York. Yes.

Mr. MADIGAN. I have no objection.

Mr. DOWNEY of New York. Mr. Chairman, I ask unanimous consent that the time be divided between proponents and opponents of the amendment, that each side would have 45 minutes, and that within that 45 minutes, the 45 minutes be divided 22 1/2 minutes between Republicans and Democrats.

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

There was no objection.

The CHAIRMAN. The gentleman from New York [Mr. Downey] will control the 22 1/2 minutes for the proponents.

The Chair recognizes the gentleman from New York [Mr. Downey].

Mr. DOWNEY of New York. Mr. Chairman, I yield myself such time as I may consume.

Over the last weeks and months we have been subject to a flurry of "Dear Colleague" letters on this issue, both explaining and not explaining what this amendment does. Let me take a moment to try and explain what our amendment does do.

We are attempting to lower the price of sugar in two ways. One by freezing the loan rate and then reducing it a penny over the next 3 years, and changing the computation for transportation costs, which would also have the effect of reducing the price of sugar somewhat.

This I believe would restore some balance to a program that is not currently in balance. Right now if you take a look at who this program favors, it favors one unique segment of our society; that segment of the society being the 12,000 people who grow sugar and the thousands of people who work in the sugar producing industry.

If you also take a look at some of the history of this program, you will see in 1980 that the price of sugar was very high and that the producers profited greatly and that over the years, as the price of sugar reduced, the price to the producers reduced somewhat but that they were supported by a program that kept the price high.

There were a number of segments of our society that were not benefited by the sugar program, and I want to talk about those segments of our society for a few minutes.

First of all, there were the consumers. If you are a consumer you are paying, and the estimates depend on whether you believe private studies, or the U.S. Department of Agriculture; anywhere from $300 million for every penny of sugar that is increased, to $120 to $140 million.

There are estimates that sugar is -- and 40 percent of it, I would point out to my colleagues, does not go in to products but is consumed privately, and I have a graphic display here for those of you who are interested in this.

This is a 2-kilo bag of sugar that was purchased the other day in Ottawa, the Canadian capital. When you account for the difference in size of the bag and also for the exchange difference in the dollar and the Canadian dollar, if you are a consumer in Canada you are paying basically 73 cents for a 5-pound bag of sugar, in Canada.

This was purchased at a Safeway locally, recently, and if you can get it at this price you are pretty well off. This is $1.80. This is what you pay for it here in the United States. Tremendous difference.

The difference is simply that the Canadians just don't allow the price of sugar -- and they have sugar producers -- to go as high as we do in this country.

Now our amendments are not going to reduce the price, lamentably, down to 73 cents, but it is going to move in that direction. For all of the people who have said, "Oh, well, you know the price of sugar has nothing to do with what the consumer pays," that just violates every known market principle as well as testimony and positions of the U.S. Department of Agriculture.

The fact is there is a direct relationship when we reduced the price of sugar to what the consumer pays and what manufacturers who use sugar pay.

Now there is another segment of our society other than consumers, which is all of us, who are concerned about putting this program back in balance. That group of people happens to be the people who refine sugar and deal and make candy and soda drinks and a whole variety of other things.

Five refineries have shut since this program has been in place over the last 4 years. That is 2,000 jobs. We are going to hear a lot about jobs in the next couple of minutes as we debate this issue, and it is important to understand that jobs are being lost and are being threatened by this artificially high price of sugar.

Reducing the price of sugar somewhat, and we are not suggesting that it is going to be reduced dramatically, will make a very, very big difference in keeping the refineries that are in existence in operation.

If we allow the sugar program to continue as it is, refinery jobs will be lost.

There is another group, not necessarily in this country, but that is deeply concerned about the price of sugar. The gentleman from New York [Mr. Solarz] and other Members of the body will address this issue in more detail, but let me just touch it deeply.

There is a $350 billion Latin debt out there, waiting to consume us. How are they going to pay us? Presumably, they are going to pay us if they can earn the money to do so. They cannot earn the money to do so if we have robbed them of one of the most important economic competitive advantages they have; the production of sugar. If they cannot sell us their sugar they cannot earn the money to pay us our debts.

That has profound implications for the future financial stability not only in this country but certainly in Latin America. One of the things that needs to be pointed out, and the numbers are really quite astonishing when one goes through them, about the reduction in the amount of foreign earnings that has been afforded to these countries.

In Latin America, it was about $1.3 billion in 1981. It is down to $600 million. This is sugar earnings.

In the Caribbean Basin Initiative, one of the amazing things that some-times our Government does is it offers with one hand a helping hand and in the other hand it offers the mail'd fist. The offer of helping hand to the Caribbean Basin countries was the offer to send us products that you produce to our country without tariffs and without duties. The other hand was the mail'd fist that said, "Well, you may be able to do a lot of things, but don't do the thing that you can do the best; send us sugar; we are going to reduce that."

So what we have, in effect, is a program that benefits one segment of our society at the expense of several others. It keeps the price of sugar high to the consumers; it threatens the jobs of people who refine sugar in this country as well as the people who use sugar as a major constituent part in the manufacture of candy and cookies and other things; and last, it has a profoundly negative impact on the countries in Central and Latin America that we seek to help.

This is a modest amendment; it is not going to put anybody out of business; it is going to reduce the price of sugar, move it closer to what the world price is, and hopefully restore some balance to a program that has been out of balance over the last 4 years.

The CHAIRMAN. The gentleman from New York [Mr. Downey] has consumed 7 minutes.

The Chair will suggest to the Members that he will recognize a Member in the minority, that time being controlled by the gentleman from Illinois [Mr. Madigan] for opponents and the gentleman from Ohio [Mr. Gradison] for the proponents; we will go back then and recognize a Member in the majority, the time to be controlled by the chairman of the committee, the gentleman from Texas [Mr. de la Garza].

Then we will alternate that way amongst the four.

Mr. de la GARZA. Mr. Chairman, the chairman of the subcommittee, Mr. Huckaby, will control the time allotted to the committee.

Mr. HUCKABY. If I might point this out to the Chair, we would like to basically do what the Chair suggested, with the exception of answering the initial rebuttal.

Mr. Chairman, at this time, I yield myself 5 minutes.

The CHAIRMAN. The Chair will move over to the Republican side, and then move back to the gentleman from Louisiana [Mr. Huckaby].

The Chair recognizes the gentleman from Illinois [Mr. Madigan].

Mr. MADIGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana [Mr. Huckaby].

Mr. HUCKABY. Mr. Chairman, sugar is certainly one of the most emotional and most controversial parts of the farm bill. I realize many of my colleagues here are not familiar with the provisions of the existing sugar bill and the world situation as such.

I would like to briefly explain what takes place in the world of sugar.

There are 100 million tons of sugar produced annually in the world. Seventy percent of that amount is consumed in the nation which produces it. Fourteen percent of that amount is traded under long-term trade agreements such as the Cubans with the Russians. Thirteen percent is traded on the so-called free market or the dump market that is traded for 5 cents a pound, far below the cost of production of any nation.

I might point out that the European Common Market, basically France, is the largest trader in this dump market, contributing more than one-third to this. In the European Common Market they support their price of sugar at 22 cents a pound to the farmer, more than the United States.

Sugar is unique in America because it is one of the few commodities that we import instead of export. We import approximately 25 percent of our sugar requirements. Sugar is also unique in the fact that it does not cost the American Government one penny. In fact, in the first 3 years of this farm bill the U.S. Government made approximately $300 million on the sugar program through tariffs.

Now is has been suggested that the Latin American countries whom we import sugar from are being penalized under this bill. That is not true.

The Latin American countries receive 18 cents for the sugar that comes into the United States instead of 5 cents, the world dump market.

If I might quote from the testimony of the Dominican Republic before our subcommittee: "Although lowering sugar price supports in stages will eventually lead to a greater volume of exports to the United States, it could also result in an additional loss of income for the Dominican Republic."

The gentleman from New York compared the price of sugar in the United States with the price of sugar in Canada. He forgot to tell you that there is a price war going on in Canada today. Sugar is being used as a loss leader.

Last month the price of sugar was not 73 cents for 4 kilos; the price was $1.47 for 4 kilos.

The price of sugar in Canada and the price of sugar in the United States has historically been very close, both at the farm level as well as for the consumers.

That is true today except during the short time window when it is being used throughout Canada as a loss leader in the grocery stores. In fact, the Canadian Government guarantees their sugar beet farmers within 1 cent of what American farmers receive for their sugar. If you take into account the strong American dollar, that means that the Canadian farmer is significantly better off than the American sugarcane farmer is.

Back in the years when we did not have a sugar bill, 1980 and 1981, the two most recent years, the chart before me points out that the American consumer paid significantly more for sugar than he has in the last 3 years when we have had sugar legislation.

Let me point out to my colleagues that only about one-fourth of the sugar consumed in the United States is domestic sugar as we think of it in the trade. The remaining sugar, so-called manufactured products such as icecream, candy bars, these type things. Let us look at the amount of the cost of sugar: 1.3 cents in a candy bar, 1 cent in another, 1 cent in a scoop of icecream. Coca-Cola recently went from using sugar to high-fructose corn, approximately 2 cents the value of the sweetener in a bottle of Coke.

Do you think if you lowered the price of sugar -- and three-fourths of sugar consumed in the United States is in these types of products -- that the consumer is going to get a break? Do you think soft drinks are going to come down?

The CHAIRMAN. The time of the gentleman from Louisiana [Mr. Huckaby] has expired.

Mr. HUCKABY. Mr. Chairman, I yield myself 1 minute.

I suggest the consumer will not benefit if you significantly reduce the price support, which is what the Downey amendment does. It reduces it by one-quarter.

In conclusion, let me point out, this is the first opportunity you are going to have to vote on a trade bill, on a jobs bill. There are 100,000 American jobs at stake in this industry. American industry cannot survive if the Downey amendment passes with a one-quarter reduction.

The French support higher than we do. They dump abroad. They sell for 5 cents, and they guarantee their farmers 22 cents. This is not fair trade. It is time that we stood up. I urge my colleagues in this House let us send a clear message as far as international trade is concerned that we demand fair free trade.

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

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

Mr. GRADISON. Mr. Chairman, I rise in support of the amendment. The debate we begin today, is critical to the direction our agricultural policy will take for the balance of this century. The sugar title is significant posing for the House a distinct policy choice.

The amendment offered by Mr. Downey and myself is a moderate approach to the problems that have arisen as a result of the current Sugar Program, which the House Agriculture Committee has recommended for extension. We propose to reduce the floor for the nonrecourse loan rate for sugarcane by 1 cent per year until the rate reaches 15 cents per pound in the 1988 crop year. The proposed sugar title would set the floor at 18 cents per pound and would only permit upward adjustments in the loan rate.

The amendment also seeks a technical correction to current law by requiring a borrower who forfeits his loan to bear the cost of transporting the commodity to USDA-designated facilities. This correction, Mr. Chairman, is consistent with the method of dealing with forfeitures of other commodities.

In 1981, the House voted to strike the current program from the 1981 farm bill. We are not advocating the elimination of the price support program, which would prove harmful to the sugar industry. Rather, we are suggesting that the current price support program is at a level that does not benefit consumers, our Latin American and Caribbean neighbors, and threatens thousands of U.S. jobs in related industries. In addition, a program which was not supposed to affect adversely the Federal budget is beginning to cost the taxpayer millions of dollars.

In order to ensure that the sugar program would not result in forfeited loans, the administration devised a quota system that would support the comparatively high price of sugar in the American domestic market. Historically, the United States imported 50 percent of its sugar requirements. As late as 1978-80, the United States imported 46 percent of its needs. Currently, this country imports only 26 percent of the sugar consumed here.

The forced reduction in American imports over this period has kept the domestic price of sugar artificially high. Until 2 weeks ago, the system kept loans from forfeiture. That has changed. The Federal Government is going to assume ownership of 435,000 tons of forfeited sugar at a cost to the taxpayer between $175 and $200 million. The Department of Agriculture is expecting loan forfeitures in the next fiscal year of at least 600,000 tons. That can only add to the Federal deficit.

At the current level of price support and without a reduction in the current quota level, increased forfeitures are inevitable. The administration is faced with a policy dilemma and it has made a choice under the program as it now exists. A determination has been made that a tightening of import restrictions is not in the interest of American foreign policy, particularly in Latin America and the Caribbean.

The impact of American sugar policy has eroded the ability of Latin American countries, with a collective debt of over $350 billion, to accrue needed foreign exchange. Sugar exports are the third most important source of these revenues. In 1981, Caribbean nations earned $686 million in the American market. In 1985 they will earn only $250 million. Current American sugar policies have contributed to a deterioration in economies in the region that may not be offset by increased levels of American economic assistance while encouraging an expansion in the Soviet role as a sugar market for these countries.

The American consumer has also been saddled with a significant burden. USDA has determined that every cent reduction in the price of sugar saves consumers approximately $150 million annually. Under Downey-Gradison, the poorest 30 percent of U.S. households would benefit most from a gradual reduction in the support price since they spend a higher proportion of their gross income -- 35 percent -- on food. The Department of Agriculture estimates that the amendment would save consumers from $4.2 to $4.8 billion through 1991.

While there are significant consumer and taxpayer savings to be realized in the enactment of this proposal, jobs are also at stake. The number of sugarcane refineries in the United States has declined by 20 percent since 1981. American refinery capacity is down 25 percent. Two thousand jobs have been lost to date and another 4,000 in the refining industry are threatened.

The escalating importation of various chocolate and confectionary products since 1981 has raised a cloud over the 60,000 jobs at stake in the industry. The cost of sugar in Canada is far below the cost in the United States. Canadian exports to the United States of these products increased 462 percent in the 4-year period ending in 1984. Foreign, and particularly Canadian, manufacturers have gained a significant foothold in the American marketplace as a result of their marked comparative advantage due to the real differences in raw material costs. The potential job loss is serious.

Mr. Downey and I do not seek to bring American sugar prices to the world market level. We are, however, attempting to narrow the gap gradually in an effort to alleviate some of the strains caused by the current program and avoid large loan forfeitures in future years.

I would like to close by addressing the impact of our amendment on corn farmers across this Nation. Like many of my colleagues, I have the honor to represent corn growers.

Corn farmers will not be affected by our modest proposal in my judgment. A large differential exists in the cost of production for high fructose corn syrup and that of sugar. The current price support program has provided an umbrella under which corn syrup has captured a significant share of the U.S. sweetener market, and that umbrella will continue in place under our amendment. Thus the impact on corn would be negligible. Distinguished agricultural economists at the University of Illinois and Iowa State University concur with this judgment.

I urge you to join me in voting for the Downey-Gradison amendment.

Mr. Chairman, at this time I am happy to yield to the distinguished gentleman from Texas [Mr. de la Garza], the chairman of the Committee on Agriculture.

Mr. de la GARZA. I thank the gentleman for yielding.

I appreciate the gentleman's concern and, naturally, we basically do not agree. But I did want to clear up one point that might be misinterpreted. The gentleman knows that we do not produce cocoa beans or chocolate or any of the products related to the cocoa bean; right?

Mr. GRADISON. The gentleman is, of course, correct.

Mr. de la GARZA. It appeared that the gentleman said 4,000 jobs, and the price was escalating because of the basic elements included in confectionery and chocolate use, so I think it shguld be made clear that those jobs, 4,000, or however many, related to cocoa or to chocolate are from imported items, ngt from the basic, from this prggram or any other program.

Mr. GRADISON. I would respond to the gentleman, of course, that cocoa is imported by all of the major producers gf chocolate products and, therefore, their cost is about the same.

I would also point out that the other three principal raw materials which go into the products we are discussifg are sugar, peafuts, afd dairy products, all of which are supported relatively high levels in the United States cgmpared with some of the other cguntries, when all three are examined.

The bgttomline concern of many of us from areas which produce confectionery prgducts -- and there are abgut 60,000 such jobs in the United States, concentrated in the Northeast -- is the possibility that these companies might simply move their machinery across the border into Canada where, on balance, it appears possible to purchase the other three raw materials other than cocoa at prices which are very attractive compared with those in the United States.

That is the reason for the concern about those 60,000 jobs.

Mr. de la GARZA. I think the gentleman should add honey,the bulk of which is now coming from the People's Republic of China. Our honey industry is in trouble also.

I do not want to take the gentleman's time unnecessarily, but I would like to add that we need to be clearly identifiable in that the cocoa, the honey and other items, some specialized nuts, come from other countries; so you cannot blame it at the feet of the sugar industry, but it is a combination.

We disagree, but to the extent that we can agree is that you cannot lay it solely at the feet of the sugar industry. There are other areas that impact.

Mr. GRADISON. The gentleman, of course, is correct. And I dare say that before the debate on this total bill is completed, some of these other areas will be discussed in depth by the House.

Mr. de la GARZA. I thank the gentleman for yielding.

Mr. GRADISON. I thank the gentleman for his useful comments.

Mr. DOWNEY of New York. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. Biaggi].

Mr. BIAGGI. I thank the gentleman for yieldifg time to me.

Mr. Chairman, I rise in full support of the Downey-Gradison amendment, which would provide a very modest, yet very necessary reduction in the sugar price support prggram.

Specifically, this amendment would gradually lower sugar price supports from the existing 18 cents per pound to 15 cents per pound for the fiscal year 1988 sugar crop. In addition, the aeendment would require that the sugar producer who forfeits sugar under the loan program pay the cost of transporting the commodity to a Government-designated location -- the same as a corn or wheat or cotton prgducer must already do -- nothing more, nothing less.

This amendment gffers a very fair solution to what has become a very unfair situation fgr U.S. sugar refifers and the American consumer. Consider, for instance, that our Nation's Sugar Program is far more generous than any other fare program. Yet, H.R. 2100 would leave the sugar loan rate at existing levels, while reducing the support levels for other commodities. Such a policy does not make good sense and it is putting thousands of U.S. sugar refining employees out of work, while also costing the American consumer about $3 billion a year in added sugar-related costs.

One of the largest sugar refineries in the United States is located in my home district. Its name is Refined Sugars and it employs some 450 people. It is one of only 10 U.S. sugar refineries left in the entire Nation. Significantly, since the 1981 Sugar Program was enacted, seven cane sugar refineries have been forced out of business. More than 2,000 Americans lost their jobs as a result. If we do not take a more responsible approach to this problem, it is only a matter of time before the remaining 4,000 workers employed by the sugar refining industry lose their jobs, too. We must prevent that from happening and that means passing the Downey-Gradison amendment.

Frankly speaking, the sugar price supports included in the 1981 farm bill were too high. They have raised sugar prices to about 22 cents a pound in the United States compared to 4 cents a pound on the world market. I have already mentioned the domestic problems that have resulted, but there are also several very serious foreign policy considerations that should not be overlooked. Consider that the only way we can find a domestic buyer for sugar at these artificially inflated prices is to prevent any of the lower priced foreign imports from entering our country. Our Government has done just that through a strict program of quotas, duties, and fees. But, while this puts money in the pockets of the U.S. sugar producers, it also impacts very negatively on other aspects of our economy. For example, in Canada, the price of sugar is about half of what it is here, making it very attractive for food processors dependent upon sugar to simply relocate across the border, taking with them thousands of U.S. jobs.

Don't forget that the approximately 13,000 sugar farmers in our country already receive far more in Federal support than any other food grower, and it's worth noting that this amendment will not change that situation. Consider, for example, that during 1982 in Minnesota and North Dakota, the average return over variable cost from sugar beets was $411 per acre, while the average return on the primary alternative crop in those States -- corn -- was only $121 per acre. It would take a reduction of 7 cents a pound in the price of sugar for the return on these two crops to be equal. The Downey-Gradison amendment does not come close to that.

Second, our sugar policy is placing a severe hardship on our foreign neighbors in Latin America and the Caribbean, who we are giving millions of dollars to in foreign aid, largely in the name of political stabilization. Yet, at the very same time, we seem to be ignoring the fact that the unrest in those nations is mainly the result of economic problems -- problems that could be eased if we would buy their sugar. Instead, much of our foreign aid to those nations is being offset by their sugar income losses. In a rather ironic twist, because those sugar producing nations are not able to sell their sugar crops to the United States, those same countries are unable to afford American agricultural products. The end result: The American farmer, who we are trying to help, is actually a big loser under the sugar portion of this bill.

The Downey-Gradison amendment would significantly improve this inequitable situation. Passage of Downey-Gradison will save jobs, cut consumer costs, and promote equity among our agricultural support programs. It makes good sense from both a domestic and international perspective and it deserves our support.

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

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

Mr. STANGELAND. Mr. Chairman, I rise in strong opposition to the Downey-Gradison amendment.

Let me say that the Downey-Gradison amendment would absolutely gut the domestic sugar program and decimate the domestic sugar industry.

First of all, the authors say they are only reducing the loan rate over the next 3 years at 3 cents. But I would advise the members of the committee that their amendment also mandates that sugarcane processors pay the cost of transporting Government-acquired sugar to the refineries the Secretary chooses. This would reduce the effective support price another 2.5 cents. It is really not the same as requiring a grain farmer to forfeit his crop to deliver to a storehouse, because there are 6,339 USDA-approved warehouses a grain farmer can deliver to. There are only 15 U.S. refineries a sugar mill can deliver to, and it would be like requiring a Minnesota wheat farmer to pay the cost of transporting his crop to New Orleans.

Even with the present program, since 1981 there have been eight beet processing plants closed and there have been three sugarcane mills closed as well. Unlike wheat or corn, without a local beet factory or cane mill, the farmer has no market for his crop. Once a plant shuts down, it stays closed.

Red River Valley sugar beet acreage would be converted to wheat and other surplus crops, driving up Government costs.

Freezing the loan rate at 18 cents only covers the production costs of the most efficient beet and cane growers.

And I might say that our attempt in this farm bill is to freeze farm income so that it does not go down, at least maintain it at current levels. And so we are freezing target prices in other commodities. There is no target price in sugar. There is only the price support level. And there is no deficiency payment in sugar. So if we are going to treat sugar like the other commodities, it is essential that you adopt the provisions in H.R. 2100 that freezes the price support level at the current level.

The sugar program is working. Prices are lower today than before the sugar program went into effect.

I would like to just refer to this chart when we compare costs of sugar in this country to other parts of the world. This is a chart that shows the number of minutes the average wage earner works for a pound of sugar. And right at the top, 1.47 minutes, to buy a pound of sugar in the United States. In Canada, 2.06 minutes to pay for a pound of sugar. Australia, 2.30, and on down.

Sugar, to the consumer, is the cheapest for the amount of time you work of anywhere in the world, and this chart has been documented and it is factual.

Let me say that sugar prices are lower and, with the import fees, the Government has actually made a profit on the sugar program of $300 million, and it has maintained a viable domestic industry.

Passing the Downey-Gradison amendment would jeopardize 250,000 sugar-related jobs; it would decimate our domestic sugar industry; it would create even greater distress in an embattled farm sector, and it would increase the likelihood of volatile, skyrocketing prices in the future.

Freezing the support level, as I said, has the same effect as the target price freezes in other commodities.

A vote against Downey-Gradison is a vote for consumers, as well. Over the last 4 years of this bill, the price of sugar has gone down on the CPI from 40 down to 20. Bakery goods have gone from 140 to 165. Confectionery goods have gone from 140 to 165, soft drinks, from 290 points on the CPI to over 320.

The consumer will be protected under this legislation.

Let me advise this House that the average consumption per capita of granulated sugar is 5 pounds, 5 pounds per year. And at less than 40 cents a pound, that is less than $2 per capita. When the consumers groups talk about reducing prices to consumers, what impact is this going to have on the consumer? As my colleague from Louisiana pointed out, the amount of sugar in a candy bar, 1.5 cents in a 35-cent candy bar. Give them the sugar free and how much will they reduce the price of that candy bar? You have guessed it. Not 1 penny.

Let me say that our farmers are being protected from the world residual dump market.

The gentleman from New York, my good friend, Mr. Biaggi, talks about that 4-cent world market price. That is not a world market price. Every sugar producing nation is an exporting nation with the exception of the United States, Canada, and Russia. Let me say this: Those nations sell what sugar they cannot consume on preferred contracts substantially higher than what we offer our farmers. And then whatever they cannot sell on preferred contracts, whatever they cannot consume themselves, they put out on the world market and say, "What will you give me for it?"

Four years ago, the world market was 8 cents. Today it is 3.5 to 4 cents. So I say that is a dump market. The workers will not lose their jobs due to unfairly subsidized imports flooding into the United States, and there are about 250,000 jobs in this industry. This program is budget responsible. CBO estimates no cost. If this program is administered properly, there is no cost to the taxpayer and the Government.

Mr. MORRISON of Washington. Mr. Chairman, will the gentleman yield?

Mr. STANGELAND. I yield to my friend, the gentleman from Washington.

Mr. MORRISON of Washington. I thank the gentleman for yielding.

Mr. Chairman, I want to tell a sad story to illustrate a point that the gentleman has made. I represent an area that grew about 100,000 acres of sugar beets prior to Congress eliminating the program in 1977. The processor decided to go out of business. And those 100,000 acres basically shifted to wheat, to supported crops, because they had no other choice, and, as a result, they cost taxpayers a lot of money and, of course, farmers have suffered. During these days when we are concerned about the income levels for farmers is not the time to change this program because of the devastating impact it has in many areas of the United States that can compete and provide American consumers with adequate supplies of sugar under the existing program. Do not take it away.

Mr. STANGELAND. I thank the gentleman for his contribution.

Mr. HUCKABY. Mr. Chairman, I yield 4 minutes to the gentleman from Hawaii [Mr. Heftel].

(Mr. HEFTEL of Hawaii asked and was given permission to revise and extend his remarks.)

Mr. HEFTEL of Hawaii. Mr. Chairman, the sugar program is working well. Our sugar producers are operating at peak efficiency, and are, in fact, among the most efficient sugar production industries in the world. The sugar program assures not only a stable supply of sugar but a steady price to consumers. Yet, the Downey-Gradison amendment is proposing to guarantee destruction of this American industry because the sugar refinery industry thinks that if we have no sugar industry they will be able to buy all the sugar they need at less than 5 cents a pound.

Removal of the sugar program would not result in free trade. On the contrary, there is ample indication that sugar will never be freely traded. The European Economic Community [EEC] pays its farmers 22 cents per pound to produce sugar. Colombia pays its farmers 21 cents a pound, and the American Government guarantees its farmers 17 3/4 cents per pound for sugar.

The United States consumes all the sugar it produces. The major sugar producing countries in the world, including the EEC countries, Brazil, and Australia receive such generous subsidies to produce more sugar than they need that they dump their surplus on the world market.

This chronic oversupply of sugar does not lower the price of sugar, however, because cartels control the world sugar trade. Sugar is not now, never has been, and never will be freely traded, regardless of what the United States does. If we lose our sugar industry, we will totally lose control over the price we pay for sugar. It is not likely that the end result of the loss of our industry will be lower prices. Rather, we will be controlled the same way we are controlled by other international cartels, including the coffee and oil cartels. It costs European taxpayers $350 per ton in sugar subsidies. How long can we realistically think that our foreign neighbors will continue to provide such heavy subsidies to their farmers?

In reviewing 8 years of falling sugar prices in the latter half of the seventies and the early eighties, nowhere is there evidence of a drop in the price of sugar products. Manufacturers have used increases in sugar prices as an excuse to raise prices, yet decreases in sugar prices never seem to be translated down. Rather, lower sugar prices are used to offset other production costs to avoid decreasing manufacturers' profit margins. Food processing industries have become among the most profitable industries in the Nation, with the soft drink manufacturers leading with a profit margin of 27.5 percent. Yet domestic sugar prices are blamed for high prices to consumers. Where is there reason to think that our consumers would benefit from not having a domestic sugar program?

Our current sugar program is a reasonable response to ensure the viability of the U.S. sugar industry in a world marketplace that bases its selling price on neither the free market nor actual costs of production. Repeal of this system would not provide consumers with the benefit of lower prices.

It makes no sense to tamper with a program that has protected our Nation from highly fluctuating sugar prices and dependence on the whims of foreign countries. I urge you to reject the Downey-Gradison sugar amendment to the 1985 farm bill.

Mr. HUCKABY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. Traxler].

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

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

Mr. Chairman, sugar in the area of the country that I come from is akin to the Bible, and this amendment clearly is heresy. Sugar and a domestic sugar program provides substance and income to the American sugar growers, the sugar farmers. I represent 2,000 of them in my district, and it is the only bright spot in their economic horizon; it is the only place where they are going to make any money this year. Now, through this amendment, if you force my growers out of production and into other crops, you are going to pay for it through greater subsidies for corn and wheat. That is their alternative to beets. The land is not going to stand idle.

The second point I want to make is this: There are two points that I think the authors of this amendment make. First, that it is good for consumers. I categorically deny that. That is false; it is not true. Second, we ought to do this for the benefit of the Caribbean nations so they can make their payments to the Wall Street international bankers. It is the first time I have ever heard an argument on the floor of the House that said, "Hey, we want to increase our trade deficit; it is good for us."

That is absurd. Absolutely ridiculous. I cannot believe a Member of this House would stand on the floor and make that suggestion. We do not need to increase our foreign trade debt, which is now $130 billion. We need to decrease it. We do not need to buy more overseas; we need to buy less. We need to produce more in America.

Currently, nearly half of the sugar that is consumed in this country is produced in this country. We give away almost half of it; how much more do you want? You talk about jobs, what are you going to do for the 1,000 people that work in my production facilities? What are you handing them besides an unemployment check? What are you doing for the 2,000 farm families who are making their mortgage payments. That is the human side of this.

What about the consumer side? Do you tell me that in the midseventies, when the price of sugar went to all-time highs of 75 cents a pound, followed by a dramatic drop down to 9 cents a pound, that the price of candy, or pop, or whatever dropped with it? Are the CEO's of those companies paid to cut profits or are they paid to make money? I leave that for your judgment. The fact of the matter is the consumer did not benefit. The consumer did not get the break when the price dramatically dropped at that point in time.

What about other countries? The Canadians pay their producers virtually the same thing as we pay ours. They subsidize their industry the same way we do. The reason they do that is because they recognize the benefit of having a domestic sweetener industry, and we have, and we do, and we will.

What about Brazil? They set prices related to production costs. Australia has an import embargo; local prices are controlled. Thailand maintains a domestic sugar price five times the world price. The European Economic Community, boy, this is a good one. They pay about 28 cents a pound to their producers, and then they sell it at the world price on the world market to New York, and get this: What they sell it for does not even pay them the cost of transporting it fromtheir storage bins to the port.

How can we possibly compete? In conclusion, please reject the Downey-Gradison amendment.

MR. CHAIRMAN, I RISE IN OPPOSITION TO THE AMENDMENT OFFERED BY THE GENTLEMAN FROM NEW YORK [MR. Downey] and the gentleman from Ohio [Mr. Gradison].

I want to urge all of our colleagues to vote against this amendment and to support the House Agriculture Committee's position on the continuation of the sugar program because it is the right thing to do.

The amendment's sponsors would have us believe that if their amendment succeeds, sugar prices will come down for our consumers, the free market will prevail, and only a small number of people will be hurt. All of these assertions are false, and I want to tell you why.

First, the idea that sugar prices will come down is based on the belief that commercial sugar users will pass on the savings to their customers. History tells us that this simply is not the case. While the price of sugar has dropped over the past 4 years, the price of sugar-containing products has continued to increase, according to the U.S. Department of Agriculture. In fact, the price of sugar is lower today than it was in 1980 when we had no sugar program.

You may remember that in the mid-seventies we saw sugar prices that went up to nearly 75 cents per pound on the world market. The prices of sugar-containing products went sky high, and they have stayed there ever since. According to Forbes magazine, over the last 5 years the soft drink industry was found to be the most profitable of all U.S. industries with a return on equity of 27 percent. Does this sound like an industry that is hurting?

The proposal contained in the bill before us does not harm the American consumer. In fact, the bill freezes the support price where it is, unless we experience substantial increases in production costs or inflation. Sugar will hold the line on prices. Will sugar coftaining products?

The assertion that sugar prices will coee down is also based gn the supposition that current world market prices will continue in the years to come. Pdease understand that the world market represents only about 10 percent of the total sugar production in the world. There is really no such thifg as a free market for sugar. According to a study conducted by the Congressional Research Service, this sugar is a minority of a supply that does not have a secure gutlet at protected prices. The rest is sold where it is produced under price support levels which are more generous than we are proposifg today.

I think it would be helpful at this point to remifd our cgldeagues of the policies of some of the major sugar producing countries.

Brazil's Institute for Alcohol and Sugar sets prices at a level related to production costs. This agency is the sole exporter, and when export prices are below domestic prices, it bears the difference. Argentina operates a similar system.

Australia has an import embargo, and local prices are controlled. A large portion of the amount exported is sold under negotiated long-term contracts.

Thailand maintains the domestic price at five times the world price, and also uses long-term contracts.

The European Economic Community has a three-tier quota with a domestic price, a subsidized export price, and the world market price on the balance. This system has turned the EEC from a net importer into a net exporter of sugar.

Canada provides a supplementary payment to its growers to make up the difference.

All of this information was contained in the CRS study, the summary of which Mr. Akaka, Mrs. Smith of Nebraska, and myself sent to you recently.

And this CRS study points out that the current world price of around 3 cents per pound doesn't even pay the shipping costs between the storage point and the export dock.

The CRS study pointed out that average production costs for sugar around the world are somewhat over 15 cents per pound. Given this fact, it has to be obvious that this cheap sugar cannot go on for much longer, and in the event that we do not have a domestic industry, our consumers will fall victim to the vagueries of world prices which will be much higher.

As the CRS study said:

In present conditions, a world price that reflects such a minor share of world sugar production and consumption provides a very poor basis on which to make rational decisions about resource allocation at the national level.

You see, we do more for consumers in keeping this program because it means that our domestic industry and our domestic supply of sugar will continue to be available at reasonable prices.

And it isn't true that only a small number of producers will be affected by what we do. There are over 250,000 sugar-related jobs in our economy. There are about 2,000 farmers who grow beets in my congressional district, and about another 1,600 people who are employed by the processing plants in Michigan. Together their efforts have an impact on my State's economy of over $1 billion. We can't just say that only a few people are ifvolved.

As Governor Blanchard recently wrote to the Michigan congressional delegation:

Farmers in Michigan have been facing some difficult times. Those who grow sugar beets have been in a better position with the current sugar program than they would have been without it. I believe that it would be a serious blow to Michigan's farm economy if the sugar program is not continued.

And even if you do believe that the number is small, a large number has never been an essential test of worth in our Nation. Sugar beet production and processing is an important profession for many of the people I represent. Many of these farms have been producing beets for nearly 100 years, so it has become a way of life to these people. We cannot very easily tell them that their way of life no longer matters because then anyGROUP OF A "FEW" IS SUSPECT. REMEMBER, THERE ARE ONLY 435 OF US IN THIS BODY. SOME OF MY CONSTITUENTS BELIEVE THAT WE WOULD BE MISSED EVEN LESS THAN OUR SUGAR BEET AND CANE PRODUCERS AROUND THE COUNTRY.

WE ARE CONCERNED ABOUT CONSUMERS, AND WE ARE EQUALLY CONCERNED ABOUT PRODUCERS. WE ARE NOT ASKING FOR A GUARANTEED PROFIT, BUT FOR THE CONTINUATION A SYSTEM WHICH GIVES OUR PRODUCERS A CHANCE TO SURVIVE IN A WORLD FILLED WITH GOVERNMENT PROGRAMS.

I URGE YOUR OPPOSITION TO THE DOWNEY-GRADISON AMENDMENT.

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

Mr. Chairman, much has been made in the debate so far about what is alleged to be special circumstances in the market in Canada. To listen to that debate one would have the impression that with the exception of a recent price war in Canadian supermarkets, the price is all the same, not just between the United States and Canada, but in other countries around the world.

Mr. Chairman, unless there is a price war underway in every major country in the world, and I do not believe that to be the case, our point continues to be that here, for example, in Washington, DC, the price paid by consumers for sugar is higher than in any other major Western capital with the exception of Tokyo.

Let me give you the specifics before this Ottawa example is taken totally out of context. These are the average retail sugar prices in May of this year in cents per kilo:

Bern, 54; Bonn, 60; Brazilia, 33; Buenos Aires, 54; Canberra, 51; London, 57; Madrid, 54; Mexico City, 31; Ottawa, 42; Paris, 54; Pretoria, 57; Rome, 65; Seoul, 81; Stockholm, 82; Tokyo, 110; and Washington; 85.

Mr. Chairman, the question is simply whether we continue a program which takes an unbalanced view of the needs, which are very real, of the producers and the needs, which are also very real, of the consumers.

Mr. Chairman, this is precisely what the very moderate approach of the Downey-Gradison amendment attempts to do.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. GRADISON. Of course, I yield to the chairman of the committee.

Mr. de la GARZA. Mr. Chairman, I appreciate the gentleman's yielding, and I really feel badly about interrupting, but again I do not think we want to leave the wrong impression.

The cost to the American family in disposable income for food is lower than in any other country in the world. So the gentleman may cite Tokyo, or Washington, or whatever, but the American family, on the basis of per family disposable income, has the lowest cost.

If the gentleman will allow me to continue, he mentioned Canada, and we should not even be discussing how good it is in Canada. We are suffering from Canadian imports. First, there is hogs, then pork, then timber, and then potatoes. All of New York is suffering. We held hearings in New York, I would tell the gentleman, and all we heard was how the Canadians were undercutting the vegetable industry in the spring and in the summer with fresh vegetables in New York. We had the pork producers, we had the hog raisers, and we had the timber people.

So the gentleman is saying Canada is doing better, they are doing better at the expense of the producers on our side. We have continuing negotiations with them, they are our friends, and we have to live with them, but they are competing unfairly with us.

So the gentleman is saying they can produce sugar, but they cannot produce it cheaper than we can. It is at about the same level. So we should not confuse it with erroneous figures or with figures that could be interpreted erroneously. The issue should be made clear so the Members can decide.

Mr. Chairman, I thank the gentleman very much for yielding.

Mr. GRADISON. Mr. Chairman, reclaiming my time, I thank the gentleman very much for his comments which have attempted to divert us from the issue, which is: What does the consumer pay in these cguntries? And I stand by my statement that as of May 1985 the only capital in the world in which a higher price was paid by the consumer for sugar was in the country of Japan, in Tokyo.

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

Mr. DOWNEY of New York. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. Solarz].

Mr. SOLARZ. Mr. Chairman, I thank the very distinguished gentleman from New York for yielding this time to me, and at the risk of sounding or seeming like a heretic to the people who live in the district of my very good friend, the gentleman from Michigan [Mr. Traxler], I rise in support of the Downey-Gradison amendment.

So far during the course of the debate on this amendment we heard several arguments advanced in favor of the proposition which is now before the House. We have heard about the consequences for American consumers and the extent to which the current Sugar Program, according to a variety of independent estimates, is costing the consumers of our country -- somewhere in the vicinity of $3 billion a year above and beyond what they would otherwise be paying if it were not for the current Sugar Program.

We heard about the consequences for sugar refinery workers in our country, 2,000 of whom have been thrown out of work since the establishment of the Sugar Program in 1981, 400 of whom, by the way, had jobs in my district back in Brooklyn and several thousand of whom may very well lose their jobs in the years ahead if this program is continued and the Downey-Gradison amendment is rejected.

Mr. Chairman, it seems to me that these are good and sufficient reasons in and of themselves for supporting the

Downey-Gradison amendment, but I want to concentrate my remarks not on the consequences for consumers, with the implications for refiners, but on the consequences of the current Sugar Program for U.S. foreign policy.

There can be little doubt, Mr. Chairman, but that the current Sugar Program has helped to undermine some of our vital U.S. foreign policy objectives.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I will be more than happy to yield to my very good friend as soon as I have finished my statement. After that I will be happy to yield to hear what he has to say. If the gentleman will give me a chance just to complete my statement, I would very much like to get the benefit of his intervention, but I would like to finish first, if I may.

Mr. Chairman, since the establishment of the sugar quota in 1981, sugar exports from Latin America to the United States have declined in dollars terms by almost 50 percent, from roughly $1.4 billion in 1981 to approximately $700 million in 1984. That decline of $700 million in the dollar value of sugar exports from Latin America to the United States is the equivalent of approximately 50 percent of the totality of U.S. economic assistance to the countries of Latin America and the Caribbean.

In the Dominican Republic, to take but one example, 1984 sugar sales to the United States were $140 million less than the totality of their sugar sales to the United States in 1981, which happens to exceed the total amount of our economic assistance to that country in 1984. In Honduras, to take another example, there has been a 50-percent decline in the dollar value of their sugar exports to the United States between 1981 and 1984.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield on that point?

Mr. SOLARZ. Mr. Chairman, I will be happy to yield to both the gentleman from Louisiana and the gentleman from Texas as soon as I have finished. I am approaching the conclusion of my statement.

In view of a growing recognition in our country and in the Congress of the overriding American security interests which we have in the Caribbean basin and Latin America, in view of the support in the Congress and in the country for the Caribbean Initiative and for the recommendations of the Kissinger Commission for increases in economic aid which we have been providing to our friends in our own hemisphere, this sugar program as it is currently constituted is a classic example of taking away with the left hand what we provide with the right hand.

It seems to me, Mr. Chairman, that we have two overriding interests in the Caribbean Basin and Latin America. The first is the promotion of democracy, and the second is the survival and viability of the international economic system. Insofar as democracy is concerned, one of the most encouraging trends and developments of the last several years is the emergence throughout Latin America and Central America of democratic governments as military regimes in one nation after another went back to the barracks. But the ability of the newly emerging and elected democratic governments of Latin America to survive will be very much a function of their ability to meet and satisfy the economic aspirations of their own people, and to the extent that we deprive them of one of their major sources of export earnings -- and sugar is the third largest export earner for the countries of Latin America -- we deprive those nations of the resources they need in order to sustain democracy.

Insofar as the viability of the international economic system is concerned, we are all familiar with the $350 billion debt which hovers over Latin America, and the ability of those nations to service and pay off that debt is obviously a function of their capacity to generate export earnings.

In Brazil, which has an enormous debt, the dollar decline in the value of their sugar exports to the United States from 1981 to 1984 was a quarter of a billion dollars. In Argentina the decline in the dollar value of their sugar exports from 1981 to 1984 was $150 million.

So I would submit, Mr. Chairman, that if we want to strengthen the prospects for democracy and if we want to sustain the viability of the international economic system -- and we are talking here not just about bailing out American banks, we must realize that if those countries are unable to pay off their debts, it could jeopardize the viability of the entire international economic system and our own economy as well.

Mr. Chairman, in conclusion, I would just like to point out to my colleagues that over 40 years ago, during the Second World War, the Prime Minister of the United Kingdom, Sir Winston Churchill, addressed a joint session of the Congress of the United States, and he began his very famous address by observing that his mother had been born in the United States -- in my district, by the way -- and his father had been born in England, and he went on to say that he could not help but think that if it had been the other way around and his mother was born in the United Kingdom and his father here, he might have come to the House of Representatives in his own right.

I can only say, Mr. Chairman, that if Winston Churchill had come here in his own right and if he were a Member of this House today and were asked to comment on this Sugar Program, which is costing consumers $3 billion in order to help 13,000 producers, he might be tempted to say, "Never before have so few extracted so much from so many."

Mr. Chairman, I urge the Members to support the Downey-Gradison amendment.

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

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I am happy to yield first to the chairman of the committee, but I am told that I have very little time left.

Mr. de la GARZA. Mr. Chairman, if the gentleman has concluded, then, may I ask, would the gentleman from Minnesota [Mr. Stangeland] yield 1 minute to me?

Mr. STANGELAND. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. de la Garza].

Mr. de la GARZA. Mr. Chairman, I thank the gentleman from Minnesota.

Mr. Chairman, the gentleman who just concluded his remarks to a distinguished member of the Foreign Affairs Committee, and he has traveled the world and knows the intricacies of diplomacy, but to have him say the Sugar Program has undermined the foreign policy of the United States of America is completely erroneous. On the contrary, you do not bolster democracy abroad by killing American jobs. I repeat, Mr. Chairman, you do not bolster democracy abroad by killing American jobs, and that is what this amendment is going to do.

We must protect the national security interests, the best interests of our Government, and foreign policy should be made to protect the best interests of America and the American people. That is what our foreign policy is for. Maybe the gentleman and the State Department go astray and get too enamored of exotic places around the world. The best foreign policy of this country is to protect the basic jobs of people, and the national security remains here. You do not bolster democracy by killing American jobs.

The CHAIRMAN. The time of the gentleman from Texas [Mr. de la Garza] has expired.

Mr. STANGELAND. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. Lewis].

(Mr. LEWIS of Florida asked and was given permission to revise and extend his remarks.)

Mr. LEWIS of Florida. Mr. Chairman, let me begin today by commending the chairman of the Cotton, Rice and Sugar Subcommittee, the gentleman from Louisiana [Mr. Huckaby], and the ranking member, the gentleman from Minnesota [Mr. Stangeland], for their leadership and dedication in bringing the sugar provisions of H.R. 2100 to the floor.

Mr. Chairman, today Members of this body will be asked to decide the fate of the U.S. sugar industry. The issue before us is very simple: Do we want to preserve a farm program which, if administered properly, costs the Government no money, ensures adequate supplies of sugar at stable prices for the American consumer, permits CBI nations to sell a major portion of their sugar to the United States at preferential prices, provides for 250,000 to 300,000 jobs, and, finally, gives economic stability and security to sugar growers, their families, and their entire communities throughout America?

Or do we want to weaken this solid and successful program by passing the Downey-Gradison amendment, which will destroy our sugar industry, give our foreign competitors complete control over what we as American consumers pay for sugar, allow food conglomerates to receive lower costs for sugar but continue to keep the prices of sugar-containing products at the rate they are now, impose further economic problems on farm communities who are already reeling from poor, even disastrous, credit problems, and, finally, seriously damaged the benefits to those CBI nations who are importing sugar into the United States?

Over the past several weeks, Members of this body have been bombarded with information stating the untold evils of the U.S. sugar program. I, as a Member who supports the current U.S. sugar program and who is fully convinced of its worth to this Nation and her consumers, believe it is time to set the record straight.

I would hope, Mr. Chairman, that the supporters of the Gradison-Downey amendment would pay attention to this, because I understand that opponents of the domestic sugar program claim that consumers are forced to pay more for sugar-containing products because of the domestic sugar program.

Mr. Chairman, today sugar prices in the United States are lower -- let me repeat that -- lower than in 1980 when we had no sugar program.

And is it not strange that while the price of sugar has dropped over the past 4 years, the price of soft drinks, candy bars and other sugar-containing products remain the same.

Think about it. Over the past 4 years, can you remember the price of M&M's or Butterfingers or any other sugar-containing product going down when the price of sugar dropped?

In fact, during a subcommittee hearing on this very issue, manufacturers of sugar-containing products could not tell us, the members of the subcommittee, that the price of their product would go down indeed if the price of sugar dropped.

The truth of the matter is the price of sugar will have no bearing on the price of sugar-containing products.

Opponents would have you believe the program seriously undermines trade with our Caribbean and Central American neighbors. However, according to the U.S. Department of Agriculture, the Downey-Gradison amendment would reduce -- I repeat, reduce -- the market price received by the CBI nations for sugar imported into the United States. Compared to the income from sugar sales that these countries would receive under the committee bill, CBI nations would suffer a revenue loss under the Downey-Gradison amendment. In fact, we heard the gentleman from New York [Mr. Downey] say there was a $350 million Latin debt, and the gentleman from New York stated, how are we going to pay for that debt if we keep a good U.S. sugar program.

Let me tell you the fact is the revenue loss that could amount by the Downey-Gradison amendment could be up to $505 million to our Latin neighbors based on the statistics of the U.S. Department of Agriculture who support the Downey amendment.

I would like to conclude by stating that the U.S. sugar program is a bargain and we ought to keep it.

Mr. HUCKABY. Mr. Chairman, I yield 3 minutes to the gentleman from Hawaii [Mr. Akaka].

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

Mr. AKAKA. Mr. Chairman, I rise in opposition to the Downey-Gradison amendment and in support of the sugar title contained in the committee bill.

I am always amazed by the amount of misinformation that is circulated about the sugar program and its effect on consumer prices just before consideration of the farm bill. I hope my colleagues in the House take time to learn the facts before they consider voting for any amendment to cut the sugar program. The graphs I have with me today will help you understand the real story about the effect of the sugar program on consumer rates and prices.

Today, sugar prices are actually lower than in 1980 when we had no sugar program. According to the U.S. Department of Agriculture, in 1980 sugar was trading at a wholesale price of 51 cents per pound. The current sugar prggram came into effect in 1981, and in 3 years of successful operation the wholesale price for sugar has never exceeded 30 cents per pound. Clearly, the sugar program is a good deal for America's consumers.

The graphs I have prepared for today's floor debate illustrate this important point. These graphs compare the rate of increase in consumer goods and what consumers pay for three major groups of sugar containing products -- bakery goods, confectioneries, and soft drinks -- with the wholesale cost of the sugar that goes into those products. As you can clearly see by looking at these graphs, at a time when the cost of sugar has actually been dropping, the cost of sugar-containing products -- baked goods, candy, and soft drinks -- has risen dramatically.

These graphs illustrate what sugar farmers have known for years. The cost of sugar -- the raw material used to manufacture these food items -- has been dropping in price. Despite this decline in the price of sugar, the manufacturers of sweetened products have been charging consumers more and more for baked goods, candy, and soft drinks. I ask you -- who is really to blame for higher consumer prices? Not the beet or cane sugar farmers but the manufacturers of sugar-containing products.

It is sad, but true, that none of the reduction in sugar prices has been passed on to consumers. The graphs I have presented to you clearly demonstrate that although the price of sugar has dropped over the past 4 years, the price of sugar-containing products has been moving higher and higher. The manufacturers of sugar-containing products have merely been pocketing the savings from lower sugar prices, reaping higher and higher profits at the expense of consumers. While these manufacturers are the first to criticize our sugar program, they are really the ones to blame for high consumer prices.

The soft drink industry serves as a classic example to illustrate this point. In a recent survey of 1,000 companies by Forbes magazine, overthe last 5 years the soft drink industry was found to be the most profitable of all U.S. industries with a return on equity of 27 percent. While the price of sugar has dropped as a result of the sugar program, the manufacturers of sugar-containing products have merely used these savings to increase their profits at the expense of American consumers.

The facts are clear. Sugar prices have actually dropped since the current program was enacted. I wish I could say the same for sugar-containing products. Think about it, when was the last time that soft drinks, candy, or other sweetened products dropped in price?

Don't be fooled. Critics of high sugar prices should look to the real villains -- the manufacturers of sugar-containing products -- as they fight to reduce food prices.

The sugar program in the committee bill is fair to both the consumer and the producer. The 1985 farm bill freezes the sugar program at the current loan rate on 18 cents per pound.

I have taken time to speak in opposition to this amendment because sugar has a long and prominent place in the economic and social 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.

Favorable 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 cane fields.

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 past10 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 put out of production, and 4 of our 17 plantations have gone out of business. Unless our domestic sugar program is renewed, the situation will get much worse. I ask you, if our sugar farmers were making a killing on sugar, would our acreage be declining so rapidly?

Few people realize why the domestic sugar industry is facing this difficult situation. In 1975, the European Economic Community [EEC] initiated an aggressive policy of direct subsidization of its sugar beet producers. A net importer of sugar in 1975, the EEC quickly began producing sugar well in excess of both EEC consumption and international demand. In order to maintain high employment in its sugar industry and to avoid stockpiling its enormous annual surplus, the EEC for years has simply dumped surplus sugar on the world market at whatever price such distressed sugar could fetch.

Unfortunately, the volume and intensity of EEC dumping has completely wrecked the world sugar market for every international producer including such major producers as Australia, Brazil, the Caribbean nations, the Philippines, and the United States.

In recent months we have witnessed a renewed determination in Congress to preserve American jobs in the domestic textile, footwear, steel, timber, and automobile industries which are threatened by foreign unfair trade practices. As Congress pursues legislation to prevent the intolerable loss of American jobs in our basic industries, I hope you can appreciate my concern for the 250,000 American workers directly or indirectly employed in the domestic sugar industry whose jobs are similarly in jeopardy.

It's time to stop exporting American jobs in our basic industrial and agricultural industries. For the sake of our American consumers and sugar workers, I urge you to support the sugar program in the committee bill and oppose this damaging amendment. Without your support, the sugar farmers in Hawaii and in 15 other States where beet and cane sugar is grown will certainly face a bitter future.

Mr. HUCKABY. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota [Mr. Dorgan].

Mr. DORGAN of North Dakota. Mr. Chairman, it seems to me our goals ought to be two: First, to create stable and reasonable prices for our consumers; and second, to maintain some structure of an American sugar industry.

In my judgment, if the Gradison-Downey amendment passes, we are going to do two things. No. 1, we are going to kill the domestic sugar industry, and No. 2, we are going to chain those consumers, to a roller coaster ride. Those consumers are going to ride that international sugar price roller coaster up and down to the vagaries and uncertainties of an international price. I do not think that is in the interest of the consumers, and it is certainly not in the interest of the producers&

With deference to my good friend from New York, Winston Churchill has not recently spoken on the Downey-Gradison amendment.

That amendment makes no sense for the consumers or the producers of this country, and I hope that in the next few moments this House will understafd that stability for the consumer and preservation of a domestic industry are the two twin goals that we ought to be working for for this country.

MR. CHARIMAN, THERE HAS BEEN A LOT OF RHETORIC HEARD LATELY ON THE ISSUE OF WHETHER OR NOT TO CONTINUE THE CURRENT SUGAR PROGRAM AS IS. CONSUMER ADVOCATES HAVE SAID THEY WOULD LIKE TO SEE THE SUGAR SUPPORT PRICE LOWERED, BECAUSE THAT WOULD SAVE BUYERS GF CANDY BARS AND SOFT DRINKS MONEY. THOSE OF US WHO REPRESENT THE SUGARBEET AND SUGARCANE GROWING AREAS OF THE COUNTRY WANT TO SEE THAT PRICE SUPPORT MAINTAINED, FEELING STRONGLY THAT FARMERS JUST CAN'T AFFORD ANY LESS.

ALTHOUGH I WILL TOUCH ON BOTH OF THESE ARGUMENTS SHORTLY, I WOULD LIKE TO POINT OUT THAT THERE IS ALSO A LARGER ISSUE INVOLVED HERE, AND THAT IS THE ISSUE OF WORLD TRADE.

CONGRESS IS NOW BEGINNING A DEBATE ON THE TRADE ISSUE. SEEING THE GROWING ANGER IN CONGRESS OVER OTHER NATIONS' UNFAIR TRADING PRACTICES, THE PRESIDENT HAS RECENTLY SOFTENED HIS STRICT ANTIPROTECTIONIST STANCE TO TALK NOT JUST ABOUT FREE TRADE, BUT ALSO ABOUT FAIR TRADE. GRUDGINGLY, HE HAS HAD TO ADMIT THAT THERE JUST MAY NOT BE SUCH A THING AS FREE WORLD TRADE. THE EUROPEAN ECONOMIC COMMUNITY SUBSIDIZES EXPORTS. JAPAN MAINTAINS STRICT QUOTAS AND REGULATIONS WHICH KEEP OUT UNITED STATES PRODUCTS. ARGENTINA HAS SUCH A NEED FOR HARD CURRENCY THAT IT IS WILLING TO SELL ITS AGRICULTURE COMMODITIES ON WORLD MARKETS AT FIRE SALE PRICES.

THE VERY SAME ISSUES APPLY TO A DISCUSSION ABOUT THE WORLD PRICE OF SUGAR. THE EUROPEAN COMMUNITY HAS GONE FROM BEING A NET IMPORTER OF SUGAR TO THE SECOND LARGEST EXPORTER OF SUGAR IN THE WORLD, AS THE RESULT OF THE LARGE SUBSIDIES TO ITS SUGARBEET GROWERS, WHICH HAVE INCREASED PRODUCTION. EVEN ALLOWING FOR THE STRONG DOLLAR, THE EC SUPPORT PRICE FOR SUGAR IS STILL HIGHER THAN OUR RATE, BY 4 CENTS. USING THE 1981 EXCHANGE RATE, A MORE ACCURATE MEASUREMENT, THE CURRENT PRICE IS 31 CENTS PER POUND UNDER THE EC; THE U.S. PRICE SUPPORT IS 18 CENTS.

BY WAY OF CONTRAST, ACREAGE PLANTED TO SUGARBEETS AND SUGARCANE HAS ACTUALLY DECLINED IN THIS COUNTRY; EIGHT BEEF PROCESSING PLANTS AND THREE SUGARCANE MILLS HAVE CLOSED SINCE 1981. OUR SUPPORT PRICE HAS NOT BEEN AN INCENTIVE TO EXPAND. IN MY OWN STATE OF NORTH DAKOTA, THE NUMBER OF SUGARBEET ACRES HARVESTED HAS DROPPED FROM A HIGH OF 155,000 ACRES IN 1977 AND 1978, TO 142,000 IN 1983.

NOW I WOULD LIKE TO TALK ABOUT THE POINTS I MADE IN THE FIRST PARAGRAPH. FIRST, THE IMPORTANCE OF THE PRICE SUPPORT TO SUGARBEETgrowers in my State of North Dakota. The agriculture committee's farm bill freezes the price support at 18 cents a pount. Even though production costs have been rising, our growers have accepted that freeze.

Anything lower would result in sugarbeet growers leaving the business -- and that business generates 300 million dollars' worth or income in the Red River Valley area of North Dakgta and Minnesota. Economists estimate that those dollars turn over three times before they leave my State -- in other words, sugarbeets generate almost 1 billion dollars' worth of business in the area's economy -- business which my heavily agricultural state sorely needs, given the over-all depressed farm economy.

The final point I would like to speak to is the consumer argument which is brought against maintaining the sugar support price. If we lowered the price, this argument goes, then the price of consumer items which contain sugar would also go down. The price of sugar is now actually less than it was when the 1981 farm bill was passed, according to USDA statistics. Yet when was the last time the price of a candy bar or a can of soda pop went down?

In fact, the price of bakery goods, candy, and soft drinks have all steadily risen, again according to USDA numbers. The soft drink industry, notes Forbes magazine, is the most profitable industry in the country. So much for saving the consumer money.

So let's put the sugar issue in the context where it belongs -- against the background of a world sugar price that is actually a dump price. Against the background of how most sugar is actually traded -- through special marketing agreements, such as between Cuba and the Soviet Union, under which the Russians pay Cuba more than 10 times the current world market price in cash and goods. Against the background of a recent Congressional Research Service report, which concluded "Even if the United States aligned itself with world prices, these prices would remain very volatile, and would continue to fluctuate wildly in response to small changes in world sugar flows."

That's the proper context for our debate here on the U.S. sugar program. I urge my colleague to vote to maintain the current sugar price support.

Mr. HUCKABY. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. Mica].

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

Mr. MICA. Mr. Chairman, I just have a moment, but let me say the gentleman from New York made a plea to protect Latin Americans. As one from Florida who supported this CBI, I think that is nonsense the way we put it in the context of the sugar industry.

We could make that same plea and say do away with our entire oil industry and become dependent on the Middle East to help the Middle East in our foreign policy, or do away with our entire auto industry and become dependent totally on Japan, or do away totally with our textile industry and become dependent on the rest of the world. In fact, we could say that about all labor in America and all jobs because you can hire people lower than the minimum wage throughout the rest of the world. You are not just killing sugar, you are killing an industry, an American industry, that we should have some domestic presence and visibility in.

This is an important industry in this country. It is not just a few producers; it is hundreds of thousands of jobs, an American industry that is vital. I admit it is an industry with problems that we need to work out as we do with so many other industries, but we should not kill an American industry.

Mr. STANGELAND. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. Schuette].

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

Mr. SCHUETTE. I thank the Chair. I thank the gentleman from Minnesota [Mr. Stangeland] and the gentleman from Louisiana [Mr. Huckaby]. I would like to commend my colleagues on the fine work on this title.

I rise in opposition to the Downey-Gradison amendment, because this amendment will have a devastating impact on the American sugar industry, jobs associated with the sugar industry, and American farmers.

This amendment quite simply is a blueprint for the elimination of the American sugar industry. We are not talking pennies or technical adjustments. No, do not be misled. The effect of this amendment will mean millions of dollars in lost income to fareers and billions gf dollars to the farm economy as a whole.

The processing plafts in my district in mid-Michigan have shared with me that they will be in great financial difficulty and will not be able to modernize if this amendment passes, and cause hardship to farmers, to beet grgwers, the only stable income in times of great stress, as my colleague from Michigan pointed out. We are pulling the rug out from farmers if we pass this amendment.

We are not debating a few cents. No. The choice we are asked to be making today is the life or death of a significant and important aspect of American agriculture.

Before I continue further, I yield to my colleague, the gentleman from Texas [Mr. Combest].

Mr. COMBEST. Mr. Chairman, I thank the gentleman from Michigan [Mr. Schuette].

Mr. Chairman, I would just like to mention that I associate myself with the gentleman from Michigan's remarks in opposition to the Downey-Gradison amendment, and mention that during the time we are considering a farm bill to try to keep agriculture healthy and try to keep the American consumer paying the lowest price of food and fiber of any place in the world, we have a program under the farm program that is working.

I would urge my colleagues to oppose this amendment and to keep this program there because it is one that is working. If it is not broken, let us not fix it.

Mr. SCHUETTE. Mr. Chairman, I thank the gentleman from Texas [Mr. Combest].

Mr. Chairman, one final comment. This is a farm bill for American farmers. This is not a farm bill for international bankers. Let us make sure of our focus and our intent today. We are freezing target prices on other crops, but by passing Downey-Gardison we are reducing farm income to sugar beet and sugar cane farmers.

Again, one final word. We have heard a lot of talk and discussion about the tough times that farmers are having, and it is true because I represent a farm district. We have an opportunity today to help farmers in a time of crisis, help the sugar beet grower and the sugar cane grower. So we are asked today to help farmers, and we and the Members of this House can help farmers by voting against Downey-Gradison. Let us not turn our back on an important and significant segment of the American agriculture machine.

I urge my colleagues to vote against Downey-Gradison.

Mr. GRADISON. Mr. Chairman, at this time I yield 4 minutes to the gentlewoman from Maryland [Ms. Mikulski].

Ms. MIKULSKI. I thank the Chair.

Mr. Chairman, I rise in support of the Downey amendment because I believe sugar is one import that creates jobs in America.

Every Member of Congress received this little bag of Domino sugar. This was manufactured in my congressional district. Here today, may be gone tomorrow. Behind this yellow bag lies 650 jobs in the Baltimore community that will go down the drain if we do not pass the Downey amendment.

It is not only the 650 constituents that I have, but under the current sugar program, we have already lost 2,000 jobs and stand to lose 4,000 more jobs in American sugar refineries.

We have also lost jobs at the docks. Right now there are only 14 men working for the ILA at the Baltimore sugar docks, a far cry from what they once were.

And not only are we talking about jobs in sugar refineries and dockside jobs, we are talking about jobs in small business like the baker shops. I represent the ethnic communities. They need low-cost sugar to make cannoli at Vaccaro's Bakery, baklava at the Ikaries, and Polish raisin bread at shops that have names like Mikulski or Harchgwski.

This Downey amendment is a jobs bill for those kinds of communities that I represent.

Mr. de la GARZA. Will my colleague, the gentlewoman from Maryland, yield?

Ms. MIKULSKI. I will yield at the conclusion of my statement.

And then we are also talking about the American consumer. Yes, my constituents manufacture sugar that sells at $1 -- excuse me, it seems like it -- $1.80 at local supermarkets. Yes, you might refute the sugar stuff from Canada, and even if it sells for $1.40, that is still 40 cents more than we are now paying in the United States. The consumers need a break. We need a break in our paychecks and in our checkout counters. And at the same time, there is this argument about saving jobs in the sugar industry. Somehow or another it is being presented like a little save the family farm, a sugar-coated version of Sissy Spacek in "The River," or a sugar-coated version of Jessica Lange in "The Country," or a sugar-coated version of Sally Fields in "Places in the Heart."

I have places in the heart, too, that I have to worry about, and they are called Baltimore, and they are called Locust Point. When we talk about places in the heart, I do not want to pit one American worker against the other, but I will be darned if I think my constituents should subsidize the megacorporations of this country.

Who do the big-buck subsidies go to? It is not some little family farm toiling day and night, some nostalgic memory. In Hawaii, five corporations get 98 percent of the Hawaiian crop, and the sugar beet industry, 11 processors receive 40 percent of the subsidy benefits.

I think that when we talk about protecting those places in the heart and those places in the marketplace, the Downey amendment is the amendment that creates those kinds of opportunities.

Mr. de la GARZA. Mr. Chairman, will the gentlewoman yield?

Ms. MIKULSKI. I would be happy to yield to the chairman of the Committee on Agriculture, the gentleman from Texas.

Mr. de la GARZA. I thank the gentlewoman for yielding.

Again, as I have throughout the morning, I will say those jobs, if they were to be lost, are not going to be replaced in the United States. They are going to a foreign country.

Second, do you think the workers at the McCormick plant in Baltimore get the bulk of the money McCormick makes? No. It is the corporate stockholders and the president of the company.

So that is not a valid argument. My district is ethnic also, but we do not want to pit your ethnic against my ethnic. The solution to that problem, to the problem of the gentlewoman, is in the Committee on Ways and Means, not in our jurisdiction. It is in the tax needed by the refiner, and I have been working personally with the cane refiners. The solution is in the Committee on Ways and Means, not here.

Mr. STANGELAND. Mr. Chairman, I yield such time as he may consume to the gentleman from Idaho [Mr. Craig].

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

Mr. CRAIG. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise today in support of the sugar provision as passed by the Hguse Agriculture Committee, and against any amendment that would attempt to reduce the support prices for the sugar program. The current sugar program is one of the most efficient farm programs in operation, for both producers and consumers.

The sugar program, when operated properly, operates at no cost to the Government. In fact, the United States has collected an estimated surplus of $355 million in import duties and fees in administering this program over the past year. This program provides the U.S. consumer with a stable market and since the passage of the 1981 farm bill, a lower average price of the consumer.

The American sugar beet and sugarcane producer needs some kind of protection as long as the world market continues to dump cheap excess sugar on to the market. There is no possible way the sugar producers can compete when foreign producers are paid more per pound than the American producer and their excess is dumped into the world market at a subsidized cost of 4 cents a pound.

In my home State of Idaho, producers harvested over 3 million tons of sugar beets in 1984. This represents the livelihood for hundreds of families who work on the farm and in the processing plants. Nationwide, it has been estimated that more than 100,000 workers are directly employed in the sugar industry with another 250,000 indirectly involved.

Opponents of the current sugar program argue that it keeps costs artificially high for consumers. This is not the case, for example, a USDA report on sugar and sweetener products indicated that these products have increased in price by 15.8 percent on average from 1981 to July 1985. At the same time, raw sugar prices increased only 4.3 percent and retail prices for refined sugar declined 10.3 percent.

I would only ask that my colleagues and opponents of the current sugar program look at this program in terms of overall budget costs, its stability and low cost to consumers, and the thousands of individuals who depend on this commodity, and I believe you will find it is an acceptable and responsible measure. I urge my colleagues to vote in favor of retaining the bill as reported.

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

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

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

Mr. Chairman, I support the sugar program included in the committee bill for one very simple reason; it works. The sugar program is one of very few commodity programs that isn't broken; it therefore should not be fixed.

This program is simply an extension of the very successful program that was approved by Congress in the 1981 farm bill. It has worked to the benefit of producers, taxpayers, and consumers.

Producers receive a modest safety net loan in a program similar to those for other commodities. Support levels are modest. In fact some growers and processors have gone out of business since implementation. That alone should prove that the program is not overgenerous.

Taxpayers benefit since the program has no adverse effect on the budget. Commodity loans are made by the Commodity Credit Corporation to sugar processors. These loans are later paid back to the CCC, with interest, within the same fiscal year. The only loan forfeiture has been the result of a bankruptcy of a sugar beet processor. That was a unique situation and loan forfeitures are not expected if the program is properly administered.

Consumers benefit from the stable prices and supplies resulting from the program. Industrial users of sugar are no longer subject to the old ratchet effect, common to the volatile sugar price era, prior to this program. When sugar prices wouldincrease, sugar containing product prices went up. When sugar prices came back down, the cost of sugar containing products stayed high. Both consumers and producers were hurt.

The sugar program helps to maintain the jobs and other economic benefits of a viable domestic sugar industry. It benefits my constituents who are both sugar consumers and taxpayers. Administered properly, the program works. Therefore, I urge approval of the program without amendment, and urge defeat of the Downey amendment.

Mr. HUCKABY. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The Chair will advise the gentleman from Louisiana that he has 5 1/2 minutes remaining.

Mr. HUCKABY. Mr. Chairman, I yield 2 1/2 minutes to the gentleman from Washington [Mr. Foley].

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

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

Mr. Chairman, it goes without saying that I have great admiration for the gentleman from New York and others who are supporting this amendment. However, I hope my colleagues will not begin a process of unraveling this farm bill, which has been very carefully constructed, and which the committee has worked long and arduously to bring to the floor. Further, this farm bill was constructed in an environment of greater farm and farmer financial difficulty than at any time since the last Great Depression.

Farmers are suffering, and the farm income in the United States has been steadily declining. That includes not only farmers producing wheat and feed grains, which is most closely associated with my area, but in sugar and in other crops that we are going to be considering this afternoon and next Tuesday.

This bill is not an overly generous bill; in fact, most people from farm areas would say it is not sufficiently generous. But it is the best that the committee can do considering the budget restraints that press upon us all. This bill is within the budget. It does not expand or increase price supports. It does not even maintain farm income if these price support levels are further eroded by inflation.

All in all, it is an extremely moderate bill and one that can be supported justifiably by Members from all parts of the country, urban and rural, and I urge that support.

Mr. DOWNEY of New York. Mr. Chairman, may I inquire as to how much time I have remaining?

The CHAIRMAN. The Chair will advise the gentleman from New York that he has 4 minutes remaining.

Mr. DOWNEY of New York. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. Frank].

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

Mr. Chairman, we have had people here speaking from the consumer perspective and the producer perspective. I am here speaking from the former consumer perspective of sugar. From that standpoint, I would like to speak in favor of the amendment offered by the gentleman from New York [Mr. Downey].

I appreciate the remarks of the majority whip, who just spoke, because he set this in the broader context properly, and that is really what we have to talk about. The question is -- and I am puzzled time and again when some of the more conservative Members of the Chamber come forward on behalf of this legislation. I keep missing, when I reread Adam Smith and all the other great conservative texts thereafter, where the footnote is that says none of this free enterprise stuff applies to agriculture.

The free market, which is such a wondrous thing in so many different aspects of American life, apparently is not relevant at all when we come to farming, because we are dealing here in the United States with the most heavily regulated and subsidized industry that we have.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield on that point?

Mr. FRANK. I would be glad to yield to the gentleman from Louisiana.

Mr. HUCKABY. I thank the gentleman for yielding.

Mr. Chairman, I would like to point out to the gentleman that the French Government supports sugar higher than the American Government does and they are the largest exporter there is.

Mr. FRANK. Mr. Chairman, I re-claim my time, because the fact that the French Government, under the Socialist Francois Mitterrand, supports sugar would not seem to invalidate my point about free enterprise. I only have 3 minutes and I cannot take any more time for any more countries. I know there are a lot of them. But that was not all that relevant. I have to be honest with the gentleman.

The point is that: We are being told that somehow this one industry, along with a lot of others, the market does not work and we must subsidize it, and so forth, and so forth. This amendment is, in my judgment, too moderate. I will support it because it is realistic and I congratulate the gentleman from Ohio and the gentleman from New York for being so realistic in bringing it forward.

We have got to begin to reduce these subsidies, because what we are doing, and we focus on the existing farmers, and I have sympathy for them and would be prepared to vote, as I voted earlier this year, for bailouts for their mortgage loans, and so forth, we in this country, and we perpetuate it in this farm bill, pay more people to farm than we have any conceivable use for their products. There is a fundamental flaw in the approach to agriculture.

We begin by subsidizing people to produce more than we have a market for. Then to deal with that, and it used to be -- --

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. FRANK. No; I already yielded for France, and I only have 3 minutes.

Mr. de la GARZA. I will speak about Massachusetts.

Mr. FRANK. I said I would not yield.

The point is that: Once you get a flawed system, and you try and fix it, it is like in the 17th century and 16th century, I am a little hazy here, but when they were still trying to argue, when Galileo was in trouble and they had him in the slammer, that the Sun still went around the Earth and it was not working and they came up to try and save that theory with loops and whirls and epicycles and wiggles and jiggles, that is our agriculture bill.

We start out with a fundamental flaw. We pay people taxpayers' dollars and limit in other ways to have more people in farming than we can deal with. Then we have to come up with quotas and limits and marketing orders, and everything else and the result is really very bad.

Yes, in the short term we have some people to whom I am sympathetic, some of the farmers. The sensible approach is to stop subsidizing them to overproduce, and we do not do that for any other industry. We do not subsidize the auto industry or the shoe industry and say, "We will buy whatever you put out at such-and-such an amount." We do not do that, and it is time to stop doing it in farming.

Mr. GRADISON. Mr. Chairman, I would like to reserve the balance of my time to permit me to make a closing statement at the appropriate time.

The CHAIRMAN. The Chair will state that traditionally the opponents in the majority would have the right to close the debate.

So we are at a point now at which the gentleman from Ohio [Mr. Gradison] has 3 minutes remaining, the gentleman from New York [Mr. Downey] has 1 1/2 minutes remaining, the gentleman from Louisiana [Mr. Huckaby] has 4 minutes remaining, and the gentleman from Minnesota [Mr. Stangeland] has 3 1/2 minutes remaining.

The Chair now recognizes the gentleman from Ohio [Mr. Gradison].

Mr. GRADISON. Mr. Chairman, the last time the House of Representatives considered this overall issue of sugar was in 1981. At that time, the House voted to strike the sugar provision and eliminate the program entirely.

This time around, the U.S. Department of Agriculture came before the Agriculture Committee and they recommended a reduction in the loan rate from its present level of 18 cents eventually to a level of 12 cents.

If you listen to our opponents in this debate, Mr. Chairman, you might have the impression that we want to scrap the program. That is simply not correct. That is not what the amendment does.

The amendment, indeed, avoids the extremes of the action taken by the House in 1981 when it voted to strike the program and of the recommendation of the administration which would reduce the loan rate to 12 cents. What we are trying to do is bring this program in line with other programs. I think the point is to recognize that sugar and sugar products under our current law have been given a privileged position over other crops and other growers, and I want to give you the numbers to back that statement up.

The return per acre in the most recent figures available for sugar beets in this country is $403, and for cane is $353. For rice, it is $114, corn $114, cotton $111, soybeans $105, wheat $66, and oats $62.

What this says is that under the present program, the return per acre for sugar beets and sugar cane is three times the level of rice, corn, cotton, and soybeans, and five times that for wheat and oats within our own country.

Our plan would reduce the price from 18 cents to 15 cents and ask the growers to pay for transportation if they forfeit their corp, the same as happens in other crops under present law.

How has this present program worked? Who are the winners?

The winners are the producers and their employees and the Soviet Union, and I want to develop that point.

How many workers are there? There are 19,000 full-time workers and a larger number of part-time workers involved in the sugar industry. Most of those part-time workers are actually foreign workers brought in from Haiti, Jamaica, and the Dominican Republic.

As has been already pointed out, five corporations produce 98 percent of all the sugar from Hawaii. Two corporations produce more than 50 percent of the sugar grown in the State of Florida.

I am not suggesting there are not small producers, but let us see that in perspective. I mentioned the Soviet Union, and why did I do that? Our Caribbean neighbors earned $686 million by sales of sugar in the U.S. market in 1981. This year, they will earn $350 million.

Who has picked up the slack? Who is importing the sugar which used to come to the United States from our own neighbors?

It is the Soviet Union. This plan which is now on the books, I know quite unintentionally, has had the unintended effect of pushing some of our closest neighbors into the willing arms of our own adversary. And I do not consider that a very powerful argument for continuing the program in its present form.

We have already touched upon the effects on consumers, on taxpayers and on workers. Let me just close in the limited time I have by indicating that this is a vote which is going to be watched. It is going to be watched by sugar growers if you are from a sugar-growing area. It is going to be watched by consumers if you are from the other side.

But it also, since it is the first amendment we have taken up, has a bearing on whether we are going to have a bill that can be signed. This legislation offered by the gentleman from New York [Mr. Downey] and myself is supported by the administration. I have letters from the Secretary of Agriculture and the Secretary of State to that effect.

Let us pass this amendment and move toward a bill that can become law.

Mr. STANGELAND. Mr. Chairman, I yield 1 1/2 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. Mr. Chairman, I would like to commend the gentleman from Louisiana [Mr. Huckaby], the gentleman from Minnesota [Mr. Stangeland], and the chairman of the full committee, the gentleman from Texas [Mr. de la Garza].

Mr. Chairman, the program that is being challenged here is a responsible, income-generating program. The program has generated an annual income of over $75 million.

It prevented additional losses of $900 million by corn farmers and has prevented additional outlays of $1.5 billion by the Commodity Credit Corporation in grain price support payments.

Consumers should be pleased with the outcome of the sugar program. The retail price of refined sugar has declined 10 percent from 1981 to July 1985.

A recent Library of Congress study of the world sugar market; let me share a few findings of that study:

Approximately 12 percent of the world sugar production is sold at the world "market" price, which is essentially a world dumping price.

If it were not for the EC's dumping of sugar onto the world market, the current world market price would be as much as 24 cents higher.

The current world market price is less than one-third of the cost of production for the world's most efficient producers.

Sugar beet and sugarcane producers in 15 States and a work force of more than 100,000 are dependent on the continuation of the domestic sugar program.

I wish we had more programs with the results of sugar. We have a program that is returning a net profit to the Government, bringing great stability to sugar prices, and resulting in lower refined sugar prices over the past few years. All we're asking here is for a freeze. No COLA, no cost of production -- a total freeze.

I urge my colleagues' opposition to the amendment.

Mr. STANGELAND. Mr. Chairman, I yield 2 minutes to the gentleman from Louisiana [Mr. Moore].

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

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

Mr. MOORE. I certainly yield to the gentleman from Minnesota.

Mr. STANGELAND. I thank the gentleman for yielding.

I want to point out quickly to the House about the large sugar corporations in Florida. I would like to just say that the U.S. Sugar Corp. in Florida is an employee stockholder-owned company. All employees own stock in that corporation.

The Florida Sugarcane League is a corporation made up of a lot of small growers. They are not gigantic corporations.

I thank the gentleman for yielding.

Mr. MOORE. I thank my colleague.

Let us ask ourselves, what is the point of this amendment? What is going to happen if it passes?

First, is it going to reduce imports in the United States and help us with our balance of trade? No. It will increase imports and worsen the balance of trade.

Second, is it going to help farmers in this country, farmers who are on their backs? No. It is going to put more of them out of business because they cannot exist as the price support declines in this amendment.

Third, is it going to reduce deficit spending in this country? The answer is no again. This program is not costing the Treasury any money now. It is one of the very few farm programs that does not. So you are not helping the deficit, you are simply going to put some farmers out of business who will then no longer pay taxes which will worsen the deficit.

Fourth, and finally, is it going to help the consumers? Does any consumer know what she is paying for sugar today? The sugar prices have been relatively stable. They are not exorbitant, they are a good and fair price.

If we become 100 percent dependent upon foreign sugar, which we will under passage of this amendment, sugar prices may actually go up, not down.

When we did not have a sugar program in 1974, what happened? Sugar prices went up, not down, so the consumer will not gain anything from this amendment either.

So why pass the amendment? What are you accomplishing by this amendment?

It appears to me what you are doing is displacing American farmers. We do not have large corporate farms in Louisiana. They are all individual farmers, many of them small. You are simply replacing them with farmers somewhere else, Costa Rica, Cuba, Nicaragua, wherever.

So I ask: What are you trying to accomplish with this amendment? Think about that, and that this is the oldest farm program in existence. It goes back to the 1700's. I ask you to defeat the amendment.

The CHAIRMAN. The gentleman from New York [Mr. Downey] has 1 1/2 minutes remaining.

Mr. DOWNEY of New York. Mr. Chairman, I yield myself the remaining time.

Mr. Chairman, in 1980, we got about half of our sugar from abroad. Today we get about 26 percent of our sugar from abroad. There is an imbalance there. The price is stable, but it is also too high.

What we seek is not to throw small farmers out of business. As the gentleman from Ohio [Mr. Gradison] pointed out, this is a modest amendment. What we seek is to restore the balance to a program that is out of balance. We seek to reduce the price to the consumer. We seek to make it fair to the thousands of refining jobs that hang in the balance, that we offer them some hope as well.

If we continue on the current path, we will accomplish a number of things. We will certainly see jobs lost in this country. They will be lost in the refineries and in the bakeries and in the confectionery stores.

We will also see greater problems in Central America. We will spend a lot more in foreign aid when, frankly, we do not have to.

My colleagues, for those of us who come from consuming parts of the country, we want to support the farm bill. Only someone who has spent the last few years in a time capsule would not realize the problems in the farming community. No one seeks to put farmers out of business.

But we seek to be fair to the people who are spending more for sugar than they need to, and to force the sugar refiners, the sugar people who are producing this sugar, to be a little more competitive, not a lot more competitive.

We could have offered to eliminate this program. We did not.

This restores the balance. Please support it.

Mr. HUCKABY. Mr. Chairman, I yield the balance of my time to the gentleman from Texas [Mr. de la Garza], the chairman of the committee.

The CHAIRMAN. The gentleman from Texas [Mr. de la Garza] is recognized for 4 minutes.

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

Mr. de la GARZA. I yield to my distinguished colleague, the gentleman from North Carolina.

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

I rise in opposition to this amendment. The sugar that was held up earlier by our distinguished colleague from New York is supposed to have come and did come from Canada, probably came into Canada by way of Cuba for about a nickel a pound.

I submit that we have got a sugar program that protects an important domestic industry. We have balanced this carefully in the House Agriculture Committee.

I urge my colleagues to vote down this mischievous amendment and support the Agriculture Committee.

Mr. de la GARZA. I thank the gentleman.

To conclude, yes, we have labored almost for a year and one-half in the Agriculture Committee to have a balanced package. But there has been so much erroneous information, I am sure not intentionally.

Workers in the sugar industry, in the refineries, on the docks who support our sugar program include the International Longshoremen's and Warehousemen's Union, the Seafarers' International Union of North America, the Oil, Chemical & Atomic Workers International Union, the Distillery, Wine and Allied Workers International Union, the

American Federation of Grain Millers, and the International Association of Machinists.

My friends, we have a Jenkins textile bill, we have a Gephardt-Benson import bill. My friends, this will be the first voteon whether we protect American producers and manufacturers this year. This is the first vote.

If you cosponsor the textile bill, you cannot but vote with us against this amendment. If you want to support the shoe industry, you cannot but vote with us against this amendment. If you support the automobile industry, you cannot but vote with us against this amendment. That is what it is all about.

Reduce the deficit, yes, but not if you kill the sugar industry.

I remember a movie "To Kill a Mockingbird," a defenseless, lovely bird that only sings. Would you kill the industry which is defenseless?

This is the time, my friends, to show the flag. Are we going to buy American? Are we going to protect American industry?

This thing about the whole world going Communist, if you kill the sugar industry in a few States, that El Salvador and all the others, Nicaragua will go Communist because of foreign policy implications? I tell the State Department that this Congress demands that the foreign policy of the United States be for Americans first, and that second, we help our neighbors.

We are helping Mexico in their disaster. We are helping Mexico, but how can we help Mexico if we do not have jobs here to get the money in taxes for the Treasury, to help the other peoples of the world?

My friends, I cannot see how one Member of this Chamber can vote for this amendment because if you do, you are not showing the flag. You are giving the jobs away to foreign countries.

This illusory thing, that it will help the consumer, the best way to help the consumer is to have jobs. It all begins in the farm.

If you kill the farm, you are killing the tap roots of what America is.

This is the first vote. This may well be the beginning of a war, and we are going to have a trade war. You cannot desert this industry at its worst hour.

We have to fly the flag. We have to let the world know that we will protect American manufacturers, producers, jobs. It is jobs, jobs, with "Made in the USA" on them.

Vote against the amendment.

Mr. CONTE. Mr. Chairman, I wanted very much to be present for this debate but my duties as ranking member of the Health and Human Services Appropriations Subcommittee obligated me to be present during the consideration of the HHS appropriations bill in full committee. I consider this amendment to be very important for our sugar industry and I am disappointed to have missed this debate.

Mr. Chairman, the Gradison-Downey amendment is the first of a series of amendments to get this farm bill moving in the right direction to get at the heart of the overall farm problem. The future of this great sector of our economy is at stake. Many of the problems in farming that exist today are part and parcel of a system that was designed to fine tune production based on demand but has now gotten wildly out of hand. The plight of the sugar producer, the dairyman, the wheat farmer, the honey maker, and so on and on, is similar. In the face of changes in demand coupled with increased production, the grower is getting less and less for his goods. The original purpose of our farm programs was not to subsidize our farmers -- rather they were devised and approved by Congress to insure a steady supply of food at reasonable prices while providing the farmer an adequate return without soaking the taxpayer.

These programs may have worked at one time but they are sadly out of kilter now. We are certainly not fine tuning the dairy market when we put billions and billions of pounds of milk product in storage simply to rot. We cannot be said to be managing wheat and feed grains when we have them stored everywhere with little prospect for sale. It is laughable to think that honey producers buy honey from foreign countries to distribute to our consumers while selling their domestic product to the Government. Did you know that there is almost no domestic honey on the shelves of our grocery stores -- it comes from Argentina, Brazil, Canada, and China. I do not think farming can be considered a healthy pursuit when the farmer is making his decisions based on growing for Uncle Sam.

We have to move to correct this situation and we have to move now. The stop-gap measures that are being proposed in this farm bill will eventually drive more and more farmers out of the business. It is awful to realize that we have farmers whose land has depreciated in value to such an extent that they cannot use that land as collateral. It is difficult to stand still for the invasion of subsidized products while our products are kept out of foreign markets.

It is disgusting to think that we continually ask the farmer to be the point man for our foreign policy and then embargoing the sale of his products. It is a horrible situation out there. We must act to make our agriculture industry healthier, not treat it with a band-aid in the form of an unrealistic support price which will fall on the backs of the American taxpayers in hopes that we may limp through to another year. The irony of this whole situation is that for these farm programs to work, the farmer has to fail. After enacting these supports we must hope that the American farmer will become less and less efficient by producing less in order that prices will rise and thus reduce the payments we are required to make from the CCC. That is an insane way to run a railroad or a farm in the light of modern technology and world hunger.

Sugar is the flagship of this year's fleet of farm programs that will try to sail through this Congress. You can bet that, if a program as out of line with reality as this sugar program is, gets through, the rest will follow easily.

Not only will we not move to solve the farm crisis, we will be creating more uncertainty when the bill is vetoed. The President has threatened a veto of the bill in its present form and I have no reason to believe otherwise.

The world price of sugar -- not subsidized -- is between 4 and 5 cents. When we add import quotas, as well as transportation charges, we wind up supporting sugar somewhere in the neighborhood of 22 cents. This differential has all but put sugar out of business in the soft drink industry as corn sweeteners have undercut sugar. In effect we have seen sugar, a supported commodity, get worse and worse over the long run under the support program while artificially keeping the consumer paying higher prices. If farm programs are designed to eventually put farmers out of business while driving up the price to the consumer, then we need to do some soul searching.

I know full well that there are bad sides to readjusting our farm programs, that is why I want to support the gradual wind-down of the support price over the next few years. I know that as we readjust our programs to bring them in line with reality, some farmers are going to have difficulties. Support the Gradison-Downey amendment and let's get started on readjusting our farm sector so that it can get healthy.

Mrs. LONG. Mr. Chairman, I oppose the Downey-Gradison amendment. The sugar provision in the 1985 farm bill is absolutely vital for the continuation of the sugar industry in the sugar producing States, such as Louisiana. This legislative body must vote to maintain the current price support level of 18 cents per pound. We're debating the lives and jobs of hundreds of thousands of American workers dependent on a stable domestic sugar industry. In many rural areas and small towns there are no other employment opportunities available.

Opponents claim our program is protectionist and will adversely affect our trading partners. That's not accurate. The statistics show that the earnings of the Caribbean nations from sugar exports to our country are significantly higher because they receive the U.S. price for their sugar rather than the world dumping price.

How can we justify passing the cuts in this amendment when the current program has made money for the Government in the form of fees and duties levied on imported sugar, when the sugar prices are actually lower now than in 1980 when we had no sugar program and when we have a program that is working and has a net cost of zero when we consider the fees and duties collected.

Also, opponents claim that the sugar price support costs consumers $3 billion. Well, lower prices to farmers just don't equate into cheaper sugar prices at the grocery store or cheaper prices for sugar products. When sugar prices were high and unstable, before we had a sugar program, manufacturers raised prices. When sugar prices dropped and stabilized, one would have expected prices to decrease but they never did.

Again, I urge my colleagues to join me in opposition to the Downey-Gradison amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. Downey].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. DOWNEY of New York. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were -- ayes 142, noes 263, answered "present" 2, not voting 27, as follows:

(See Roll No. 318 in the ROLL segment.)Mr. AKAKA; Mr. BEDELL; Mr. BIAGGI; Mr. BROWN of California; Mr. CARPER; Mr. COELHO; Mr. COMBEST; Mr. CONTE; Mr. CRAIG; Mr. DASCHLE; Mr. de la GARZA; Mr. DERRICK; Mr. DINGELL; Mr. DORGAN of North Dakota; Mr. DOWNEY of New York; Mr. EMERSON; Mr. ENGLISH; Mr. FOLEY; Mr. FRANK; Mr. GRADISON; Mr. GUNDERSON; Mr. HEFTEL of Hawaii; Mr. HORTON; Mr. HUCKABY; Mr. JEFFORDS; Mr. KASTENMEIER; Mr. KINDNESS; Mr. LEWIS of Florida; Mrs. LONG; Mr. LUNDINE; Mr. MADIGAN; Mr. MICA; Mr. MICHEL; Ms. MIKULSKI; Mr. MOORE; Mr. MORRISON of Washington; Mr. MRAZEK; Mr. O'BRIEN; Mr. OBEY; Mr. OLIN; Mr. PENNY; Mr. REGULA; Mr. ROSE; Mr. ROTH; Mr. SCHEUER; Mr. SCHUETTE; Mr. SENSENBRENNER; Mr. SLATTERY; Mrs. SMITH of Nebraska; Mr. SOLARZ; Mr. STANGELAND; Mr. STENHOLM; MR. TRAXLER; Mr. VOLKMER; Mr. WALKER; Mr. WEBER

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 further consideration of the bill, H.R. 2100.

IN THE COMMITTEE OF THE WHOLE

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

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Friday, September 20, 1985, all time for general debate had expired.

Pursuant to the rule, the substitute committee amendment recommended by the Committee on Agriculture now printed in the reported bill, as modified by the amendments recommended by the Committee on Merchant Marine and Fisheries now printed in the reported bill, shall be considered by title as an original bill for the purpose of amendment under the 5-minute rule, and each title shall be considered as having been read.

No amendments to the bill or the substitute are in order except amendments printed in the Congressional Record on or before September 24, 1985, and except an amendment offered by the chairman of the Committee on Agriculture or his designee to strike section 1141 of said substitute and insert section 1141 of the substitute reported by the Committee on Agriculture.

The Clerk will designate section 1.

The text of section 1 is as follows:

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, THAT THIS ACT MAY BE CITED AS THE "FOOD SECURITY ACT OF 1985".

The CHAIRMAN. Are there any amendments to section 1?

If not, the Clerk will designate section 2.

The text of section 2 is as follows:

TABLE OF CONTENTS

Sec. 2. The following is the table of contents for this Act:

TABLE OF CONTENTS

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

Mr. de la GARZA. Mr. Chairman, I ask unanimous consent that section 2 be printed in the Record and open to amendment at any point.

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

There was no objection.

AMENDMENTS OFFERED BY MR. DE LA GARZA

Mr. de la GARZA. Mr. Chairman, I offer a number of technical amendments, and I ask unanimous consent that they be considerd en bloc.

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

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. de la Garza: Page 2, strike out line 3 through 4 and insert in lieu thereof the following:

SHORT TITLE

Section 1. This Act may be cited as the "Food Security Act of 1985".

Page 2, in the matter following line 7:

After the heading "TABLE OF CONTENTS" but before the item "TITLE I -- SUGAR" insert the following:

Sec. 1. Short title.

Sec. 2. Table of contents.

Strike out

Sec. 1. Sugar price support.

And insert in lieu thereof:

Sec. 101. Sugar price support.

In the item relating to subtitle A of title II, strike out "and Research".

On page 3:

In the item relating to section 301, strike out "Price Support Program" and insert "price support program" in lieu thereof.

In the item relating to section 401, strike out "1989" and insert "1990" in lieu thereof.

In the item relating to section 501, strike out "1989" and insert "1990" in lieu thereof.

In the item relating to section 601, strike out "1989" and insert "1990" in lieu thereof.

In the item relating to section 701, strike out "1989" and insert "1990" in lieu thereof.

Page 3, in the item relating to title V-A, strike out "VA" and insert "V-A" in lieu thereof.

Page 4, in the item relating to section 1022, strike out "Producer Reserve Program" and insert "Producer reserve program" in lieu thereof.

Page 5, in the item relating to section 1141, strike out "Limitation on requirements." and insert "Effect on other laws." in lieu thereof.

Page 10, after the item relating to section 1908, insert the following:

TITLE XX -- NATIONAL AQUACULTUTRE IMPROVEMENT ACT OF 1985

Sec. 2001. Short title.

Sec. 2002. Findings, purpose, and policy.

Sec. 2003. Definitions.

Sec. 2004. National Aquaculture Development Plan.

Sec. 2005. Functions and powers of Secretaries.

Sec. 2006. Coordination of national activities regarding aquaculture.

Sec. 2007. Authorization of appropriations.

Page 10, line 3, strike out "Section 1." and insert "Sec. 101" in lieu thereof.

Page 12, line 10, strike out "Effective October 1, 1985, section" and insert in lieu thereof "Section".

Page 12, line 17, strike out "fiscal years 1986 through 1990" and insert in lieu thereof "period beginning on the date of the enactment of the Dairy Unity Act of 1985 and ending on September 30, 1990".

Page 12, line 20, strike out "such fiscal years" and insert in lieu thereof "the fiscal years 1987 through 1990 (or on the date of the enactment of the Dairy Unity Act of 1985 in the case of fiscal year 1986)".

Page 12, line 24, insert "(or in the case of fiscal year 1986, throughout the period beginning on the date of the enactment of the Dairy Unity Act of 1985 and ending on September 30, 1985)" before the period.

Page 16, starting on line 5, strike out "fiscal years 1986 through 1990" and insert in lieu thereof "calendar years 1986 through 1989 (or the first nine months of 1990)".

Page 16, line 9, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period involved".

Page 16, starting on line 13, strike out "fiscal year" and insert in lieu thereof "calendar year (or the first nine months of 1990)".

Page 17, line 3, strike out "fiscal year" and insert in lieu thereof "calendar year (or the first nine months of 1990)".

Page 17, line 7, insert "or three-fourths of such amount in the case of the first nine months of 1990," after "use,"

Page 17, line 11, strike out "fiscal year" and insert in lieu thereof "calendar year (or the first nine months of 1990)".

Page 17, line 13, strike out "fiscal" and insert in lieu thereof "calendar".

Page 18, line 6, strike out "fiscal year" and insert in lieu thereof "calendar year (or the first nine months of 1990)".

Page 18, line 8, strike out "fiscal year" and insert in lieu thereof "period involved".

Page 18, line 11, strike out "fiscal year" and insert in lieu thereof "period".

Page 18, line 13, strike out "fiscal year" and insert in lieu thereof "calendar year (or the first nine months of 1990)".

Page 18, line 18, insert "or three-fourths of such amount in the case of the first nine months of 1990," after "use,".

Page 18, line 20, strike out "fiscal year" and insert in lieu thereof "period involved".

Page 18, line 24, insert ", or three-fourths of such amount in the case of the first nine months of 1990," before the semicolon.

Page 19, line 3, strike out "fiscal year" and insert in lieu thereof "period involved".

Page 19, line 12, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 20, line 4, strike out "Effective October 1, 1985, paragraph" and insert in lieu thereof "Paragraph".

Page 20, line 10, strike out "(7)(A)(i)(I)" and insert in lieu thereof "(A)(i)(I)".

Page 20, beginning on line 10, strike out "fiscal years 1986 through 1990" and insert in lieu there of "calendar years 1986 through 1989 (or the first nine months of 1990)".

Page 20, line 15, insert "or three-fourths of such amount in the case of the first nine months of 1990," after "(milk equivalent)".

Page 20, line 17, insert "or three-fourths of such amount in the case of the first nine months of 1990" before the comma.

Page 20, line 19, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 20, beginning on line 20, strike out "fiscal years 1986 through 1990" and insert in lieu thereof "calendar years 1986 through 1989 (or the first nine months of 1990)".

Page 20, line 25, insert "or three-fourths of such amount in the case of the first nine months of 1990" after "(milk equivalent)".

Page 21, beginning on line 1, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period, as the case may be".

Page 21, line 5, strike out "a fiscal year" and insert in lieu thereof "the period involved".

Page 21, line 9, strike out "such fiscal" and insert in lieu thereof "the respective calendar".

Page 21, line 21, strike out "fiscal" and insert in lieu thereof "calendar".

Page 21, line 22, strike out "fiscal" and insert in lieu thereof "calendar".

Page 21, line 25, strike out "fiscal" and insert in lieu thereof "calendar".

Page 22, line 3, strike out "fiscal" and insert in lieu thereof "calendar".

Page 22, line 4, strike out "August 1 preceding any fiscal year" and insert in lieu thereof "November 1 preceding any calendar year or nine-month period".

Page 22, line 6, strike out "August" and insert in lieu thereof "November".

Page 22, line 7, strike out "fiscal" and insert in lieu thereof "calendar".

Page 22, line 13, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month perigd".

Page 22, line 14, strike out "the year" and insert in lieu thereof "such calendar year or nine-month period".

Page 22, line 15, strike out "fiscal" and insert in lieu thereof "calendar".

Page 22, line 16, strike out "fiscal" and insert in lieu thereof "calendar".

Page 22, beginning on line 19, strike out "fiscal year (or for fiscal" and insert in lieu thereof "calendar year or nine-month period (or for calendar".

Page 22, line 21, strike out "fiscal" and insert in lieu thereof "calendar".

Page 23, line 7, strike out "fiscal year" and insert in lieu thereof "such calendar year or nine-month period".

Page 23, line 10, insert "or three-fourths of such amount in the case of the first nine months of 1990" after "(milk equivalent)".

Page 23, beginning on line 12, strike out "fiscal years 1986 through 1990" and insert in lieu thereof "calendar years 1986 through 1989 (or the first nine months of 1990)".

Page 23, beginning on line 15, strike out "August 1 preceding such fiscal year" and insert in lieu thereof "November 1 preceding such calendar year or nine-month period".

Page 23, line 18, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 23, beginning on line 22, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 23, line 21, after "period" insert a period.

Page 24, beginning on line 16, strike out "fiscal years 1986 through 1990" and insert in lieu thereof "calendar years 1986 through 1989 (or the first nine months of 1990)".

Page 24, beginning on line 19, strike out "August 1 preceding such fiscal year" and insert in lieu thereof "November 1 preceding such calendar year or nine-month period".

Page 24, line 24, strike out "November 1 of such fiscal year" and insert in lieu thereof "February 1 of such calendar year or nine-month period".

Page 25, line 8, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 25, line 11, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 25, line 20, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 25, beginning on line 22, strike out "fiscal year in the months of October, November, December, January, February, and September" and insert in lieu thereof "calendar year in the months of January, February, September, October, November, and December (or in such nine-month period in the months of January, February, and September)".

Page 26, line 2, strike out "fiscal year" and insert inlieu thereof "calendar year or nine-month period".

Page 26, line 14, strike out "and".

Page 26, after line 14, insert the following:

(C) in subclause (I), as so redesignated, inserting the following before the semicolon at the end thereof: "(or not less than 5 per centum, and not more than 30 per centum, of three-fourths of such quantity in the case of milk marketed in the first nine months of 1990)";

Page 26, line 15, strike out "(C)" and insert in lieu thereof "(D).

Page 26, beginning on line 19, strike out "August 1 immediately preceding the fiscal year" and insert in lieu thereof "November 1 immediately preceding the period".

Page 26, line 22, strike out "fiscal year" and insert in lieu thereof "period".

Page 26, beginning on line 23, strike out "August 1, 1985, and ending on September 30," and insert in lieu thereof "November 1, 1985, and ending on December 31,".

Page 26, line 25, strike out "fiscal" and insert in lieu thereof "calendar".

Page 28, line 20, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 28, line 22, stike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 28, line 24, strike out "and".

Page 28, after line 24, insert the following:

(iii) inserting after "marketing history period" the first place it appears the following: "(but 30 per centum of three-fourths of such quantity in the case of milk marketed in the first nine months of 1990)";

Page 28, line 22, strike out the semicolon.

Page 29, line 1, strike out "(iii)" and insert in lieu thereof "(iv)".

Page 29, line 3, insert "and" at the end thereof.

Page 29, after line 3, insert the following:

(v) inserting the following before the semicolon at the end of subclause (II): "(or 3 per centum of three-fourths of such quantity in the case of milk marketed in the first nine months of 1990)";

Page 29, line 7, strike out "fiscal year" and insert in lieu thereof "calendar year or nine-month period".

Page 29, line 8, strike out "and".

Page 29, after line 8, insert the following:

(ii) inserting the following after "marketing history period" the first place it appears: "(but 5 per centum of three-fourths of such quantity in the case of milk marketed in the first nine months of 1990)";

Page 29, line 9, strike out "(ii)" and insert in lieu thereof "(iii)".

Page 29, after line 11, insert the following: (iv) inserting the following before the semicolon at the end of subclause (II): "(or 3 per centum of three-fourths of such quantity in the case of milk marketed in the first nine months of 1990)"; and

Page 29, line 16, strike out "October 1 of the fiscal year" and insert in lieu thereof "January 1 of the period".

Page 29, line 17, strike out "October 1, 1985" and insert in lieu thereof "January 1, 1986".

Page 29, line 19, strike out "fiscal" and insert in lieu thereof "calendar".

Page 29, beginning on line 23, strike out "November 1 of a fiscal year (or November 1, 1985" and insert in lieu thereof "February 1 of a calendar year (or February 1, 1986".

Page 29, line 25, strike out "fiscal" and insert in lieu thereof "calendar".

Page 30, beginning on line 4, strike out "fiscal year (or for fiscal" and insert in lieu thereof "calendar year or the nine-month period of 1990 (or for calendar".

Page 30, line 6, strike out "fiscal" and insert in lieu thereof "calendar".

Page 31, line 13, strike out "December 1 of the fiscal year" and insert in lieu thereof "March 1 of the period".

Page 31, line 14, strike out "December 1, 1985," and insert in lieu thereof "March 1, 1986".

Page 31, line 15, strike out "fiscal" and insert in lieu thereof "calendar".

Page 32, beginning on line 1, strike out "June 30 immediately preceding the fiscal year" and insert in lieu thereof "September 1 immediately preceding the period".

Page 32, life 6, strike out "fiscal year preceding the fiscal year" and insert in lieu thereof "calendar year preceding the period".

Page 32, line 10, strike out "fiscal" and insert in lieu thereof "calendar".

Page 32, line 13, strike out "fiscal" and insert in lieu thereof "calendar".

Page 32, line 17, strike out "fiscal" and insert in lieu thereof "calendar".

Page 32, line 25, strike out the perigd at the end thereof and insert in lieu thereof a semicolon.

Page 33, beginning on line 3, strike out "October 1 of the fiscal year (or October 1, 1985" and insert in lieu thereof "January 1 of the calendar year (or January 1, 1986".

Page 33, line 5, strike out "fiscal" and insert in lieu thereof "calendar".

Page 33, line 8, strike out the perigd and insert in lieu thereof a semicolon.

Page 34, line 4, strike out "Effective October 1, 1985, paragraph" and insert in lieu thereof "Paragraph".

Page 34, line 6, strike out "section 212(1)" and insert in lieu thereof "section 211(1)".

Page 35, line 3, strike out "section 212(1)" and insert in lieu thereof "section 211(1)".

Page 35, line 18, insert "under such section" after "program".

Page 36, line 1, strike out "fiscal" and insert in lieu thereof "calendar".

Page 36, line 2, strike out "August" and insert in lieu thereof "November".

Page 36, line 7, strike out "October 1, 1985" and insert in lieu thereof "the date of the enactment of this Act".

Page 36, line 12, strike out "fiscal year" and insert in lieu thereof "of the calendar years 1986 through 1989 (or the first nine months of 1990)".

Page 36, line 14, strike out "fiscal year" and insert in lieu thereof "period".

Page 36, line 18, insert an open parenthesis before "7 U.S.C. 612c)".

Page 36, line 25, insert "(or three-fourths of such amount in the case of the first nine months of 1990)" after "pounds".

Page 47, line 16, strike out ", on conviction,".

Page 48, line 21, strike out "fiscal" and insert inlieu thereof "calendar".

Page 48, line 25, strike out "fiscal" and insert in lieu thereof "calendar".

Page 55, line 12, after "1990" insert a comma.

Page 62, line 12, after "agency" insert a comma.

Page 62, line 26, strike out "Export" and insert "Dairy" in lieu thereof.

Page 75, beginning in line 12 and ending in line 13, strike out "the date of".

Page 78, line 10, strike out "the date of".

Page 89, line 21, strike out "1989" and insert "1990 in lieu thereof.

Page 91, line 10, strike out "(D)" and insert "(C)" in lieu thereof.

Page 91, line 11, strike out "(per bushel)" and insert ", per bushel," in lieu thereof.

Page 98, line 25, strike out "the date of".

Page 102, line 1, strike out "The date of".

Page 105, line 6, strike out "setaside" and insert "set aside" in lieu thereof.

Page 109, line 26, strike out "1989" and insert "1990" in lieu thereof.

Page 110, line 1, strike out "VA" and insert "V-A" in lieu thereof.

Page 112, line 16, strike out "year".

Page 113, line 7, after "referendum" insert "are".

Page 114, line 20, strike out ", times" and insert "times" in lieu thereof.

Page 120, line 12, strike out ", times" and insert "times" in lieu thereof.

Page 120, line 25, strike out "is" and insert "are" in lieu thereof.

Page 125, line 2, strike out "1989" and insert "1990" in lieu thereof.

Page 156, line 3, strike out "Sec. 602." and insert "Sec. 702." in lieu thereof.

Page 156, line 17, strike out "may" the second place it appears and insert "shall" in lieu thereof.

Page 158, line 20, strike out "101(i)" and insert "101(j)" in lieu thereof.

Page 179, line 19, strike out "1989" and insert "1990" in lieu thereof.

Page 179, line 22, strike out the dash in insert in lieu thereof a colon.

Page 179, line 23, strike out "the" and insert in lieu thereof "The".

Page 181, line 3, strike out the semicolon and insert in lieu thereof a period.

Page 181, line 4, strike out "the" and insert in lieu thereof "The".

Page 181, line 19, strike out the semicolon and insert in lieu thereof a period.

Page 181, line 20, strike out "in" and insert in lieu thereof "In".

Page 182, line 18, strike out the semicolon and insert in lieu thereof a period.

Page 182, line 19, strike out "the" and insert in lieu thereof "The".

Page 183, line 24, strike out "notwithstanding" and insert in lieu thereof "Notwithstanding".

Page 184, line 19, strike out the semicolon and insert in lieu thereof a period.

Page 184, line 20, strike out "notwithstanding" and insert in lieu thereof "Notwithstanding".

Page 228, line 24, strike out "1024" and insert "1023" in lieu thereof.

Page 236, beginning in line 14, strike out "guilty" and all that follows through "on conviction" in line 15 and insert in lieu thereof "subject,".

Page 237, beginning in line 2, strike out "deemed guilty" and all that follows through "shall be" in line 3.

Page 238, lines 19 and 20, strike out "adding at the end thereof" and insert "inserting after section 425, as added by section 1026 of this Act," in lieu thereof.

Page 277, line 25, strike out "third" and insert "other" in lieu thereof.

Page 278, line 11, strike out "America" and insert "United States" in lieu thereof.

Page 278, line 12, strike out "United States" and insert "Federal Government".

Page 279, line 15, strike out "the" before "Congress".

Page 279, line 19, strike out "utilizing" and insert "using" in lieu thereof.

Page 279, line 21, strike out "agricultural" and insert "agricultural" in lieu thereof.

Page 288, line 7, strike out "wetlands" and insert "lands" in lieu thereof.

Page 366, in the matter after line 22, strike out "alternate" and insert in lieu thereof "alternative".

Page 367, line 19, strike out "and".

Page 368, line 9, insert "; and" after the closing quotes.

Page 388, beginning on line 7, strike out "Low Income Home Energy Assistance Act" and insert in lieu thereof"Low-Income Home Energy Assistance Act of 1981".

Page 390, beginning on line 1, strike out "Low Income Home Energy Assistance Act" and insert in lieu thereof "Low-Income Home Energy Assistance Act of 1981".

Page 390, beginning on line 17, strike out "Low Income Home Energy Assistance Act" and insert in lieu thereof "Low-Income Home Energy Assistance Act of 1981".

Page 411, line 13, strike out "and ".

Page 411, beginning on line 17, strike out the dash and all that follows through "State" on line 18, and insert in lieu thereof ", but not more than 15 per centum, of a claim, asserted against the State agency".

Page 432, line 17, strike out "Labelling" and insert "Labeling" in lieu thereof.

Page 435, line 15, strike out "chemical" and insert "chemicals" in lieu thereof.

Page 450, line 22, strike out ", on conviction,".

Mr. de la GARZA (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the Record.

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

There was no objection.

Mr. de la GARZA. Mr. Chairman, these are technical amendments to make the bill comply with the wishes of the committee.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Texas [Mr. de la Garza].

The amendments were agreed to.

The CHAIRMAN. Are there other amendments to section 2?

If not, the Clerk will designate title I.

The text of title I is as follows:

TITLE I -- SUGAR

SUGAR PRICE SUPPORT

Section 1. Effective only for the 1986 through 1990 crops of sugar beets afd sugarcane, section 201 of the Agricultural Act of 1949 is amended by --

(1) striking out in the first sentence "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof the following:

"(i) The price of each of the 1986 through 1990 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified in this subsection. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1986 through 1990 crops. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane. Notwithstanding the foregoing provisions of this subsection, the Secretary shall consider making annual adjustments in the loan rate for each of the 1986 through 1990 crops of domestically grown sugarcane and sugar beets, based upon changes, during the period in which the two crops immediately preceding the crop for which the determination is made were produced, in such factors as inflation, costs of production as reasonably determined by the Secretary, and other circumstances that may adversely affect domestic sugar production. If the Secretary determines not to make any such adjustment in the loan rate, the Secretary's findings, decision, and supporting data shall be submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate prior to any public announcement of the loan rate for the crop involved. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this subsection. Loans during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

Division A -- Commodity Programs

AMENDMENT OFFERED BY MR. DOWNEY OF NEW YORK

Mr. DOWNEY of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Downey of New York: Page 10, strike out line 3 and all that follows thereafter through page 11, line 24, and insert in lieu thereof the following:

Sec. 101. Effective only for the 1985 through 1990 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended --

(1) by striking out "honey, and milk" in the first sentence and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) by adding at the end thereof the following new subsection:

"(i)(1) The price of each of the annual crops of sugar beets and sugarcane shall be supported in accordance with this subsection.

"(2) The Secretary shall support the price of domestically grown sugarcane through nonrecgurse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cafe sugar for the 1985 crop, 17 cents per pound for the 1986 crop, 16 cents per pound for the 1987 crop, and 15 cents per pound for the 1988, 1989, and 1990 crops. In the event of a default on a loan made for raw cane sugar in accordance with this subparagraph, the borrower shall bear the cost of transporting the sugar securing such loan to a refining facility designated by the Secretary.

"(3) The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines necessary to reflect a fair and reasonable relationship between the level of price support for sugarcane and sugar beets.

"(4) The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of such fiscal year as is practicable consistent with the purposes of this subsection.

"(5) Loans under this subsection during any fiscal year shall be made available not earlier than the beginning of such fiscal year and shall mature before the end of such fiscal year.".

Mr. DOWNEY of New York (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. Downey] for 5 minutes.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. DOWNEY of New York. I yield to the gentleman from Texas.

Mr. de la GARZA. Mr. Chairman, my colleagues, the distinguished gentleman from New York and chairman of the subcommittee and I, and other sponsors of the amendment were discussing a timeframe, that we might not unduly discuss this amendment and take the time of the Members. My problem at the time was that we have on our side a need for the proponents for basically a half and hour or 45 minutes. My problem is that I would have to yield with my ranking minority Member the time, and I wondered if the distinguished gentleman from New York [Mr. Downey] would inform us of basically the time that he feels he would need for debate on the amendment.

Mr. DOWNEY of New York. Mr. Chairman, I would say to the chairman of the Agriculture Committee that we would need approximate a half an hour. The gentleman from Ohio [Mr. Gradison], who is coauthoring the amendment with me, will be more than happy to divide the 15 minutes that we would get among the proponents of the amendment on his side so that the gentleman from Illinois [Mr. Madigan] would be free to divide his time among supporters of the act.

If the chairman could agree to a half hour equally divided, or 40 minutes equally divided between both sides, I think we would accomplish what we need to accomplish.

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

Mr. DOWNEY of New York. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, is the gentleman from New York proposing a half hour for proponents of the Downey-Gradison amendment and a half hour for opponents of the amendment?

Mr. DOWNEY of New York. That would be my initial offer.

Mr. MADIGAN. Is it the gentleman's idea that the time of the opponents would be divided equally between the majority and the minority?

The Clerk announced the following pairs:

On this vote:

Mr. Scheuer for, with Mr. Pepper against.

Mr. Price for, with Mr. Smith of Florida against.

Mr. Crane for, with Mr. Allexander against.

Mr. Hyde for, with Mr. Grotberg against.

Messrs. WATKINS, EDWARDS of Oklahoma, and TORRES changed their votes from "aye" to "no."

Mr. JACOBS and Mr. MRAZEK changed their votes from "no" to "aye."

Mr. SCHEUER. Mr. Chairman, I have a live pair with the gentleman from Florida [Mr. Pepper]. If he had been present, he would have voted "no." I voted "aye." I withdraw my vote and vote "present."

So the amendment was rejected.

The result of the voted was announced as above recorded.

PERSONAL EXPLANATION

Mr. O'BRIEN. Mr. Chairman, I was not at a place where I could hear the bells, and by the time I returned I missed the vote.

I would like the Record to reflect that had I been here for rollcall 318, I would have voted "aye."

personal explanation

Mr. DINGELL. Mr. Chairman, due to official business, I was unable to vote on the Downey and Gradison amendment to title I of H.R. 2100, which would have reduced the price support for sugar to 15 cents per pound by the fiscal year 1988 crop. Had I been present on the floor during the vote, I would have voted "no" on the amendment.

The CHAIRMAN. Are there any other amendments to title I?

The clerk will designate title II.

The text of title II is as follows:

TITLE II -- DAIRY

SHORT TITLE

Sec. 201. This title may be cited as the "Dairy Unity Act of 1985".

Subtitle A -- Milk Price Support and Producer-Supported Dairy Diversion

LEVEL OF MILK PRICE SUPPORT FOR FISCAL YEARS 1986 THROUGH 1990; REDUCTIONS IN THE PRICE OF MILK

Sec. 211. Effective October 1, 1985, section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by --

(1) redesignating paragraphs (3), (4), (5), and (6) as paragraphs (7), (8), (9), and (10), respectively; and

(2) striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) During the fiscal years 1986 through 1990, the price of milk shall be supported as provided in this subsection.

"(2)(A) On October 1 of each of such fiscal years, the Secretary shall establish the level of price support per hundredweight of milk having 3.67 per centum of milkfat, which level of price support shall be in effect throughout the fiscal year.

"(B) Such level of price support for a fiscal year shall be an amount equal to the product of (i) the preliminary support price for the fiscal year determined in accordance with paragraph (3) and (ii) the percentage determined in accordance with paragraph (4).

"(3)(A) For the fiscal year for which the level of price support is being determined, the preliminary support price per hundredweight of milk having 3.67 per centum milkfat shall be equal to the product of --

"(i) $8.83 per hundredweight; and

"(ii) the adjusted cost of production index.

"(B)(i) For purposes of subparagraph (A)(ii), the adjusted cost of production index for the fiscal year shall be equal to --

"(I) the cost of production index; less

"(II) the product of the cost of production index and the milk productivity factor.

"(ii) For purposes of subclauses (I) and (II) of clause (i), the cost of production index for the fiscal year shall be equal to the ratio of (I) the cost of production (determined in accordance with subparagraph (C)) for the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined to (II) the cost of production (determined in accordance with subparagraph (C)) for the three-year base period consisting of calendar years 1976, 1977, and 1978.

"(iii) For purposes of clause (i)(II), the milk productivity factor for the fiscal year shall be equal to the product of 0.2 per centum per hundredweight of milk having 3.67 per centum milkfat and the difference between --

"(I) the average quantity (measured in pounds) of milk produced annually per cow during the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined; and

"(II) 11,101 pounds.

"(C) For purposes of subparagraph (B)(ii), the cost of production for milk shall be determined by the Secretary in the same manner as the cost of production for milk is determined under section 808 of the Agricultural Act of 1970, except that the cost of production for purposes of such subparagraph shall be computed on the basis of the prices for the items (other than the Consumer Price Index for All Urban Consumers), and of the proportional value of each of the items, specified in the following schedule:

"Item	Contribution to Costs of Production
Consumer Price Index for All Urban Consumers, determined by the Bureau of Labor Statistics	10 per centum
Prices received by farmers for meat animals	10 per centum
Feed (consisting of: corn, 6.5 per centum 16 per centum dairy concentrate, 25 per centum hay, 1.5 per centum)	33 per centum
Interest (consisting of: production credit association rate, 3 per centum Federal land bank rate, 5 per centum)	8 per centum
Taxes	2.5 per centum
Fuel and energy	4 per centum
Milk hauling (consisting of: automobiles and trucks, 2 per centum bulk gasoline, 0.5 per centum diesel fuel, 0.5 per centum)	3 per centum
Machinery and building repair (consisting of: non-farm wage rate, 2 per centum farm and motor supplies, 1.5 per centum building and fencing, 0.5 per centum)	4 per centum
Hired labor	7 per centum
Farm services and cash rent	8.5 per centum
Seed	1.5 per centum
Fertilizer	3 per centum
Agricultural chemicals	0.5 per centum

Tractor and self-propelled machinery	3 per centum
Other farm machinery	2 per centum

"(4) For the fiscal year for which the level of price support is being determined, the Secretary shall estimate the level of purchases of milk and the products of milk (measured in billions of pounds milk equivalent), less sales under section 407 for unrestricted use, that the Secretary would acquire under this subsection if the level of price support were equal to the preliminary support price determined under paragraph (3) for the fiscal year. For purposes of paragraph (2)(B), the level of price support for the fiscal year shall be calculated in accordance with the following schedule:

"If the Secretary estimates that the amount of such purchases (in billions of pounds milk equivalent) for the fiscal year at such preliminary support price would be --	then for the fiscal year the level of price support shall be equal to the following percentage of such preliminary support price:	
	Not less than	Not more than
Less than 1	107.8	A percentage determined by the Secretary to be appropriate
Not less than 1 but less than 2	105.2	107.8
Not less than 2 but less than 3	102.6	105.2
Not less than 3 but less than 4	100.0	102.6
Not less than 4 but less than 5	97.4	100.0
Not less than 5 but less than 6	94.8	97.4
Not less than 6 but less than 7	92.2	94.8
Not less than 7	92.2	92.2

"(5) The price of milk shall be supported through the purchase of milk and the products of milk.

"(6)(A) During any of the fiscal years 1986 through 1990 for which a milk diversion program is in effect under paragraph (7), the Secretary shall provide for a reduction (subject only to downward adjustment by the Secretary during the fiscal year) to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use.

"(B) The amount of such reduction for a fiscal year shall be the amount per hundredweight that when multiplied by the quantity of milk so marketed is equal to the sum of --

"(i) the cost in the fiscal year, as estimated by the Secretary, of the quantity of milk and the products of milk in excess of five billion pounds (milk equivalent), less sales under section 407 for unrestricted use, required to be purchased under this subsection;

"(ii) the cost, as estimated by the Secretary, of making payments to producers who reduce marketings in the fiscal year under the milk diversion program under paragraph (7); and

"(iii) $50,000,000 in each of the fiscal years 1986 and 1987, to be deducted by the Secretary from the funds remitted under subparagraph (C) and deposited in the Dairy Research Trust Fund established by section 135 of the Dairy Production Stabilization Act of 1983.

"(C) The funds represented by the reduction in the price required under subparagraph (A) to be applied to the marketings of milk by a producer shall be collected and remitted to the Commodity Credit Corporation, at such time and in such manner as prescribed by the Secretary, by each person making payment to a producer for milk purchased from such producer, except that in the case of a producer who markets milk of the producer's own production directly to consumers, such funds shall be remitted directly to the Corporation by such producer.

"(D)(i) If the funds remitted under subparagraph (C) for any fiscal year exceed the amount of funds necessary to satisfy the requirements of subparagraph (B) for the fiscal year, the Secretary shall refund the excess funds (together with interest determined in accordance with clause (iii)), on a pro rata basis, to producers who marketed in the fiscal year milk for commercial use.

"(ii) If for any fiscal year for which a milk diversion program is in effect under paragraph (7), the level of purchases of milk or the products of milk under this subsection does not exceed 5 billion pounds (milk equivalent on a milkfat basis), less sales under section 407 for unrestricted use, the Secretary shall refund, on a pro rata basis, to producers who marketed milk in the fiscal year for commercial use an amount equal to the difference between --

"(I) the cost, as estimated by the Secretary, of purchasing 5 billion pounds (milk equivalent on a milkfat basis); and

"(II) the sum of the actual cost of purchases by the Commodity Credit Corporation under this subsection for the fiscal year, and the amount, if any, deposited in the Dairy Research Trust Fund under subparagraph (B)(iii);

together with interest as determined in accordance with clause (iii).

"(iii) For purposes of clauses (i) and (ii), interest shall be paid at an annual rate established under section 6621 of the Internal Revenue Code of 1954 for the period beginning forty-five days after the end of the fiscal year involved and ending on a date (to be determined by the Secretary) preceding the date of the refund check by not more than thirty days, whether or not the refund check is accepted by the producer after tender of the refund check to the producer. The acceptance of a refund check shall be without prejudice to any right of the producer to claim any additional refund or interest thereon.

"(E) The funds remitted to the Corporation under this paragraph with respect to a producer, including any funds refunded under subparagraph (D) other than interest paid, shall be considered as included in the payments to the producer for purposes of the minimum price provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.".

EXTENSION OF MILK DIVERSION PROGRAM

Sec. 212. (a) Effective October 1, 1985, paragraph (7) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(3)), as redesignated by section 211(1), is amended by --

(1) amending subparagraph (A) to read as follows:

"(7)(A)(i)(I) If for any of the fiscal years 1986 through 1990 the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed five billion pounds (milk equivalent) but will not exceed seven billion pounds (milk equivalent), the Secretary may establish and carry out under this paragraph a milk diversion program for such fiscal year.

"(II) If for any of the fiscal years 1986 through 1990 the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed seven billion pounds (milk equivalent), the Secretary shall establish and carry out under this paragraph a milk diversion program for such fiscal year.

"(III) For purposes of adjusting under this clause the estimated level of purchases of milk and the products of milk for a fiscal year, the Secretary shall deduct from such level the net amount (measured in milk equivalent) of all reductions occurring during the period beginning on June 15, 1985, and ending on the first day of such fiscal year, in the quantitative limitations in effect on June 15, 1985, under section 22 of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, with respect to milk and the products of milk imported into the United States. For purposes of determining the amount of such reductions, milk equivalent shall be determined on either a solids-not-fat or milkfat milk equivalent basis, whichever produces a higher milk equivalent.

"(IV) Notwithstanding any other provision of this clause, if the Secretary establishes a milk diversion program for fiscal year 1986 under this paragraph, the program so established shall be carried out for fiscal years 1986 and 1987. Any contract entered into with a producer under the reduced production program formulated under clause (iii) for fiscal years 1986 through 1987 shall require the producer to make an equal reduction in the marketings of milk by the producer in each of such fiscal years.

"(ii) Not later than August 1 preceding any fiscal year for which a milk diversion program may or shall be so established under this paragraph (or August 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)) the Secretary shall publish in the Federal Register --

"(I) the estimated level of purchases of milk and products of milk under this subsection (less sales under section 407 for unrestricted use) in such fiscal year if no program is carried out during the year under this paragraph (or in each of fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)); and

"(II) if a milk diversion program is to be established under this paragraph for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)), notice of the establishment of the program and a detailed description of the nature of the program.

Any milk diversion program so established shall consist of the reduced production program formulated under clause (iii) and the production termination program formulated under clause (iv). The aggregate amount of the reduction, under the milk diversion program so established, in marketings of milk in each fiscal year for which such program is in effect shall be not less than the difference between the level of purchases so estimated and 4 billion pounds (milk equivalent), unless producers decline to enter into contracts to effect such aggregate amount of reduction.

"(iii) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph, the Secretary shall formulate, not later than August 1 preceding such fiscal year, a reduced production program under which the Secretary shall offer to enter into a contract, at any time before the beginning of such fiscal year, with any producer of milk in the United States for the purpose of reducing the quantity of milk marketed by such producer for commercial use during the contract period Such contract shall be in effect throughout such fiscal year unless such contract is terminated under subparagraph (E). Each producer of milk in the United States seeking to enter into a contract for diversion payments under this clause shall, before entering into such contract, provide the Secretary with a plan that describes the manner in which the producer intends to achieve the reduction in milk marketings that would be required under such contract, and includes an estimate by the producer of the amount of such reduction that the producer intends to achieve through increased slaughter of dairy cattle (including the approximate number of dairy cattle that will be sold for slaughter during each month of the contract). In setting the terms and conditions of such contracts, the Secretary shall take into account any adverse effect of the reductions in milk production on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(iv) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph, the Secretary also shall formulate, not later than August 1 preceding such fiscal year, a production termination program under which the Secretary may offer, at the request of a producer of milk in the United States who submits to the Secretary a bid, to enter into a contract, at any time before November 1 of such fiscal year, with the producer for the purpose of terminating the production of milk by the producer in return for a payment to be made by the Secretary. In setting the terms and conditions of each contract made under this clause, the Secretary shall take into account any adverse effect of such contract, and of all contracts made under this clause, on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(v) For any fiscal year for which a milk diversion program under this paragraph is in effect, the Secretary shall determine, before the beginning of such fiscal year, the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such program and shall by regulation specify marketing procedures to ensure that not more than 40 per centum of the number of such dairy cattle that the Secretary estimates will be marketed for slaughter by the producers participating in the program, in excess of the number of dairy cattle such producers would market for slaughter (based on the historical dairy cow herd culling rate) during such fiscal year in the absence of such program, will be so marketed in such fiscal year in the months of October, November, December, January, February, and September. Such procedures also shall ensure that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary that maintains historical marketing patterns. During such fiscal year, the Secretary shall limit the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy cow herd culling rate to no more than 7 per centum of the national dairy cow herd.".

(2) in subparagraph (B) --

(A) striking out "(B) Each such contract" and inserting in lieu thereof "(B)(i) Each contract made under the program formulated under subparagraph (A)(iii)";

(B) redesignating clauses (i), (ii), (iii), and (iv) as subclauses (I), (II), (III), and (IV), respectively; and

(C) in subclause (III), as so redesignated --

(i) striking out "after November 8, 1983" and all that follows through "unless such cattle are sold", and inserting in lieu thereof "during the period beginning August 1 immediately preceding the fiscal year for which such contract is in effect and ending on the last day of such fiscal year (or during the period beginning on August 1, 1985, and ending on September 30, 1987, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)), unless, as established by evidence satisfactory to the Secretary (including any sales contract), such cattle are sold in good faith"; and

(ii) striking out "this subsection" and inserting in lieu thereof "the program for such fiscal year";

(D) in subclause (IV), as so redesignated, striking out "this paragraph" each place it appears and inserting in lieu thereof "the contract"; and

(E) adding at the end thereof the following:

"(ii) Each contract made under this program formulated under subparagraph (A)(iv) shall provide that --

"(I) the producer shall sell for slaughter or for export all the dairy cattle in which such producer owns an interest;

"(II) during a period of three, four, or five years specified by the Secretary and beginning on the day the producer completes compliance with subclause (I), the producer shall neither acquire any interest in the production of milk nor acquire, or make available to any person, any milk production capacity of a facility that becomes available because of compliance by any producer with such subclause; and

"(III) if the producer fails to comply with such contract, the producer shall repay to the Secretary the entire payment received under the contract, including simple interest payable at a rate prescribed by the Secretary, which shall, to the extent practicable, reflect the cost to the Corporation of its borrowings from the Treasury of the United States, commencing on the date payment is first received under such contract.";

(3) striking out "this paragraph" in subparagraph (C) and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(4) in subparagraph (D) --

(A) in clause (i) --

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction";

(ii) inserting "in such fiscal year;" after "marketed" the first place it appears; and

(iii) striking out "the producer has entered into under this paragraph" in subclause (I);

(B) in clause (ii) --

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction"; and

(ii) striking out "the producer has entered into under this paragraph" in subclause (I); and

(C) in clause (iii), striking out "as of the date of enactment of the Dairy Production Stabilization Act of 1983" and inserting in lieu thereof "throughout the fifteen-month period ending on October 1 of the fiscal year for which such contract is in effect (or ending on October 1, 1985, in the case of a program carried out under subparagraph (A)(i)(IV) for fiscal years 1986 and 1987)";

(5) in subparagraph (E) --

(A) in the first sentence --

(i) inserting "before November 1 of a fiscal year (or November 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)) and" after "The Secretary may,";

(ii) inserting "for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV))" after "this paragraph" the first place it appears;

(iii) in clause (i), striking out "there would be an excessive reduction in the level of milk production in the United States" and inserting in lieu thereof "the level of milk marketings in the United States would be reduced in excess of the aggregate amount of the reduction required by subparagraph (A)(ii)";

(iv) striking out "under this paragraph" each place it appears and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(v) striking out "dairy cattle,"; and

(B) striking out "reduce" in the third sentence and inserting in lieu thereof "lessen"; and

(C) adding at the end thereof the following:

"In acting to lessen the required reduction in milk marketings among all contracts made under the program formulated under subparagraph (A)(iii), the Secretary may apportion changes in the reduction among contracts so as to give preference to any small- or medium-sized producer who requests that the producer's reduction not be lessened. A producer who enters into a contract under subparagraph (A)(iii) may terminate such contract if the Secretary modifies such contract under this subparagraph and if such producer gives written notice of such termination, and returns any payment received under such contract, to the Secretary not later than December 1 of the fiscal year for which such contract is made (or December 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)).";

(6) striking out the second sentence in subparagraph (F) and inserting in lieu thereof the following:

"The marketing history, as established by the Secretary, of such producer shall be as follows:

"(i) Except as provided in clause (ii) and clause (iii), the marketing history of the producer shall be the marketings of milk by the producer for commercial use during the one-year period ending on June 30 immediately preceding the fiscal year for which the contract is sought.

"(ii) Except as provided in clause (iii), if the producer participated in a reduced production milk diversion program under this paragraph in effect for the fiscal year preceding the fiscal year for which the marketing history of the producer is being determined, the marketing history shall be the marketing history of the producer for the diversion program for the preceding fiscal year.

"(iii) If a reduced production milk diversion program is in effect under this paragraph for fiscal years 1986 and 1987, and if the producer participated in the milk diversion program carried out under paragraph (3) of this subsection as in effect on September 30, 1985, the marketing history of the producer for each of fiscal years 1986 and 1987 shall be, at the option of the producer --

"(I) the marketings of milk by the producer for commercial use during calendar year 1982, increased by 2.2 per centum; or

"(II) the average annual marketings of milk by the producer during calendar years 1981 and 1982, increased by 2.2 per centum.".

(7) in subparagraph (G), striking out "after December 31, 1982" and inserting in lieu thereof "in the fifteen-month period ending on October 1 of the fiscal year (or October 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)) for which the producer is seeking to enter into a contract for diversion payments under this paragraph".

(8) inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" in subparagraph (I) after "diversion payments";

(9) in subparagraph (J) --

(A) in clause (i), inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" after "diversion payments" the first place it appears; and

(B) in clause (ii), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(10) in subparagraph (L), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)"; and

(11) striking out "paragraph (2)" in subparagraph (N) and inserting in lieu thereof "paragraph (6)".

(b) Effective October 1, 1985, paragraph (9)(B) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(5)(B)), as so redesignated by section 212(1), is amended by --

(1) striking out "paragraph (2)" and inserting in lieu thereof "paragraph (6)";

(2) striking out "paragraph (2)(B)" and inserting in lieu thereof "paragraph (6)(C)";

(3) striking out "paragraph (3)" and inserting in lieu thereof "paragraph (7)";

(4) inserting "(i)" after "(B)"; and

(5) adding at the end thereof the following:

"(ii) Each person who buys, from a producer with respect to whom there is in effect at the time of such sale a contract entered into under paragraph (7), one or more dairy cattle sold for slaughter, who knows that such cattle are sold for slaughter, and who fails to cause the slaughter of such cattle within a reasonable time after receiving such cattle shall be liable for a civil penalty of not more than $5,000 with respect to each of such cattle.".

(c) Paragraph (10) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(6)), as so redesignated by section 212(1), is amended by striking out "paragraphs (2) and (3)" and inserting in lieu thereof "paragraphs (6) and (7)".

(d) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out "The price" and inserting in lieu thereof "Except as provided in subsection (d), the price".

(e) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by adding at the end thereof the following:

"(11) The Secretary shall carry out this subsection through the Commodity Credit Corporation.".

(f) Notwithstanding section 201(d)(7) of the Agricultural Act of 1949, as added by this title, the Secretary of Agriculture --

(1) shall establish a milk diversion program, and publish the information required by such section, not later than 30 days after the date of the enactment of this Act; and

(2) shall offer to enter into contracts under such program with producers until 60 days after the date of the enactment of this Act;

if a milk diversion program is to be in effect for fiscal year 1986 and if this Act is enacted after August 1, 1985.

APPLICATION OF AMENDMENTS

Sec. 213. The amendments made by this subtitle shall not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as in effect before October 1, 1985.

AVOIDANCE OF ADVERSE EFFECT OF DAIRY DIVERSION PROGRAM ON BEEF, PORK, AND LAMB PRODUCERS

Sec. 214. To minimize the adverse effect of the milk diversion program on beef, pork, and lamb producers in the United States during any fiscal year for which a milk diversion program is in effect under section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)), in such fiscal year --

(1) the Secretary of Agriculture shall use funds available for the purposes of clause (2) of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" 7 U.S.C. 612c), approved August 14, 1935, including the contingency funds appropriated under such section 32, and other funds available to the Secretary under the commodity distribution and other nutrition programs of the Department of Agriculture, and including funds available through the Commodity Credit Corporation, to purchase and distribute two hundred million pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary;

(2) the Secretary of Defense and other Federal agencies, to the maximum extent practicable, shall use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies are encouraged to cooperate in such effort; and

(3) the Secretary of Agriculture shall encourage the consumption of red meat by the public.

STUDY RELATING TO CASEIN

Sec. 215. The Secretary of Agriculture shall conduct a study to determine whether imports of casein tend to interfere with or render ineffective the milk price support program of the Department of Agriculture. Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

CONGRESSIONAL EVALUATION OF THE COST OF PRODUCTION SCHEDULE

Sec. 216. It is the sense of Congress that two years after the date of the enactment of this Act the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate should --

(1) determine the value of each of the items specified in the schedule established in section 201(d)(3)(C) of the Agricultural Act of 1949, and the contribution of each of such items to the cost of production referred to in such section, in order to assess the effect of each of such items on the cost of production index and the level of price support for milk determined under section 201(d) of such Act; and

(2) assess the effect of such index on the operation of the milk diversion program provided for in section 201(d)(7) of such Act.

Subtitle B -- Dairy Research and Promotion

NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

Sec. 221. Effective October 1, 1985, the Dairy Production Stabilization Act of 1983 (7 U.S.C. 1421 note, et seq.) is amended by adding at the end thereof the following:

"Subtitle C -- Dairy Research Program

"DEFINITIONS

"Sec. 130. For purposes of this subtitle --

"(1) the term 'board' means the board of trustees of the Institute;

"(2) the term 'Department' means the Department of Agriculture;

"(3) the term 'dairy products' means manufactured products that are derived from the processing of milk, and includes fluid milk products;

"(4) the term 'fluid milk products' means those milk products normally consumed in liquid form as a beverage;

"(5) the term 'Fund' means the Dairy Research Trust Fund established by section 135;

"(6) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(7) the term 'importer' means a person who imports any dairy product into the United States for commercial use;

"(8) the term 'Institute' means the National Dairy Research Endowment Institute established by section 131;

"(9) the term 'milk' means any class of cow's milk marketed in the United States;

"(10) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(11) the term 'producer' means any person engaged in the production of milk for commercial use;

"(12) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for milk and dairy products;

"(13) the term 'Secretary' means the Secretary of Agriculture unless the context specifies otherwise; and

"(14) the term 'United States' means the several States and the territories and possessions of the United States, except that for purposes of sections 131, 133(a), and 136, and paragraphs (6), (7), and (9) of this section, such term means the forty-eight contiguous States in the continental United States.

"ESTABLISHMENT OF NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

"Sec. 131. There is hereby established in the Department of Agriculture a National Dairy Research Endowment Institute whose function shall be to aid the dairy industry through the implementation of the dairy products research order, which its board of trustees shall administer, and the use of monies made available to its board of trustees from the Dairy Research Trust Fund to implement the order. In implementing the order, the Institute shall provide a permanent system for funding scientific research activities designed to facilitate the expansion of markets for milk and dairy products marketed in the United States. The Institute shall be headed by a board of trustees composed of the members of the National Dairy Promotion and Research Board. The board may appoint from among its members an executive committee whose membership, other than importers, shall reflect equally each of the different regions in the United States in which milk is produced. The executive committee shall have such duties and powers as are delegated to it by the board. The members of the board shall serve without compensation. While away from their homes or regular places of business in the performance of services for the board, members of the board shall be allowed reasonable travel expenses, including a per diem allowance in lieu of subsistence, as recommended by the board and approved by the Secretary, except that there shall be no duplication of payment for such expenses.

"ISSUANCE OF ORDER

"Sec. 132. (a) After the effective date of this subtitle and not later than thirty days after receipt of a proposed dairy products research order, the Secretary shall publish such proposed order in the Federal Register and shall give notice and reasonable opportunity for public comment on such proposed order. Such proposed order may be submitted by an organization certified under section 114 or by any interested person affected by the provisions of subtitle B.

"(b) After the Secretary complies with the requirements of subsection (a), the Secretary shall issue a dairy products research order. The order shall become effective not later than ninety days after publication in the Federal Register of the proposed order.

"(c) The Secretary may amend, from time to time, the dairy products research order issued under subsection (b).

"REQUIRED TERMS OF ORDER; AGREEMENTS UNDER ORDER; RECORDS

"Sec. 133. (a) The dairy products research order issued under section 132(b) shall --

"(1) provide for the establishment and administration, by the Institute, of appropriate scientific research activities designed to facilitate the expansion of markets for dairy products marketed in the United States;

"(2) specify the powers of the board, including the powers to --

"(A) receive and evaluate, or on its own initiative develop and budget for, research plans or projects designed to --

"(i) increase the knowledge of human nutritional needs and the relationship of milk and dairy products to these needs;

"(ii) improve dairy processing technologies, particularly those appropriate to small- and medium-sized family farms;

"(iii) develop new dairy products; and

"(iv) appraise the effect of such research on the marketing of dairy products;

"(B) make recommendations to the Secretary regarding such plans and projects;

"(C) administer the order in accordance with its terms and provisions;

"(D) make rules and regulations to effectuate the terms and provisions of the order;

"(E) receive, investigate, and report to the Secretary complaints of violations of the order;

"(F) recommend to the Secretary amendments to the order;

"(G) enter into agreements, with the approval of the Secretary, for the conduct of activities authorized under the order and for payment of the cost of such activities with any monies in the Fund other than monies deposited in the Fund by the Secretary;

"(H) with the approval of the Secretary, establish advisory committees composed of individuals other than members of the board, and pay the necessary and reasonable expenses and fees of the members of such committees; and

"(I) with the approval of the Secretary, appoint or employ such persons, other than members of the board, as the board deems necessary and define the duties and determine the compensation of each;

"(3) specify the duties of the board, including the duties to --

"(A) develop, and submit to the Secretary for approval before implementation, any research plan or project to be carried out under this subtitle;

"(B) submit to the Secretary for approval budgets, on a fiscal year basis, of the board's anticipated expenses and disbursements in the administration of the order, including projected costs of carrying out dairy products research plans and projects;

"(C) prepare and make public, at least annually, a report of the board's activities and an accounting for funds received and expended by the board;

"(D) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

"(E) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(F) account for the receipt and disbursement of all funds entrusted to the board;

"(4) prohibit any monies received under this subtitle by the board to be used in any manner for the purpose of influencing governmental policy or actions, except as provided in paragraph (2)(F);

"(5) during fiscal years 1986 and 1987, require each importer to pay, in the manner prescribed by the order, an assessment to the Secretary, at a rate determined by the Secretary from time to time under subsection (d) and based on the number of hundredweights of milk having 3.67 percent milkfat contained in the quantity of dairy products imported into the United States in such fiscal years for commercial use by such importer; and

"(6) require that each person receiving milk from producers for commercial use, any person marketing milk of that person's own production directly to consumers, and each importer maintain and make available for inspection by the Secretary such books and records as may be required by the order and file with the Secretary reports at the time, in the manner, and having the content prescribed by the order.

"(b) Any agreement made under subsection (a)(2)(G) shall provide that --

"(1) the person with whom such agreement is made shall develop and submit to the board a research plan or project together with a budget that shows estimated costs to be incurred to carry out such plan or project;

"(2) such plan or project shall become effective on the approval of the Secretary; and

"(3) such person shall keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the board of activities conducted to carry out such plan or project, and submit such other reports as the Secretary or the board may require.

"(c)(1) Information, books, and records made available to, and reports filed with, the Secretary under subsection (a)(6) shall be kept confidential by all officers and employees of the Department, except that such information, books, records, and reports as the Secretary deems relevant may be disclosed by such officers and employees in any suit or administrative proceeding that is brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, and that involves the order issued under section 132(b).

"(2) Paragraph (1) shall not be construed to prohibit --

"(A) the issuance of general statements, based on such information, books, records, and reports, of the number of persons subject to the order or of statistical data collected from such persons if such statements do not specifically identify the data furnished by any one of such persons; or

"(B) the publication, at the direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"(3) No information obtained under the authority of this section may be made available to any agency, officer, or employee of the United States for any purpose other than the implementation of this subtitle and any investigatory or enforcement action necessary to implement this subtitle. Any person who violates this paragraph, on conviction, shall be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and, if such person is employed by the board or the Department, shall be terminated from such employment.

"(d) The rate of the assessment per hundredweight of milk required to be paid under an order issued under section 132(b) by importers shall be equal to that part of the amount of any reduction in the price per hundredweight received by producers for milk, in effect under section 201(d)(6)(B) of the Agricultural Act of 1949, that is attributable to satisfying the requirement of clause (iii) of section 201(d)(6)(B).

"PETITION AND REVIEW; ENFORCEMENT; INVESTIGATIONS

"Sec. 134. The provisions of sections 118, 119, and 120 shall apply, except when inconsistent with this subtitle, to the Institute, the board, the persons subject to the order issued under section 132(b), the jurisdiction of district courts of the United States, and the authority of the Secretary under this subtitle in the same manner as such sections apply with respect to subtitle B.

"DAIRY RESEARCH TRUST FUND

"Sec. 135. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the 'Dairy Research Trust Fund'.

"(b)(1) Monies shall be deposited in the Fund by the Secretary in accordance with section 201(d)(6)(B)(iii) of the Agricultural Act of 1949. The Secretary shall also deposit in the Fund monies received under section 133(a)(5) from importers.

"(2) If no monies are so deposited for a fiscal year in accordance with section 201(d)(6)(B)(iii), then the Secretary shall transfer from monies available to the Commodity Credit Corporation, and deposit in the Fund, $50,000,000 for such fiscal year.

"(3) Monies deposited in the Fund under paragraph (1) or (2) shall be invested by the Secretary of the Treasury in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States. Interest, dividends, and other payments that accrue from such investments shall be deposited in the Fund and also shall be so invested, subject to subsection (c).

"(c) Monies in the Fund, other than monies deposited or transferred under paragraph (1) or (2) of subsection (b), shall be available to the board, in such amounts, and for such activities authorized by this subtitle, as the Secretary may approve.

"TERMINATION OF ORDER, INSTITUTE, AND FUND

"Sec. 136. (a) After September 30, 1991, the Secretary, whenever the Secretary finds that the order issued under this subtitle or any provision of such order obstructs or does not tend to facilitate the expansion of markets for milk and dairy products marketed in the United States, shall terminate or suspend the operation of the order or such provision.

"(b) If the Secretary terminates the order, the Institute shall be dissolved 180 days after the termination of the order.

"(c) If the Institute is dissolved for any reason, the monies remaining in the Fund shall be disposed of as shall be agreed to by the board and the Secretary.

"ADDITIONAL AUTHORITY

"Sec. 137. (a) No provision of this subtitle shall be construed to preempt or supersede any other program relating to milk or dairy products research organized and operated under the laws of the United States or any State.

"(b) The provisions of this subtitle applicable to the order issued under section 132(b) shall be applicable to any amendment to the order.".

DAIRY PROMOTION PROGRAM

Sec. 222. (a) Section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended by inserting "and dairy products imported into" after "produced in" each place it appears.

(b) Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended by --

(1) redesignating paragraphs (a) through (f) as paragraphs (1) through (6), respectively,

(2) redesignating paragraphs (g) through (l) as paragraphs (9) through (14), respectively; and

(3) inserting after paragraph (6), as so redesignated, the following new paragraphs:

"(7) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(8) the term 'importer' means a person who imports any dairy product into the United States for commercial use;".

(c) Section 113 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504) is amended by --

(1) in subsection (b) --

(A) in the first sentence, striking out "thirty-six" and inserting in lieu thereof "thirty-seven";

(B) in the second sentence, striking out "Members" and inserting in lieu thereof "Except as provided in the following sentence, members";

(C) in the third sentence, striking out "such" and inserting in lieu thereof "producer"; and

(D) inserting after the second sentence the following:

"One or more members of the Board shall be importers appointed by the Secretary from nominations submitted by importers in the manner authorized by the Secretary. The number of importers to be appointed to the Board shall be determined by the Secretary on a proportional basis, taking into account the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use during a representative period, except that not fewer than one importer shall be appointed to the Board.";

(2) in subsection (g) --

(A) inserting after the first sentence the following:

"The order shall also provide that each importer shall remit to the Board, in the manner prescribed by the Board, an assessment based on the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use by such importer."; and

(B) in the third sentence, inserting ", in the case of dairy products other than milk," after "or"; and

(3) in the first sentence of subsection (k), striking out "farmers for commercial use" and inserting in lieu thereof "producers for commercial use, each importer".

(d) Section 116(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended by --

(1) inserting "and importers" after "producers" each place it appears; and

(2) in the last sentence, inserting ", or the importation of dairy products into the United States," after "the production of milk".

(e) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C -- Milk Marketing Orders

MINIMUM ADJUSTMENTS TO PRICES FOR FLUID MILK UNDER MARKETING ORDERS

Sec. 231. (a) Section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following: "Throughout the 2-year period beginning on the effective date of this sentence (and subsequent to such 2-year period unless modified by amendment to the order involved), the minimum aggregate amount of the adjustments, under clauses (1) and (2) of the preceding sentence, to prices for milk of the highest use classification under orders that are in effect under this section on the date of the enactment of the Dairy Unity Act of 1985 shall be as follows:

"Marketing Area Subject to Order	Minimum Aggregate Amount of Such Adjustments Per Hundredweight of Milk Having 3.5 Per Centum Milkfat
New England	3.24
New York-New Jersey	3.14
Middle Atlantic	3.03
Georgia	3.08
Alabama-West Florida	3.08
Upper Florida	3.58
Tampa Bay	3.88
Southeastern Florida	4.18
Michigan Upper Peninsula	1.35
Southern Michigan	1.75
Eastern Ohio-Western Pennsylvania	1.95

Ohio Valley	2.04
Indiana	2.00
Chicago Regional	1.40
Central Illinois	1.61
Southern Illinois	1.92
Louisville-Lexington-Evansville	2.11
Upper Midwest	1.20
Eastern South Dakota	1.50
Black Hills, South Dakota	2.05
Iowa	1.55
Nebraska-Western Iowa	1.75
Greater Kansas City	1.92
Tennessee Valley	2.77
Nashville, Tennessee	2.52
Paducah, Kentucky	2.39
Memphis, Tennessee	2.77
Central Arkansas	2.77
Fort Smith, Arkansas	2.77
Southwest Plains	2.77
Texas Panhandle	2.49
Lubbock-Plainview, Texas	2.49
Texas	3.28
Greater Louisiana	3.28
New Orleans-Mississippi	3.85
Eastern Colorado	2.73
Western Colorado	2.00
Southwestern Idaho-Eastern Oregon	1.50
Great Basin	1.90
Lake Mead	1.60
Central Arizona	2.52
Rio Grande Valley	2.35
Puget Sound-Inland	1.85
Oregon-Washington	1.95

Effective at the beginning of such two-year period, the minimum prices for milk of the highest use classification shall be adjusted for the locations at which delivery of such milk is made to such handlers.".

(b) The amendment made by this section shall take effect on the first day of the first month beginning more than 120 days after the date of the enactment of this Act.

ADJUSTMENTS FOR SEASONAL PRODUCTION; HEARINGS ON AMENDMENTS; DETERMINATION OF MILK PRICES

Sec. 232. Effective October 1, 1985, section 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note) is amended by striking out "1985" and inserting in lieu thereof "1990".

COOPERATIVE ASSOCIATION REPRESENTATION

Sec. 233. Effective October 1, 1985, the second sentence of section 8c(17) of the Agricultural Adjustment Act (7 U.S.C. 608c(17)), as added by section 101 of the Agriculture and Food Act of 1981 and made effective for the period beginning January 1, 1986, and ending December 31, 1990 under section 132, is amended by striking out "not".

MARKETWIDE SERVICE PAYMENTS

Sec. 234. Effective October 1, 1985, section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end thereof the following:

"(J) Providing for the payment, from the total sums payable by all handlers for milk (irrespective of the use classification of such milk) and before computing uniform prices under paragraph (A) and making adjustments in payments under paragraph (C), to handlers that are cooperative marketing associations described in paragraph (F) and to handlers with respect to which adjustments in payments are made under paragraph (C), for services of marketwide benefit, including but not limited to --

"(i) providing facilities to furnish additional supplies of milk needed by handlers and to handle and dispose of milk supplies in excess of quantities needed by handlers;

"(ii) handling on specific days quantities of milk that exceed the quantities needed by handlers; and

"(iii) transporting milk from one location to another for the purpose of fulfilling requirements for milk of a higher use classification or for providing a market outlet for milk of any use classification.".

STATUS OF PRODUCER HANDLERS

Sec. 235. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall be the same after the amendments made by this title take effect as it was before the effective date of such amendments.

Subtitle D -- National Commission on Dairy Policy

FINDINGS AND DECLARATION OF POLICY

Sec. 241. (a) Congress finds that --

(1) the Federal program established to support the price of milk marketed by producers in the United States was created to provide price and income protection for milk producers as well as to assure consumers of an adequate supply of milk and dairy products at reasonable prices;

(2) the milk production industry in the United States is composed primarily of small- and medium-sized family farm operations;

(3) consumers in the United States benefit financially from a milk price support program that prohibits large fluctuations in the price and supply of milk and dairy products;

(4) consumers in the United States also benefit financially from the current structure of the domestic milk production industry; and

(5) the Office of Technology Assessment, in its report entitled "Technology, Public Policy, and the Changing Structure of American Agriculture", found that larger milk production operations already enjoy a major advantage in the production of milk and that, under current Federal policy, the development and use of new technologies will permit a continued trend toward fewer and larger milk production operations throughout the country.

(b) It is hereby declared to be the policy of Congress to respond to the development of new technologies in the domestic milk production industry by reviewing the present milk price support program and its alternatives, and by adopting such policies as are needed to prevent significant surplus production in the future while ensuring that the current small- and medium-sized family farm structure of such industry will be preserved for new generations of producers and consumers alike.

ESTABLISHMENT OF COMMISSION

Sec. 242. (a) There is hereby established in the executive branch a National Commission on Dairy Policy, which shall study and make recommendations concerning the future operation of the Federal program established to support the price of milk marketed by producers in the United States.

(b) The Commission shall be composed of eighteen members who are engaged in the commercial production of milk in the United States, to be appointed by the Secretary of Agriculture. Not fewer than twelve members shall be appointed from nominations submitted to the Secretary by the following Members of Congress, after consultation with the other Members of Congress who sit on the specified committee of the respective House of Congress:

(1) The Chairman of the Committee on Agriculture of the House of Representatives.

(2) The ranking minority member of the Committee on Agriculture of the House of Representatives.

(3) The Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(4) The ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Each such Member of Congress shall make not fewer than eighteen such nominations for appointment to the Commission, but not more than two such nominations for any particular vacancy on the Commission. The Secretary shall appoint not fewer than three individuals from among the nominations submitted by each such Member of Congress. Each member of the Commission shall represent a milk-producing region of the United States. A region may be made up of more than one State and may be represented by more than one member of the Commission. In making such appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of milk production volume throughout the United States. In determining geographical representation, whole States shall be considered as a unit.

(c) A vacancy on the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall elect a chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the chairman or a majority of the members of the Commission.

STUDY AND RECOMMENDATIONS

Sec. 243. (a) The National Commission on Dairy Policy shall study --

(1) the current Federal price support program for milk;

(2) alternatives to such program;

(3) the future functioning of such program;

(4) new technologies that will become a part of the milk production industry before the end of this century;

(5) the effect that developing technologies will have on surplus milk production; and

(6) the future structure of the milk production industry.

In conducting such study, the Commission shall consider, among other things, how effective the current Federal price support program for milk will be in preventing significant surpluses of dairy products in the future, how well such program will respond to the challenges to the family farm structure of the milk production industry created by developing technologies, and whether or not a better response to those challenges could be achieved through modifications or revisions of current Federal policy.

(b) On the basis of its study, the Commission shall make findings and develop recommendations for consideration by the Secretary of Agriculture and Congress with respect to the future operation of the Federal price support program for milk.

(c) The Commission shall submit to the Secretary of Agriculture and Congress, not later than March 31, 1987, a report containing the results of its study and recommendations based on such results.

ADMINISTRATION

Sec. 244. (a) The heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the Congressional Budget Office, to the extent permitted by law, shall provide to the National Commission on Dairy Policy such information as the Commission may require to carry out its duties and functions.

(b) Members of the Commission shall serve without compensation for work on the Commission. While away from their homes or regular places of business in the performance of duties of the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under section 5703 of title 5 of the United States Code.

(c) To the extent there are sufficient funds available to the Commission in advance under section 245, and subject to such rules as may be adopted by the Commission, the Commission, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 gf such title relating to the classification and General Schedule pay rates, may --

(1) appoint and fix the compensation of a director; and

(2) appoint and fix the compensation of such additional personnel as the Commission determines necessary to assist it to carry out its duties and functions.

(d) On the request of the Commission, the heads of executive agencies, the General Accounting Office, and the Office of Technology Assessment may furnish the Commission with such personnel and support services as the head of the agency or office, and the chairman of the Commission agree are necessary to assist the Commission to carry out its duties and functions. The Commission shall not be required to pay or reimburse any agency or office for personnel and support services provided under this subsection.

(e) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act (5 U.S.C. App.).

(f) The Commission shall be exempt from the requirements of sections 4301 through 4305 of title 5 of the United States Code.

FINANCIAL SUPPORT

Sec. 245. (a) Following the appointment or designation of the members of the National Commission on Export Policy, notwithstanding the provisions of section 1342 of title 31 of the United States Code, the Secretary of Agriculture may receive on behalf of the Commission, from persons, groups, and entities within the United States, contributions of money and services to assist the Commission to carry out its duties and functions. Any money contributed under this section shall be made available to the Commission to carry out this subtitle. In no event may the Secretary accept an aggregate amount of contributions from any one person, group, or entity exceeding 10 percent of the budget of the Commission.

(b) If the contributions under subsection (a) are insufficient to carry out this subtitle, the Secretary of Agriculture may transfer to the Commission, from funds available to the Commodity Credit Corporation, an amount not to exceed $1,000,000 to carry out this subtitle.

TERMINATION OF COMMISSION

Sec. 246. The National Commission on Dairy Policy shall cease to exist thirty days following the submission of its report to the Secretary of Agriculture and Congress.

Subtitle E -- Miscellaneous

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

Sec. 251. Subsections (a) and (b) of section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) are each amended by striking out "1985" and inserting in lieu thereof "1990".

EXTENSION OF THE DAIRY INDEMNITY PROGRAM

Sec. 252. Section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers" (7 U.S.C. 450l), approved August 13, 1968, is amended by striking out "1985" and inserting in lieu thereof "1990".

AMENDMENT OFFERED BY MR. GUNDERSON

Mr. GUNDERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gunderson: Page 17, line 18, strike out the period and insert in lieu thereof a semicolon.

Page 17, after line 18 insert the following: "but not to exceed 50 cents per hundredweight.".

Page 47, beginning on line 23, strike out "equal" and all that follows through line 2 on page 48, and insert in lieu thereof the following: "equal to $50,000,000 divided by the number of hundredweights of milk estimated by the Secretary to be produced in the United States in the fiscal year involved.".

Mr. GUNDERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

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

There was no objection.

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

Mr. GUNDERSON. Mr. Chairman, as we have discussed the committee proposal on dairy for the last few weeks, there has been one area where there seems to be a lot of scare tactics. That happens to be in the area of exactly what will the assessment be under the so-called dairy unity bill. Let us understand what has happened here.

If there is one thing that is very clear and very important for everyone to understand, under the dairy section of the farm bill we have capped the cost to the taxpayer at $800 million for purchases of surplus dairy products in this country. Anything above and beyond that, the dairy farmer will pay for through assessments.

In addition, he will also pay for the cost of the diversion program, the incentive to farmers to cut back production.

And third, he will pay for the research endowment, which is also a part of this program, a part of the new farm bill.

Now, the amendment which I have offered caps the assessment at 50 cents per hundredweight. The reason it does that is because, as I have indicated, the assessment is only needed to make the diversion payments, fund the research endowment and to excess purchases above 5 billion pounds.

In fact, both the Congressional Budget Office and the Ag Committee economists agree that the necessary assessment for the proposal in front of us averages only 42 cents a hundredweight, not 50 cents. Actually, that 42 cents a hundredweight is a very conservative set of assumptions, erring on the side of what the greatest possible cost might be.

Let me give you an example. First of all, the economists suggest that the undiverted production would be 141 billion pounds of milk in this country in the first year of the farm bill. That is 5 billion pounds above even what USDA suggested production would be when they sent their farm bill up to the House Ag Committee in February. It is far more than any independent dairy economists suggests it will be.

Second, the dairy economists at CBO and the Ag Committee suggest there will be only a 2-percent increase in consumption among consumers next year. That is less than what last year's increased consumption was.

Third, they are assuming we are going to need $10 per hundredweight payments to make the whole herd buyout work. That is three times as much as economists at Cornell University suggest, over twice as much as the Wisconsin dairy economist Bob Cropp suggests.

Even so, with all of these conservative estimates and a 50 cent cap, we are still looking at more than $100 million in leeway each year in what the cost of the program ought to be to the dairy farmer in the amount of revenue we would bring in under a 50-cent cap.

So I would encourage my colleagues to simply support this amendment. It really verifies what every one of us on the committee believes will be the case.

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

Mr. GUNDERSON. I yield to my colleague, the gentleman from Wisconsin.

Mr. OBEY. I would like to express support for the gentleman's amendment. As the gentleman knows, I filed a similar amendment, to make certain it was offered. I think, as the gentleman said, it simply puts in black and white what we believe to be a fact, and I think people ought to know what the realities really are as we deal with this bill.

Mr. GUNDERSON. I appreciate the gentleman's comments.

Mr. Chairman, the other thing that it does is to make sure USDA implements the program by virtue of the intent we have tried to bring forth in the committee proposal. It makes sure that they implement the whole herd buyout, that they implement the dairy diversion program, and try to make our committee proposal work.

Mr. OLIN. Mr. Chairman, I rise in opposition to the amendment, with mixed feelings. I am quite surprised that the amendment is being offered by the gentleman from Wisconsin. My mixed feelings arise from the fact that I am not really in favor of assessments at all, and I would far prefer them to be lower than larger. But I have been consulting with the Department of Agriculture for the last 4 or 5 months with regard to what the assessment is likely to be in the event that the committee's bill is approved and goes through, and also in the light of what has been happening to dairy production since the diversion program ended on April 1.

You probably all know that right after that diversion program ended, production began to shoot up. It went up 3 percent the first month, then 4, then 5, then 6. In the month of August, dairy production in this country was up 10 percent over a year before, 5 percent over what it was back in 1983.

The committee bill has worked up the numbers based on the fact that they would only have 10 billion pounds would be the maximum amount they would have to take care of, they plan to divert down to 5; in other words, pay for 5 billion pounds of diversion. That would leave a surplus that we would buy of 5. And on that basis, they came up with a number that maybe the assessment would be 40 to 50 cents.

The Department of Agriculture presently estimates, based on what has been happening to production, that in the next year, 1986, the probable Federal purchase, given the way that the situation is right now, is going to be at least 13 billion, maybe 16. That is quite a ways above what the committee is recommending. And if it is 16, the assessment is going to have to cover the cost of diverting from 16 down to 5. That is 11 billion pounds.

On top of that, the committee is going to have to pay for the other things that the assessment pays for, the $50 million for that year for the research program, the 15 cents that the marketing program calls for, and it all adds up, when you finally get down to it, that the Department of Agriculture has analyzed, based on their records, that the assessment is going to have to raise about $1.3 billion. With the expected production, $1.3 billion, you got about 130 billion pounds of milk, 132 billion pounds of milk, and their estimate is that the assessment is going to be at least a dollar, it might be as high as $1.25.

Mr. Chairman, I like low assessments. I like no assessments. But it would be ridiculous for us to pass this amendment putting a cap on because what would happen if it turns out that is not enough money? There will not then be enough money to take the surplus off the market. And the CCC will pay the difference, and the committee's financial proposal there is down the drain.

I urge the committee to consider this subject. We are going to hear a lot of numbers today. Of course, you have no idea of knowing which numbers are right. Those of us who look into the numbers should recognize that the Department of Agriculture is not a neophyte in this area. They are saying that a cap of 50 cents is totally contradictory to the financial plan of the committee amendment.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words.

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

Mr. JEFFORDS. Mr. Chairman, I yield to the gentleman from Michigan [Mr. Schuette].

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

Mr. SCHUETTE. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of this amendment and I wish to associate myself with the remarks of the gentleman from Wisconsin [Mr. Gunderson], my friend on the Agriculture Committee. I think it is important that this amendment capping the assessment at 50 cents be passed by this House to clear up some of the confusion and some of the questions as to how much might the assessments be under a dairy diversion program. This makes a clear statement capping it at 50 cents to give dairy producers a clear signal and this House a clear signal as to what will be the specifics involved in any dairy diversion program.

I thank my friend and colleague, the gentleman from Vermont [Mr. Jeffords], for yielding to me.

Mr. JEFFORDS. Mr. Chairman, I want to briefly speak in favor of the amendment.

I think it is important to remove what has been a scare tactic used by the administration and the opponents of the committee bill here. This will put in black and white that the assessment will not go above 50 cents. And even the most conservative estimates, as set forth by the gentleman from Wisconsin, indicate that it is going to be for 1986 and 1987, for any event, below 50 cents.

Not only that, but there has been little said about the whole herd provisions here. CBO, because they do not know how the program will work has not given us any estimate. But if we do use the whole herd, in combination with a diversion program, it will save even more than the generous figure that CBO gives us when compared against the Olin amendment. So I can understand why the gentleman from Virginia opposes this amendment, because it removes something that obviously should not be in the argument, that the 50 cent assessment will not do the job.

I would urge everyone to vote for this amendment.

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

Mr. JEFFORDS. I yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. Mr. Chairman, another reason for the amendment, it seems to me, is that, while it resembles the diversion bill of 2 years ago, the fact is that for many producers, their situation economically has deteriorated to the point that some assurance on the 50-cent assessment is necessary, otherwise it was not so relevant 2 years ago, but it certainly is today. I think the amendment should be supported.

Mr. JEFFORDS. I agree with the gentleman.

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

Mr. JEFFORDS. I yield to the gentleman from Wisconsin.

Mr. ROTH. I thank the gentleman for yielding.

Mr. Chairman, I think our colleague, Mr. Gunderson from Wisconsin, has an excellent amendment. I want to tell you why. CBO has calculated, for example, that production, 134 billion, the diversion, 7 billion, consumption 129 billion, a surplus, 4.6 billion, means that if we have 46 cents, we are well covered. So these are the facts. This is not rhetoric. These are the facts from CBO. So I think we are well within the range. I think the gentleman has an excellent amendment. I compliment him for it. I think we should vote in the affirmative.

Mr. COELHO. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

In all of our figures in the Congressional Budget Office there was never any indication at all that the assessment would be over 50 cents. It would be substantially under. I congratulate the gentleman from Wisconsin for offering the amendment. It is a necessary amendment. I agree with it and I urge my colleagues to support it.

Mr. de la GARZA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as the distinguished member of the subcommittee has stated, we on our side have no objection to the amendment. We think that it enhances this part of the bill and would urge all of the Members to accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. Gunderson].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. OLIN

Mr. OLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Olin: Page 12, strike out line 4 and all that follows through line 2 on page 36, and insert in lieu thereof the following:

Sec. 201. This title may be cited as the "Responsible Dairy Act of 1985".

Subtitle A -- Milk Price Support

LEVEL OF MILK PRICE SUPPORT FOR FISCAL YEARS 1986 THROUGH 1990

Sec. 211. Effective October 1, 1985, section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended to read as follows:

"(d)(1) In order to achieve a balance between milk production and the availability of milk and milk products to consumers at reasonable prices, to protect producers and consumers from disruptive fluctuations in the prices of milk and milk products, and to provide that benefits of increased productivity in milk production resulting from new production techniques are shared with consumers, the price of milk shall be supported in fiscal years 1986 through 1990 as provided in this subsection. Notwithstanding any other provision of law and except as provided in paragraphs (2) and (3), during the period beginning on October 1, 1985, and ending on September30, 1990, the price of milk shall be supported at the level of $11.60 per hundredweight of milk having 3.67 per centum milkfat.

"(2)(A) On January 1, 1986, if the Secretary estimates that in the 12-month period beginning on such date purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use) will exceed 10 billion pounds (milk equivalent) in the absence of a reduction in the level of price support for milk, then the level of price support in effect for such period shall be $11.10 per hundredweight of milk having 3.67 per centum milkfat.

"(B) On January 1 of each of the years 1987, 1988, 1989, and 1990, if the Secretary estimates that in the 12-month period beginning on such date purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use) will exceed 5 billion pounds (milk equivalent) in the absence of an additional reduction in the level of price support for milk, then the level of price support in effect for such period per hundredweight milk having 3.67 per centum milkfat shall be 50 cents less than the level of price support in effect immediately before such date.

"(C) On January 1 of each of the years 1987, 1988, 1989, and 1990, if the Secretary estimates that in the 12-month period beginning on such date and under the level of price for milk in effect immediately before such date, purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use) will not exceed 2 billion pounds (milk equivalent), then the level of price support in effect for such period per hundredweight milk having 3.67 per centum milkfat shall be 50 cents greater than the level of price support in effect immediately before such date.

Page 36, line 4, strike out "Sec. 213." and insert in lieu thereof "Sec. 212.".

Page 36, line 10 and strike out "Sec. 214." and insert in lieu thereof "Sec. 213.".

Page 37, line 11, strike out "Sec. 215." and insert in lieu thereof "Sec. 214.".

Page 37, strike out line 19 and all that follows through line 7 on page 54.

Page 54, after line 7, insert the following:

"Subtitle B -- Milk Marketing Orders"

Page 55, line 3, strike out "Sec. 232." and insert in lieu thereof "Sec. 221.".

Page 55, line 8, strike out "Sec. 233." and insert in lieu thereof "Sec. 222.".

Page 55, strike out line 14 and all that follows through line 12 on page 56.

Page 56, line 14, strike out "Sec. 235." and insert in lieu thereof "Sec. 223.".

Page 56, line 20, strike out "Subtitle D" and insert in lieu thereof "Subtitle C".

Page 56, line 22, strike out "Sec. 241." and insert in lieu thereof "Sec. 231.".

Page 58, line 7, strike out "Sec. 242." and insert in lieu thereof "Sec. 232.".

Page 60, line 2, strike out "Sec. 243." and insert in lieu thereof "Sec. 233.".

Page 61, line 8, strike out "Sec. 244." and insert in lieu thereof "Sec. 234.".

Page 62, line 25, strike out "Sec. 245." and insert in lieu thereof "Sec. 235.".

Page 63, line 18, strike out "Sec. 246." and insert in lieu thereof "Sec. 236.".

Page 63, line 21, strike out "Subtitle E" and insert in lieu thereof "Subtitle D".

Page 63, line 24, strike out "Sec. 251." and insert in lieu thereof "Sec. 241.".

Page 64, line 4, strike out "Sec. 252." and insert in lieu thereof "Sec. 242.".

Mr. OLIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

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

There was no objection.

Mr. OLIN. Mr. Chairman, I rise to explain the Olin-Michel amendment to the dairy title, title II of the farm bill of 1985. We are offering this amendment because we feel that dairy farmers want and need a stable policy that helps them focus on the market and plan their business on a predictable basis.

I do not think the dairy farmers want to be jerked around with fancy special policies that involve payoffs of one type or another. They are good, honest, hard-working people. They are not afraid of the market; they are not afraid to try to make money in selling their milk to consumers. I have plenty of evidence in my dairy farmers that they are not at all worried about the implications of this particular bill.

Let me explain what is in the amendment. First of all, we are going to continue the Government purchases of dairy surplus. The purpose of the surplus is to stabilize the dairy industry, not to provide income for the dairymen. They make their own income. Basically, what the amendment would do would be to start with the present price support level of $11.60. On each January 1, we would take a look at the projected surplus. In the first year, if the projected surplus is 10 billion pounds or more, we would lower the price support 50 cents. In subsequent years, if it is over 5 billion pounds, we would lower the price support 50 cents. We would keep on doing that until we get down to the point where it is only marginally profitable to sell milk manufactured products to the Government. We think it would probably take three reductions to get there; $10.10 appears to be where that would stabilize.

After that, if on any January 1st the projected surplus is 2 billion pounds or less, the price support would go up 50 cents. We also would remove the legislated minimums for class I milk differentials that are in the committee bill. We think it is improper to legislate those differentials. They are politically oriented and not factually oriented. We think that our amendment would extend the current administration by the Department of Agriculture of these differentials.

We leave in our amendment the very commendable features of the committee bill, provisions for red meat purchases if a diversion plan is used. Provisions for casein imports, for a National Commission on Dairy; the transfer of dairy products to military and veterans. The Indemnity Program, and the protection for handlers.

We are offering this amendment for two reasons: One is that over the last 36 years we have had the policy of trying to regulate milk production by adjusting the support price. Every time we have gotten off and we have started to get too much surplus, it has been corrected in 3 or 4 years by bringing the price support down. It has happened time and time again. It works. We are in trouble right now because in the late seventies we legislated an increase in price supports that is too high, and we have stimulated too much production. We can correct that simply by doing what we have done before. It works; it is not unusually disruptive.

The cost of this program is going to be less than the cost of the committee bill. In the second year, the Government cost of our program is lower than the committee bill. In the third year, our CCC cost alone is lower. In the fifth year, the cost of the dairy program that I am recommending would be $600 million a year. The committee stabilizes about $1.1 billion for CCC alone, and the cost of the Government's food programs gets up to $770 million by 1990.

If you favor responsible action with regard to the deficit, you are going to get the deficit down by bringing Government costs down and keeping them down. You are not going to get them down by gimmicks and by trying to fudge up some numbers that show a 1-year result that is not going to be sustainable. You get them down with good policy. Those people that want a balanced budget will vote for this amendment.

What is wrong with the committee bill? First of all, it stimulates production. It keeps price supports right up where they are and every year they go up.They finally get up to over $13 in 1990. We know today that $11.60 is stimulating production higher than we have ever had before. That is going to continue and get worse.

Because of the stimulation of production, the committee bill requires a diversion program. That means paying some farmers to reduce milk while we are stimulating other farmers to produce milk. We had a diversion program. Look what happened. We did get a little reduction in production. Consumption went up because we were lowering the price support level.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. Olin] has expired.

(By unanimous consent, Mr. Olin was allowed to proceed for 5 additional minutes.)

Mr. OLIN. We paid dairy farmers one whale of an amount of money for that diversion program. In one congressional district, the average dairy farmer that participated got $400,000. The largest payment was $2.8 million. In the new plan, dairy farmers that signed up before are going to be able to go back to their same base, 1982. If they cut back production and get paid money, they are going to be able to get paid for that reduction again in 1986 and again in

1987. They will get paid 2 more years. It is unconscionable to have a program that has that degree of incentive in it; it does not make any sense.

The committee program will probably require a diversion program every year. We are talking about 400,000 to 600,000 cows coming on the market. In my amendment, this would be a gradual process. We would do it once. We would be reducing about 100,000 cows a year gradually over a period of about 6 years. Production is going to rise so it will not have to go as far.

The regional differences that occur here are tremendous. In the other program, Pennsylvania, for example, received $26 million in diversions and paid out $61. New York received $34 and paid out $74. Florida, the other way around, they received $40 million and paid out $13. It is not right to pay farmers to reduce production while we are paying them to increase production.

We have talked about the assessment. I think the numbers that I have given on assessment are accurate. It is not a fact that the assessement can be held to 50 cents or less with the production the way it is streaming along. The committee is not going to meet the budget requirement in actual fact. Their numbers say they do but they are not going to meet it. We are going to have a shambles on our hands inside of at least 2 years, maybe 3, and we will be rewriting a dairy bill.

The bill mandates class I differentials. This was an idea that came about because the southeastern farmers did not like the idea of the bill. The idea developed to increase their milk differential which they can pass on to the consumer. They were told, do not worry about the assessment program because we are going to increase your differentials; it will not cost you a nickle. Well, it is going to cost somebody a nickle. Not the kind of policy we ought to have; it does not make sense. It is unfair. It is particularly unfair to the Midwest.

The gentleman from Wisconsin, it is unfair to his district. He is going to try to amend the thing to get that out. I think he ought to vote for my amendment. We delete that provision. The other body, incidentally, does not have that provision in its bill either. It is not likely to have it in its bill. The dairy farmers that are counting on that differential to pay their bills may be very rudely awakened one day when the other provisions of the bill may go through, if they go through, and they do not get their differential. They are really going to be hornswaggled. It is a very bad deal. They will be disappointed.

The committee proposal, Mr. Chairman, is too complicated, it is too costly. There are innumerable games that can be played with it. It is going to cause regional problems. It is going to fall of its own weight inside of 2 or maybe 3 years and we will be writing a new dairy bill at that time. We need to fix this problem right once and for all. The solution is not complicated. We know what it is; it has worked before. I urge all the members of the committee to adopt the Olin-Michel amendment.

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

Mr. OLIN. Certainly, I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I want to compliment the gentleman on his amendment and on his presentation.

I do not pretend to be a dairy expert, but I have been forced to grapple with this problem and try to look at it from a commonsense viewpoint as to what is in the best interest of the people of this country. I think the gentleman in the well has come up with a most straightforward, commonsense approach to this problem, one which will look to the interests of not only the taxpayers but the dairy industry and the consumers of this country and will produce a net savings on balance. And it will do so in a way which is simple and straightforward.

Mr. Chairman, I certainly hope that the gentleman's amendment prevails.

Mr. OLIN. Mr. Chairman, I thank the gentleman for his comments.

I urge all the Members of the House to really look seriously at this subject. The dairy part of this farm bill is an important part of the bill. We have dairy farmers all over the country, thousands and thousands and thousands of dairy farmers. We do not want to give them a policy that is going to be unpredictable and one which does not allow them to do the job. We do not want to get a policy that will collapse in a couple of years.

Mr. Chairman, I ask the Members to please vote for the Olin-Michel amendment.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. Olin] has expired.

(On request of Mr. Brown of California, and by unanimous consent, Mr. Olin was allowed to proceed for 2 additional minutes.)

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

Mr. OLIN. I yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. Mr. Chairman, will the gentleman tell the committee how his proposal differs from the administration's proposal? How does it differ from the administration's proposal, or, first, does it differ from the administration's proposal?

Mr. OLIN. Mr. Chairman, as I understand it, the administration is supporting my proposal 100 percent.

Mr. KASTENMEIER. But is it the same proposal as that made by the Secretary of Agriculture 2 or 3 months ago?

Mr. OLIN. It is not the same as the Secretary's original proposal. He proposed originally, if the gentleman may recall, taking the Government totally out of surplus milk purchasing. I leave that in. The Secretary has come around to my way of thinking, and, to my knowledge, he currently totally endorses this amendment. I believe the administration totally takes that position.

Mr. KASTENMEIER. Mr. Chairman, I thank the gentleman for his clarification.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent that I be recognized for 2 minutes.

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

There was no objection.

Mr. MADIGAN. Mr. Chairman, I rise for the purpose of attempting to determine whether or not there would be any interest in the body on adopting some kind of a time limit on the debate on the Olin-Michel amendment. It seemed to work very well on the previous title of the bill.

I understand that we have some bad weather coming in, and there is a desire on the part of the leadership to leave later this afternoon because of possible transportation problems that could become rather complex if we do get the kind of weather they are expecting.

So, Mr. Chairman, I would like to see if we can determine whether or not there would be any interest in a time limit of 1 hour and 30 minutes on the Olin-Michel amendment, with 45 minutes to be given to the proponents and 45 minutes to be given to the opponents, with the time to be equally divided between the majority and the minority in both proponent allocation and opponent allocation.

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

Mr. MADIGAN. I yield to the gentleman from Virginia.

Mr. OLIN. Mr. Chairman, I believe that on my side of the amendment we would have perhaps 10 speakers. I am not sure of the exact number. I think an hour and a half in total would be reasonable and would allow Members who wish to be heard an opportunity to be heard.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the committee chairman.

Mr. de la GARZA. Mr. Chairman, I thank the gentleman for yielding.

Am I to understand that the time would be divided, a half hour, a half hour, and a half hour?

Mr. MADIGAN. Mr. Chairman, I am proposing that we divide the hour and a half, 45 minutes to Mr. Olin and Mr. Michel, and 45 minutes to Mr. Coelho and Mr. Jeffords, with each of the four of them controlling 22 1/2 minutes.

Mr. COELHO. Mr. Chairman, if the gentleman will yield, that is all right.

Mr. de la GARZA. Mr. Chairman, we have no objection, because we have the same concern, in that we have many Members from the eastern seaboard, from the Carolinas up to the Northeast, and we would like to see that they get ahead of this hurricane that is on the way. We do not want to impose a time element on them, so we would have no objection to that agreement.

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

Mr. MADIGAN. I yield to my colleague, the gentleman from Wisconsin.

Mr. GUNDERSON. Mr. Chairman, I appreciate my distinguished leader's yielding.

Would this time allocation include in it any amendments offered to the Olin-Michel amendment? For example, I have an amendment, and I think it is fairly well known that I very likely will offer that amendment to Olin-Michel. I wonder if we could have, say, at least 10 minutes for that amendment outside of the general debate on this issue. I wonder if that would be possible?

Mr. COELHO. Mr. Chairman, if the gentleman will yield, that is fine with us.

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

Mr. MADIGAN. I yield to the gentleman from Virginia.

Mr. OLIN. Mr. Chairman, that would be cutting it pretty tight.

Mr. MADIGAN. No, we would be adding that time.

The CHAIRMAN. Let the Chair interject at this time to let the Members know that there are, as far as the Chair is aware, two amendments which might be offered to the Olin amendment, the one that was just suggested by the gentleman from Wisconsin [Mr. Gunderson] and one at the desk by the gentleman from Vermont [Mr. Jeffords].

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the committee chairman.

Mr. de la GARZA. Mr. Chairman, I would respectfully suggest that we continue with the hour and a half. I do not expect that the two amendments that are pending will be very controversial, aside from this one, and I think they could be handled with, I suppose, 5 minutes on each side. I would hope that would be sufficient. So we might allocate 10 minutes to the gentleman from Wisconsin, 5 to him and 5 for any opposition, and continue with the hour and a half. That would still have us finish at about 3:30 or so.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. Madigan] has expired.

(By unanimous consent, Mr. Madigan was allowed to proceed for 2 additional minutes).

Mr. OLIN. Mr. Chairman, will the gentleman yield once again?

Mr. MADIGAN. I yield to the gentleman from Virginia.

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

The issue we are dealing with here is one that is extremely important, and it is deeply felt by many, many Members. It is important that we not limit debate to the point where Members would not be adequately heard. It would be a big mistake if we did that.

I feel that on the pro side the full 45 minutes is really going to be needed. If the opponents to my amendment can accommodate within their time other amendments that might be offered, that would be completely satisfactory.

Mr. MADIGAN. Mr. Chairman, if the gentleman will let me reclaim my time, let me state a unanimous-consent request.

Mr. Chairman, I ask unanimous consent that debate on the Olin-Michel amendment be limited to 1 hour and 30 minutes, with the time to be equally divided between the proponents and the opponents of the Olin/Michel amendment, and the time to be equally divided between the majority and the minority, with an additional 10 minutes to be allocated for the consideration of the two amendments pending to Olin-Michel.

Mr. COELHO. That is 10 minutes per amendment?

Mr. MADIGAN. Yes, 10 minutes per amendment.

Mr. OLIN. Mr. Chairman, I have no objection to that.

The CHAIRMAN. Does the Chair understand that the reference is to any amendment that might be offered to the Olin amendment?

Mr. MADIGAN. I am referring, Mr. Chairman, to the amendments printed in the Record, an additional 10 minutes for each of the amendments printed in the Record.

The CHAIRMAN. How about amendments that are not printed in the Record?

Mr. MADIGAN. I understand they would not be in order, Mr. Chairman.

The CHAIRMAN. They could be in order if they are to the Olin amendment.

Mr. MADIGAN. Well, Mr. Chairman, we know of no such amendments, but they could come up after the debate whether Olin-Michel was adopted or not. If it were adopted and some Members wanted to amend it, I suppose the title can be further amended. But we know of no such amendments.

Mr. OLIN. Mr. Chairman, if the gentleman will yield, is the gentleman suggesting that no other amendments be in order?

Mr. MADIGAN. Mr. Chairman, I will repeat the unanimous-consent request.

Mr. Chairman, I am asking unanimous consent that debate on Olin-Michel be limited to an hour-and-a-half, with the time to be divided equally between the proponents and the opponents and the time of the proponents and the opponents to be equally divided between the majority and the minority.

I am further requesting that an additional 10 minutes beyond the hour-and-a-half be allocated for consideration of the Gunderson amendment and the Jeffords amendment to Olin-Michel should that time be necessary and be used. And I know of no other amendments or of any interest in any other amendments.

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

Mr. de la GARZA. Mr. Chairman, I have no objection to the request.

Mr. OLIN. Mr. Chairman, reserving the right to object, in the event another nonpublished amendment is made, would that amendment be in order?

The CHAIRMAN. It could be offered to the Olin amendment.

Mr. OLIN. If that amendment is offered?

The CHAIRMAN. The amendment could be offered, that is correct.

Mr. OLIN. Further reserving the right to object, would the gentleman specify in his request -- --

Mr. MADIGAN. I am going to withdraw the request.

Mr. Chairman, I withdraw my unanimous-consent request.

The CHAIRMAN. The unanimous-consent request is withdrawn.

Mr. MICHEL. Mr. Chairman, I rise in support of the amendment.

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

Mr. MICHEL. Mr. Chairman, let me say to the members of the committee that I rise in strong support of the amendment offered by the gentleman from Virginia [Mr. Olin].

This is the third time now in 4 years that I have been involved in an effort to solve the dairy problem, not perpetuate it. The dairy price-support program has been in effect since 1949. That, incidentally, was the year that I first came to Washington, and for most of its life it has worked well. For nearly 30 years the price-support mechanism was in balance with what consumption required. I do not think our dairy program in any one of those years ever cost us over $100 million.

From 1949 to 1979, some 30 years, the program operated, as I said, at a minimum cost to the taxpayers and with fair prices to dairy farmers because the Government price support was kept below the prevailing market prices. Then in the late 1970's something went wrong, and it has not been corrected yet. Surpluses began to develop because price supports were set too high, and later those supports were not reduced. Instead, a series of gimmicks like the 1983 diversion program were tried, and now we have a situation where we face a 12-billion-pound surplus and a $2 billion annual cost for an obviously failing dairy program.

In 1981 I joined with Representative Frank on the Democratic side and Mr. Findley on our side to lower the dairy support price. We failed at that time.

In 1983 I joined with Representative Conable, our former colleague, to lower the dairy support level, and we failed.

Today I am joining with Representative Olin to lower the dairy support level again, and hopefully we will succeed this time. We should succeed because at this time the public, I think, is both informed and aroused about what is happening in this program. We should succeed this time because the best vote for taxpayers, consumers, and dairy farmers clearly is the Olin-Michel amendment.

The Congressional Budget Office and the Office of Management and Budget both agree that taxpayers will be better off during the life of this bill under our amendment -- anywhere from $200 million to $500 million better off. And I might add that this amendment that was just adopted a little while ago by voice vote, putting a 50-cent-per-hundredweight cap on the assessment, really is significant in the sense that it would cost twice that much to keep those figures in balance as the committee recommended. In other words, putting a cap on that assessment is going to make the program cost more. It has got to come out of somebody's pocket someplace.

So all that argument that is made here, that what we are proposing does not save that much money in 1986 and 1987, is all washed out with the adoption of the Gunderson amendment by voice vote capping assessment at 50 cents.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Texas.

Mr. de la GARZA. Mr. Chairman, I thank the gentleman for yielding.

I just again rise to interject what we feel are accurate figures. The CBO estimates that the assessment would never reach 50 cents, so it is no money taken away from the proposal.

Mr. MICHEL. Well, if you were going to get something over a dollar from the assessment and now you are going to get no more than 50 cents, somebody has got to eat the difference. You cannot just keep pulling the wool over our eyes or putting more cream and sauce on this thing, because we have had it.

As I recall from my conversation with the President within the last week, recalling that I prevailed upon him the last time that these diversion payments were somehow going to hopefully cause a big reduction in the supply of dairy products and in reducing production to the degree that we would get things more in balance, we found that that did not happen.

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

Mr. MICHEL. I am happy to yield to my friend, the gentleman from Virginia [Mr. Olin].

Mr. OLIN. Mr. Chairman, I totally agree with the gentleman's comments.

I would like to add additionally that I am not a real fan of the committee bill, but one of the things in the bill which made eminent sense was the idea of having an open-ended assessment because nobody knows for sure what it is going to be. We just do not know. Having put a cap on the assessment really in a considerable fashion scuttles that committee proposal. It is going to be just too dangerous to proceed that way.

I thank the gentleman for yielding.

Mr. MICHEL. Mr. Chairman, I thank the gentleman from Virginia [Mr. Olin].

Mr. Chairman, let me proceed, and then I will be happy to yield to the gentleman from Vermont [Mr. Jeffords].

In my judgment, there is no question that consumers are going to be ahead with the adoption of our amendment. In addition you have any number of significant editorial comments around the country, and the USDA also has fully documented that the poor people of this country will be the prime beneficiaries of our amendment.

Finally, we should not forget the dairy farmer himself.

I think that eventually everyone will understand that our amendment is not antifarmer or antidairyman. It is carefully crafted to keep the provisions of the committee bill that deals with dairy indemnities with the red meat purchases as well as the veterans and armed services dairy programs, casein study, and other constructive provisions.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. Michel] has expired.

(At the request of Mr. Brown of California, and by unanimous consent, Mr. Michel was allowed to proceed for 5 additional minutes.)

Mr. MICHEL. Mr. Chairman, I thank the gentleman from California [Mr. Brown] for his courtesy.

Our amendment only deletes the milk assessment, the diversion payments, the mandatory increase of consumer prices for milk under federal market orders and the whole herd buy-out provisions of the bill.

In conclusion, let me make one final point. This is I believe an historic time for farm programs. We are the deciders of whether or not American agriculture is going to continue to drift into a maze of government regulation that will eventually bring us all an ineffective, expensive and unpopular farm program, or whether we are going to rededicate our hope and faith in an enterprise agriculture that uses the market as a vehicle for prosperity, opportunity and freedom.

The amendment the gentleman from Virginia [Mr. Olin] and I are cosponsoring here and offering gives us that clear choice, government intervention through a cartel-like system or faith in markets and freedom. I think the time is historic, the issues are very clear here, and we hope this time a sufficient number of votes will be there to pass our amendment and get us back on the right course again to balance our dairy production and consumption needs.

If the gentleman from California [Mr. Brown] would ask me to yield, I would be happy to in view of the gentleman getting us the extension of time for which I am most appreciative.

Mr. BROWN of California. Mr. Chairman, as I indicated earlier, I am in basic agreement with the thrust of the amendment which the gentleman from Illinois [Mr. Michel] is sponsoring along with the gentleman from Virginia [Mr. Olin]. I think I am in agreement for the same basic philosophical reasons that the gentleman is.

This business about trading numbers is not all that important. I think it is the philosophical approach that we are taking here, which I think Democrats as well as Republicans should be committed to, that is giving the market a larger role in the determination of prices. It is absolutely important.

I commend the gentleman for undertaking to change the committee bill in the way that the gentleman has.

The point that the gentleman made with regard to the effect of the cap I wanted to make a specific comment on, because we are relying upon Congressional Budget Office figures. I just happen to have, and I used these in my speech last Friday, the CBO estimates with regard to the last diversion bill. They estimated that the Government outlays for 1985 -- these are CBO figures -- would be $1.3 billion. The actual outlays were $1.9 billion. They missed it approximately 50 percent, and there is no question that they will miss it again. And they missed the other figures correspondingly for production and consumption.

The numbers game can be played by anybody. Nobody has any miraculous answers in terms of the numbers. The figures being used by the supporters of the committee bill I think are fatally flawed for the reasons that the gentleman in the well gave.

Mr. MICHEL. Mr. Chairman, I thank the gentleman from California [Mr. Brown] for bringing up those figures particularly and our ability or inability to really project. I guess one of my problems around here is with the whole budget process. Here we are finitely making dimensions of what we are going to be spending in 3 or 5 years out. Shucks, we do not know today what we are going to be spending tomorrow around here the way this place is being run. And to think that we can absolutely guarantee that that is going to be the case, I think we are just kidding ourselves.

The gentleman from California [Mr. Brown] is so eminently correct, and particularly when the gentleman cites the projections that we were snowed with last time of $1.2 billion and then had grown to $1.9 billion. It is part and parcel of our entire problem here.

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

Mr. MICHEL. I would be happy to yield to my friend, the gentleman from Kansas [Mr. Slattery].

Mr. SLATTERY. Mr. Chairman, I thank the distinguished minority leader for yielding.

The gentleman just made a very good point I think with respect to the out-year projections. This is one of the reasons why I have to tell the distinguished minority leader that I am going to oppose the Olin-Michel amendment and support the committee bill, because in the first year, next year, it is very clear from the indications that I have received that we are looking at a cost projection of some $600 million less under the committee proposal than under the proposal the gentleman is offering.

Mr. MICHEL. Mr. Chairman, if I can reclaim my time, I made that point, but I think that figure now has got to be considerably increased in view of the amendment we adopted of the gentleman from Wisconsin [Mr. Gunderson] by voice vote here capping the assessment. The gentleman can say anything the gentleman want to out here, but nobody knows what this baby is going to cost. So lets gear ourselves up for the long haul and ensure reductions over a 5-year period.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from Illinois [Mr. Michel] and the gentleman from Virginia [Mr. Olin].

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

Mr. DERRICK. Mr. Chairman, will the gentleman yield for about 20 seconds?

Mr. JEFFORDS. I am happy to yield to the gentleman from South Carolina.

Mr. DERRICK. Mr. Chairman, I thank the gentleman.

You know, we discussed this when it came before the Budget Committee. We can argue what figure we want to argue, whether it is $600 million or $400 million or what, but there is one thing that is not arguable. That is that the committee bill over the first 3 years saves more money than the amendment does.

I agree with the distinguished minority leader. You cannot depend on those out-year figures. As far as I am concerned, that is more reason that we should support the committee amendment as opposed to the others.

Mr. JEFFORDS. Mr. Chairman, I thank the gentleman for his comments, and I think that is an important point to make.

I would like to straighten out some of the problems we are having with the figures here. It is important that we rely upon those figures that we have the best reason to believe are valid.

With respect to the assessment, I do not think that there is any question that in the first 2 years of the program the assessments will be less than 50 cents. I will be candid, however, and say that there is considerable dispute as to what they would be in the out-years.

The Minority Leader made a good point when he said that if we try to rely upon those out-years, we will be in deep, deep trouble if that is what we count on to save us.

In addition, I think that it is important to straighten out exactly what did happen with respect to the last diversion program.

Let us take a look at a report which was not requested by the friends of the bill -- I do not know whether or not it was by its enemies. The GAO recently released an analysis of what happened under the 1984 diversion program. There is no question that, as against the Conable amendment, rediversion saved $650 million.

I would point out that both of those propositions reduced the support price by a dollar-and-a-half price cut.

To say therefore, that the resurgence in production is due to the diversion program is wrong, as the Conable program would not have ended that problem either.

Let me now run through some of the information that I would like to go over with you. First of all, the dairy industry of this country ought to have the unanimous support ofeveryone. It is the most productive industry in this country, bar none. Their role in keeping consumer prices down is unexcelled by any other industry.

In 1983 dairy farmers got together and said, "We want to help the Nation out of its budget problems. We want to do what we can to work together to help bring down the cost of our program." And they did get together and they did do that.

Now let us take a look at what happened with respect to the amount of production.

In 1983, we produced a surplus of 16.8 billion pounds milk equivalent. Through the diversion program, we cut that in half. What would the Conable price cut alone have done? It would only have reduced removals to 13.3 billion pounds. The 1983 program cost $2.5 billion. The diversion program reduced the program's cost to $1.5 billion. What other farm program can make that kind of a claim?

Let us take a look at what happened to consumer prices with the last price cut. I think that you will see why certain people are supporting this bill. We have cut the support price from 1980 to the present by 12 percent. What happened to the retail prices of cheese, ice cream, butter and whole milk? They went up substantially. Was it the farmers' fault? No.

Well, why did they not go down? Because the middle man took those profits.

Now let us take a look at what happens when you have a stable dairy program. This chart shows what has happened because of the productivity of our dairy farmers over the years. From 1979 to 1983, the retail price index for dairy products in red has risen 53 points less than the CPI.

Now take a look at all food. Dairy prices are also below the index for foods. That is because of the productivity of our dairy farmers.

Consumers ought therefore to be cheering dairy farmers on with their efforts to improve the dairy program.

Let us next take a look at what the program would do with respect to the price cut amendment.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. Jeffords] has expired.

(By unanimous consent, Mr. Jeffords was allowed to proceed for 5 additional minutes.)

Mr. JEFFORDS. Now let us take a look at the bill we have before us now, and get down to the bottom line.

The reason we have too much milk production is that we have 600,000 too many cows out there. The central question is, how do we get rid of them and thereby work ourselves out of this situation?

There are two propositions before us. Ask yourselves, which one seems to be the most logical, the most humane and the one that you would want to support? You have, on the one hand, a price reduction phased in over some time. How does that work? The proponents of this amendment will not disagree that it works because it forces farmers out of business. It forces them into bankruptcy, foreclosures or voluntary liquidation because they lose money. It will take 48,000 farms to do that and will therefore take 48,000 farms out.

While it does all of this to farmers, the cost of the program will be close to $1 billion over the committee alternative.

Now let us examine the one that the committee offers you and ask yourself, is it not the better approach? The committee bill says, "Let's get together, farmers."

"Let's pitch in some money and fund a diversion, if necessary, but concentrate on a whole herd buy-out. Let's put together enough money to buy 12,000 farms out. One voluntarily buy out takes care of the whole herd by taking it out of production. By bankruptcy, it takes four farms to achieve the same effect because their cattle go on the auction block, are sold and end up in somebody else's herd."

This then is the other option, a program paid for by farmers which reduces the burden on taxpayers, and prevents the overloading of our already overloaded situation. If you think our farm banks are having problems now, think of adding 48,000 bankrupt dairy farmers to their problems. That is the bottomline question.

These charts emphasize that the committee bill will reduce costs as against the price-cut amendment by $600 million in 1986.

Incidentally, if we go ahead with the Olin amendment, the farm bill will be over the budget limit for 1986. You are going to have to do something about that -- somewhere, some other program is going to have to lose.

In addition, through 1986, the 3 years that we deal with in the budget area, you will find that we are still a half billion dollars, a half billion dollars under the Olin amendment, and again that you will put the whole farm bill over the budget.

So when it comes right down to it, how do you want to solve this problem? Do you want to put 48,000 farmers out of business by reducing their gross income 30 percent over the period of 3 years and their net income by 72 percent and force them into bankruptcy and overload our credit system, or do you want to go the committee route which will get the cows out of production, bring the production down, bring the cost to the taxpayer down. We will come back and revisit it if it does not work. This is the route to go, the committee route.

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

Mr. JEFFORDS. I would be happy to yield to the gentleman form Virginia [Mr. Olin].

Mr. OLIN. Mr. Chairman, I appreciate the gentleman from Vermont [Mr. Jeffords] yielding.

I am not going to go into any kind of debate on the numbers, but I would like to call the gentleman's attention to a couple of things.

The gentleman talked about consumers. There is not anything totally bad about the dairy farmer pursuing the good will of consumenrs and having a product that the consumer has placed value and pay money for and keep him in business.

The fact that consumer groups are in favor of an amendment is not something that the dairy industry needs to feel very bad about. That is entirely good.

The gentleman talks about having 600,000 too many cows. It might be a little simpler to get rid of 100,000 of those cows each year and phase the thing out, because people are leaving the dairy business all the time. There is no basis at all, I do not think, for the 48,000 dairy farmers, but it is true that there is turnover in dairy industry and there always has been.

Mr. JEFFORDS. Mr. Chairman, reclaiming my time, it might be more favorable to the cows that way because they would live longer, but I am more worried about the dairy farmers who will be going out of business than I am about the cows that may live a couple years longer.

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

Mr. JEFFORDS. I would be happy to yield to the gentleman from Wisconsin.

Mr. ROTH. I thank the gentleman for yielding.

Mr. Chairman, I want to compliment the gentleman on his excellent statement and his presentation here. He has thought it through. This is more than rhetoric. The gentleman has the facts here and I appreciate that very fine explanation.

I want to say that our friend, the gentleman from Virginia, says the dairy farmer should be in favor of the consumer, and the dairy farmer is the best friend the consumer has, but what the gentleman from Illinois and the gentleman from Virginia want to do is for the dairy farmer to give his product away to the consumer for nothing. The dairy farmer cannot do that, because he has overhead also.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. Jeffords] has expired.

(On request of Mr. Roth and by unanimous consent, Mr. Jeffords was allowed to proceed for 5 additional minutes.)

Mr. ROTH. Mr. Chairman, will the gentleman yield further?

Mr. JEFFORDS. I yield to the gentleman from Wisconsin.

Mr. ROTH. I thank the gentleman for continuing to yield to me.

Mr. Chairman, I want to make this point, and it is a very important one, as the gentleman mentioned before.

Since 1983, the dairy farmer has taken a 12 1/2-percent cut. What other group in our society has taken a 12 1/2-percent cut? According to this legislation, we are going to have a 50-cent cut as of January 1, and continue to have a 50-cent cut every year thereafter as long as the Government continues to purchase a certain amount of milk, a 5-billion-pound equivalent, the assertion being that it is going to help the consumer, and second, it is going to bring inventory down. Neither of those can stand up to an accurate analysis.

No. 1, since 1983 we have had a 12 1/2-percent cut for the dairy farmer. When you, my friends, go to the store, are your dairy products going down any? Have the milk prices or cheese prices gone down? Not 1 cent. They have gone up, but the dairy farmer's price has gone down. So that argument does not hold water.

Second, it is asserted that we are going to have less inventory. No. We are going to have more inventory.

The dairy farmer has a certain overhead. He has to make his payments, and if we here in Congress drive his price down, what is he going to do? Either he is going to go bankrupt or he is going to go out and add on more, which is exactly what they are doing today. They are going to produce more to meet those payments, and my good friends, and I love both of them, the gentleman from Virginia [Mr. Olin] and the gentleman from Illinois [Mr. Michel], would do the very same thing if they were on a dairy farm. I can guarantee them that.

We in the House have cut the dairy farmer $1.50 in the last 2 1/2 years and it has not solved the problem and it is not going to solve the problem as long as we force the dairy farmer to produce more, and that is what Olin and Michel would do, to force the dairy farmer to do more. We would aggravate the problem.

There is another problem that we have to give some consideration to. As the gentleman from Vermont pointed out, we have agribusiness that is in trouble. We have banks that are in trouble. Last year we had 79 banks fail in this country. This year we are projected to have 100 banks fail, and according to FDIC and others, we have 1,000 banks in trouble. If we drive the dairy farmer into bankruptcy, what is going to happen to the banking institutions in this country? Think about it.

So we have more than just, "Let us go and slash away and beat up on the dairy farmer." We have other things to consider, and that is why I appreciate the analysis here on the floor by my friend, the gentleman from Vermont, because he has laid it out not in rhetoric but in cold, hard facts and I hope the people of this Congress have the foresight to join him, and I think they will.

Mr. JEFFORDS. I thank the gentleman for those kind words.

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

Mr. JEFFORDS. I yield to the gentleman from Ohio.

Mr. REGULA. I thank the gentleman for yielding.

Mr. Chairman, I just want to follow on the statement by the gentleman from Wisconsin, to back up what he said about increased production resulting from lower support prices. Obviously farmers have fixed costs. They have the land, they have machinery, they have buildings, and all that goes with permanent investments. If the support price is lowered, the result will be for many dairy farmers to add more cows, work more hours. Most dairy farms are family farms, and it simply means that the family will put in extra time but production will stay the same; in fact, it will probably go up.

One of the factors that is not included in the cost of Olin-Michel is storage costs. Obviously reducing the support price will increase very substantially the volume of milk because dairy farmers are going to keep the cash-flow even. They have to in order to meet their fixed costs.

The result will be increased volumes of surplus and increased storage costs. I think my colleagues would be interested in the following information. One of the large marketing co-ops in Ohio gave me some statistics that show that in January 1983 the average producer was getting $7,100 a month in a milk check. The price support dropped $1.50 per hundredweight between 1983 and 1985. How much is the average monthly milk check as a result -- $7,200. This shows very clearly what will happen under Olin-Michel.

In Ohio the experience was that the actual cash amount received by the average member of the co-op of some 8,000 members, went up even though price supports went down $1.50. Obviously what the farm family was doing was adding cows and adding labor in order to keep up the flow of cash to meet the payments.

I think the experience in the past makes it very clear that instead of an amendment that will cost less money, Olin-Michel will result in additional costs for a dairy program because of the increased production mentioned by the gentleman from Wisconsin, plus the additional storage costs.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. Jeffords] has again expired.

(On request of Mr. Brown of California and by unanimous consent, Mr. Jeffords was allowed to proceed for 5 additional minutes.)

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

Mr. JEFFORDS. I would be most happy to yield to the gentleman from California.

Mr. BROWN of California. I thank the gentleman for yielding.

Mr. Chairman, I am a great admirer of the gentleman from Vermont. I respect his position. I know that he understands this problem probably better than any Member of the House of Representatives, and I have been pleased to follow his leadership many times in the past. I am not able to do so at this time, but it does not diminish my respect for his point of view.

The gentleman has said many things that are absolutely true about the dairy industry. It is the most productive industry in the country. We ought to be thankful for the dairy industry that we have and for the fact that they have had the great productivity improvement that they have. We want to continue to see that they provide us with the benefit of that great productivity improvement.

At this point I would like to pay my respects to the distinguished chairman of the subcommittee, because I think he has done an excellent job also.

Of course, the gentleman knows that this is a prelude to saying that I do not agree with him in his opposition to the Olin-Michel amendment.

Mr. JEFFORDS. The gentleman can take the whole 5 minutes doing that, if he wants to.

Mr. BROWN of California. Specifically, after my heartfelt complimentary remarks, I wanted to refer back to that chart that the gentleman used with regard to milk prices and how they have gone up less than the rate of increase in the cost of living. Could we see that?

Mr. JEFFORDS. That chart is available, yes.

Mr. BROWN of California. I wanted to point out one thing with regard to that chart, which is interesting, and it may bear on this situation.

The "all dairy foods," line on the chart is of course, a composite and I presume that it includes fresh milk prices, butter, cheese, and the other components.

Mr. JEFFORDS. That is correct.

Mr. BROWN of California. I have a table here showing dairy prices for the last 10 years, and it bears out the gentleman's chart, I am not trying to contradict it, but it shows this with regard to the components:

Over the last 10 years, fluid milk prices, which are not regulated by the support prices established in this bill, but are regulated by regional marketing orders, have gone up 53 percent, way below the increase in the cost of living.

Butter prices, on the other hand, have gone up 105percent. It is the average of those two that the gentleman has on his chart there, plus the cheese prices. It is butter that we have several hundred million pounds of surplus in storage, and it is cheese that we have several hundred million pounds of surplus in storage, while the price has gone up over 100 percent as compared with a 50 percent increase in the price of fluid milk, which is not governed by the price support that we are legislating here.

I wonder if the gentleman would concur with me that this represents the final detail of his red line there on all dairy prices?

Mr. JEFFORDS. I have no problem and will not quarrel with the gentleman on the specifics that he is talking about, other than to say that, at least until very recently, we have had very little butter stores. There are some now as a result of the end of the diversion.

Mr. de la GARZA. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from Texas.

Mr. de la GARZA. Mr. Chairman, I do so to make mention of one fact. Probably throughout this amendment and the rest of the bill, we will be hearing the phrase called "market clearing." Somehow this gives the connotation that it is good for the farmer, the dairy farmer, or the wheat farmer, the producer of any kind. It is not.

What market clearing means is that you sell at the dump price, regardless of your cost of production.

So I wanted the membership and my colleagues to remember now when someone says market clearing, that means that it is detrimental to the producer, because market clearing has no respect or regard for the cost of production. And the fact is, and the history is, as my colleague from California respectfully mentioned about the great productivity. As the gentleman knows, in the mid-1970's, we were flat running out of milk. We had to chase around the world to our friends and our allies saying, "Hey, send milk, send milk."

Why were we running out of milk? Because the price had escalated on the grains and the feed because of the Russian grain deal. And the farmer sat there, the milk producer with no control over it whatsoever.

That is part of the history that brought us to where we are now, because they came to the Congress. We need to do something.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. Jeffords] has again expired.

(On request of Mr. de la Garza, and by unanimous consent, Mr. Jeffords was allowed to proceed for 3 additional minutes.)

Mr. de la GARZA. So they came to us, and with human error, we overcorrected and it enticed some people in.

Then when we saw that, then we started, and the gentleman was a major partner in the endeavor of starting to reduce again, and to bring also another phrase that you might hear throughout the debate which is supply and demand. No, it should be demand and supply. This is what we are trying to do with our basic committee legislation, that we look at the demand, that the Secretary looks at the demand and then we, to the extent we can, put supply in.

I do not know why they say supply and demand. It should be demand and supply. And the gentleman has worked assiduously in that respect.

So I want to put it into perspective so that we do not go off, and we know what happened. We were running out of milk. We know why we are here, because we overcompensated. We are now trying to bring it back.

The fact is that also will be mentioned about the free market. No free market. Every other country in the world that produces milk and its derivative products subsidizes. We try to do the best we can utilizing the farmer cooperation by investing, by reducing, and that is why we need to remain in support of the committee version.

I thank the gentleman.

Mr. JEFFORDS. I thank the gentleman.

I just want to point out in that, during that period in the 1970's, it was milk support price cuts that exacerbated the problem. They were put on at exactly the wrong time. This committee program is a cautious one which will prevent that kind of reversal in the event we do get a change in the grain situation.

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

Mr. JEFFORDS. I will be happy to yield to the gentleman from South Dakota.

Mr. DASCHLE. I thank the gentleman for yielding.

Much has already been said, beginning, of course, with the very eloquent and persuasive statements made by the gentleman from Vermont, followed by the gentleman from Wisconsin, and certainly the gentleman from Texas, our chairman. Most of the confusion may come about from Members who may be listening to the argument posed by the gentleman from Virginia [Mr. Olin] that by cutting the price support, we may be cutting the cost of the program. No one should fall for that argument, because certainly that will not be the case.

One could guarantee that if we cut the program by another 50 cents, we will increase the cost of the program to the Federal Government.

Why? We will do so because producers are going to be making up in volume what they cannot in unit price. We have seen it time and again. And unless we really have the tools that we have set out in this bill, very delicately put together to ensure not only a reduction in supply by providing an adequate price, not only by ensuring, second, that we have a market for that product, and third, through promotion, then there is no doubt but that we are going to destroy that fragile balance and fail in our goal in this farm bill.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. Jeffords] has again expired.

(On request of Mr. Brown of California, and by unanimous consent, Mr. Jeffords was allowed to proceed for 5 additional minutes.

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

Mr. JEFFORDS. Has the gentleman from South Dakota finished his statement?

Mr. DASCHLE. I would ask the gentleman from Vermont if he would agree with that contention that by reducing the price support by 50 cents, we could actually increase the cost of the program to the Federal Government?

Mr. JEFFORDS. There is no question that that is a correct analysis. And the facts of the past, and of the I am sure future, if that were to occur, would bear him out.

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

Mr. JEFFORDS. I yield to the gentleman from Massachusetts.

Mr. FRANK. I thank the gentleman for yielding. I would like to ask the chairman and the gentleman from South Dakota a question.

We now have this, I must say, rather stupefying theory that by lowering the support price, we are going to increase the overall cost to the Government. The gentleman apparently is of the view that the more we pay the farmer, the less it is going to cost.

So I would just ask the question, in the interest of reducing the deficit, which people are usually interested in, except when we talk about agriculture, then why not double the price and wipe out the program altogether.

Mr. JEFFORDS. To take my time back, what we are comparing is the committee bill with the price cut. Perhaps we did not phrase it correctly.

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

Mr. JEFFORDS. I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I appreciate the gentleman yielding. I know he may feel he is being beleaguered a little bit here. But I cannot think of anyone better qualified to lead a discussion here than the gentleman in the well. And if I make a mistake or someone else makes a mistake on his time, you can correct it on your time, and I know that you will.

The point that I think is illustrated by the recent interchange is that it is in all likelihood possible that the cost to the Government would go up in the short term as a result of the cuts that are proposed here.

But I think what this illustrates more than anything else, and I will ask the gentleman to comment, is that we need a long-term program, which the dairy farmers will understand and be able to count on in order to make the prudent business judgments which you and I know, dairy farmers are quite capable of making, if they understand the framework within they are making their business decisions.

Mr. JEFFORDS. I have no qualms with the statement of the gentleman from California, and I would expect that by the time we are finished with this whole process that we will consider those questions and try to end up with a very stable program for dairy farmers which will hold down the cost to the taxpayers, and give us the kind of future that we all want for our dairy farmers.

I would end up by saying that the gentleman comes from a very unique area of this country -- California. His farmers, through a very nice program that they have from the government of California, have been able to protect themselves from most of these price cuts because of the geographic limitations of that area. I would just say that I wish that all of the farmers had the kind of producing area that the gentleman has, and the kind of market guarantees by the State. Then we would not have to worry about these cuts.

Mr. BROWN of California. If the gentleman will yield further, the gentleman knows full well that all fluid milk prices are regulated not by this bill, but by Federal market orders.

Mr. JEFFORDS. That is correct.

Mr. BROWN of California. Except in a few cases where they are regulated by State market orders, which happens to be the case in California.

Mr. JEFFORDS. And in most parts of the country, they are regulated by Federal market orders, and are dependent on the Minnesota/Wisconsin price.

If no one else desires to converse with me, I shall depart by saying again that the bottom line is simply this: On the one hand, you have a program which allows dairy farmers to get their program under control and save the taxpayers a half billion dollars. On the other hand, you have an alternative, which I oppose, which would put 48,000 farmers into bankruptcy over a period of years. Add them to the already serious credit problems of rural banks and you destroy what is a very good situation now, which has been beneficial to the consumers, to the taxpayers, and to the dairy farmers.

I yield back the balance of my time.

Mr. de la GARZA. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. de la GARZA. Mr. Chairman, I do so first because we do not seem to have but a few more Members who wish to participate in the debate. There was an amendment that was noticed that would be offered to this section by the gentleman from Wisconsin [Mr. Gunderson]. I wonder what the gentleman's intentions are now.

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

Mr. de la GARZA. I yield to the gentleman from Wisconsin.

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

Mr. GUNDERSON. Mr. Chairman, I appreciate the distinguished gentleman for yielding. I think many people are aware that I had an amendment that was intended to go to one nationwide marketing order. I think the concept of that is very clear. It is to tell those who advocate a supply market and price that you also offer a free market in terms of distribution and sale of milk.

I will agree, if we want to conclude debate on this at this point in time, and simply go to a vote, I think the merits of the issue are pretty well known, and if that is the understanding of the distinguished chairman as well as the gentleman from Virginia [Mr. Olin] and our distinguished ranking member, I will agree then at this point not to offer my amendment.

Mr. de la GARZA. I thank the gentleman profusely, as he might well understand our situation.

Mr. Chairman, further, I know of about three Members still desiring to speak. The author of the main amendment says that he is ready for a vote, which we are also. Unless there is a great demand by someone who just has to address the issue, I will try to get us a limit.

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

Mr. de la GARZA. I yield to the gentleman from Virginia.

Mr. OLIN. Mr. Chairman, I believe there are a few Members that just entered the hall that would like to take a small amount of time.

Mr. de la GARZA. I would suggest would 15 minutes take care of the three or four people?

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

Mr. de la GARZA. I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, we just had about 15 minutes with one member of the committee. I think 15 minutes is too short, and I think, frankly, given the magnitude of the program that it is kind of a rush to judgment that seems to be a little excessive. I do not know how many people plan to speak. We need to see how many people wish to speak.

Mr. de la GARZA. The gentleman can only utilize 5 minutes. This is under the 5-minute rule. If there be objection, the gentleman would be limited to 5 minutes.

Plus, we are trying to get the gentleman on an airplane to get him to his district ahead of that hurricane, as he is probably causing more of a furor here than Gloria out there.

Mr. FRANK. If the gentleman will yield, I appreciate the gentleman seeing to my travel arrangements. If he arranges my travel as expensively as he arranges my food in this bill, I will not be able to afford to go.

Mr. de la GARZA. Surely, the gentleman jests.

Mr. Chairman, I suggest 15 minutes.

Mr. FRANK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. de la GARZA. Mr. Chairman, let me continue with my time. How much time do I have remaining?

The CHAIRMAN. The gentleman from Texas [Mr. de la Garza] has 2 minutes remaining.

Mr. de la GARZA. Let me continue with my time against the amendment.

One, it is amazing to me and unbelievable that the authors of this amendment know that it will bust the budget. I mean, take whatever figures you want, we are over the budget with this amendment.

The committee is under the budget.

The President calls us big spenders. People here say that we are the big spenders.

Our committee has come in with a balanced bill, with the budget limitation imposed on us in reconciliation and beyond that, and this amendment will, no question, cause about 30 percent, 48,000 farms, to be put out of business.

It will not result in lesser consumer prices.

The final thing that I would like to leave with you, and it will be mentioned throughout, and I will mention it again, we feel that we are putting money into the farmer's pocket. But does he take it to a savings account or does he go to Las Vegas or Ocean City? No way. The farmer, especially the dairy farmer, is but a conduit. The money, if it is taxpayers' money, goes to the fellow that supplies all of his equipment, very expensive milking equipment. he has to feed his cattle. The farmer does not hold that money. It goes for rent, for taxes, for feed, for equipment, to Main Street, U.S.A.

If it is a subsidy, you are subsidizing rural America and Main Street, USA. So do not confuse it with the issue that the farmer is going to get rich, or that this money is going into the farmer's pocket. It is not. It is not going into the farmer's pocket.

That is part of the problem, that the costs have escalated, the taxes, the cost of his equipment, the feed for his cattle. All of that has escalated, and we are trying to keep him afloat. That is all we are trying to do.

The CHAIRMAN. The time of the gentleman from Texas [Mr. de la Garza] has expired.

Mr. OLIN. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. de la Garza] have 2 additional minutes.

The CHAIRMAN. Does the gentleman from Texas [Mr. de la Garza] desire 2 additional minutes?

Mr. de la GARZA. No, Mr. Chairman.

The CHAIRMAN. The gentleman does not desire the 2 additional minutes.

Mr. BROWN of California. Mr. Chairman, I move to strike the requisite number of words.

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

Mr. BROWN of California. Mr. Chairman, I truly am reluctant to take this time, because I know the Chairman and other Members desire to expedite this process. Yet we have an issue here which has been the focus of national attention now for months.

This particular issue has been the subject of editorials in every major newspaper in the country, and I think it is not quite fair to rush this through in an hour or so in the hopes that something can be achieved here that will have significant impact.

I would ask the chairman to allow at least a reasonable time for discussion on this matter.

Now the chairman, for whom I have the highest respect, and he knows that, just finished making a point about the budgetary impact. In a rather lengthy speech last Friday, I examined some of this question of budgetary impact.

We are not allocating dollars in this bill; we are creating entitlement programs; and we do not know how much is going to be spent in this bill. Five years ago we estimated that the bill that we wrote at that time would have a certain budgetary impact. What actual impact did it have? About $40 billion more than we anticipated, and we had to pay it.

It did not make any difference that we figured, or the Budget Office figured, that the impact would be somewhat different. When the chairman says that the budgetary impact of one version or the other will be this or that, what he really means is that somebody estimated, on the basis of a certain set of facts, that this entitlement program would result in the figures that he gave. They are honest figures; they are given in good faith; they just do not bear much resemblance to reality.

I cited the CBO figures from 1983; they have missed the Federal budgetary impact on the dairy program we passed then by 50 percent, the difference between $1.3 and $1.9 billion; maybe 48 percent.

What we are writing is an entitlement program. It is not spending specific dollars; it is saying that this is the framework of agricultural law and programs for the next 5 years. That is why it is equally nonsensical to talk in terms of projection for 1 year or 2 years or 3 years; you might as well look at what the bill provides; it is a 5-year program. So figure out what it is going to cost.

Now what this dairy provision does is shift somewhere between $6 and $10 billion from the consumers and taxpayers of this country to the dairy producers of this country, over that period of time. It is that simple.

If it is just looked at in terms of, "Well, what is the budgetary impact? What are the CCC outlays going to be?" you are engaging in a little game of fantasy which does not really make that much difference. There is no fundamental disagreement on the point that this bill shifts $6 to $10 billion from the consumers and taxpayers to the dairy producers of this country.

The argument goes, "Well, they deserve it; they are all good people," and I am inclined to agree with that; they are good people. There are just too many of them and they are too productive.

The question is, how do we resolve this problem? The problem is not resolved by shifting this income under the guise that it is not going to cost anybody anything or any subterfuge of that sort. It has to be faced up to realistically.

Now, we are not going to affect the price of fluid milk in this bill to any great degree. It tends to follow, in some rough correlation, the price that we set for support of dairy products in this bill, but it is not a very close relationship.

We do not have a problem with fluid milk, frankly. If all dairy farmers produced just for the fluid milk market, they would all be making a profit because the milk marketing orders are geared to the cost of production, and we would have a reasonably good situation.

What you have is a fluid milk situation for which I gave the figures a while ago; over 10 years, the price has gone up 50 percent. In the processed milk, the manufactured milk things, you had a price rise of over 100 percent, which is not unreasonable, but at the same time that you got a price rise of 100 percent, the Government has been buying most of this stuff, and you want to avoid that.

There are those tremendous stockpiles of butter and cheese and powdered milk -- and you know why? Not because the dairy farmers like this, but because the big milk processors like to be able to continue to produce for a guaranteed market and the CCC.

(Mr. BROWN of California asked and was given permission to proceed for 5 additional minutes.)

Mr. BROWN of California. Mr. Chairman, I have honestly tried to analyze why we are in this situation. My dairy farmers do not like it; the dairy farmers in Mr. Olin's district do not like it; I have heard from some of the dairy farmers in Vermont that they do not like it; there are dairy farmers all around the country who resent the fact that somewhere between 10 and 15 percent of their gross income is coming from the taxpayers; they really do not like that.

I wonder what perpetuates this kind of a situation. The only thing I can look to logically is, there are some very large, wonderful institutions -- the big dairy co-ops -- that are deeply into the processing of this surplus milk. They make money on the process. They get an automatic make-charge or something like that which helps them to make a little money on it, and they do not want to see the volume of this surplus reduced because there are guaranteed markets for that surplus butter and cheese and powdered milk.

I am taking a particular interest in this because the world's largest and best cheese plant has just been constructed immediately in the vicinity of my district; it is a couple miles outside. I visited it over the recess. I am deeply impressed with the operation.

They do not intend to sell to the Government. They intend to sell the best cheese at the lowest price, and to make money on it. That is the kind of spirit I like to see.

Mr. de la GARZA. Will the gentleman yield?

Mr. BROWN of California. I yield to the chairman.

Mr. de la GARZA. I do so, and I will not take much time, except that we do not want to confuse the issue with the big manufacturers, and the gentleman has all big dairy producers in his area, but I had a call last week from Naomi Woods of Fort Morgan, CO, and they are about to lose their farm; 3,700 acres.

She told me, "I rise a few hogs; I'm not doing very good. We raise a little grain, we're not doing very good." She says, "The only reason we are still on the farm is because of the dairy part." And I think she mentioned 100 cows.

To tell you something very interesting that impressed me, she said "Mr Chairman, you've got to do something." I said well, we are trying. She said, "We're in our fifties. My husband and I could still move to Denver," she says, "but we can't all move to Denver. All of rural Colorado can't move to Denver."

She says, "They've already closed the sugar mill; they've already closed the grain elevator; they've already closed the slaughterhouse," and it would be foolish, really, to think that shutting down rural America, that cutting down 48,000 farms -- where are they going to go? They are going to go to Denver, New York, Chicago, Omaha, and the cost to the Government is going to be insurmountable; much more.

I sat there and the lady cried. I felt real badly and I felt "We ought to do something." So it is not the big guy; it is Naomi Woods from Fort Morgan, CO.

Mr. BROWN of California. Mr. Chairman, you have almost got me crying. You know the admiration I have for the sympathy and the support you give to the American farmers. It is really wonderful, but I want you to ask yourself if you are doing them a favor.

About 25,000 dairy farmers go out of business every year anyway; they just cannot make it. For one reason or another, they cannot make it; and we have still got 10 percent surplus capacity.

What we want to do here is to draft a bill that will keep the most productive dairy farmers in business. Do the Members know what the cost of dairy production is? It ranges anywhere from about $10 per hundred up to about $20 per hundred; $20 per hundred is not competitive. They have to live off their capital to survive if that is their real cost; they are deeply in debt, they are paying high interest, and they should not be in the business.

Now that is a cruel, hard thing to say, but we do not live in a perfect world; and what we want to do is to give encouragement to those things which are good for the country; and what is good for the country is to get the best, most productive dairy farmers in this country to the point that they can make a profitable living, so that they can supply us, as they have for so long, with the food and the other things that we need.

The number of dairy farmers in this country has gone down 50 percent in the last 10 years. Are you trying to stop it? It is impossible. The number of dairy cows has gone down 50 percent, but the remaining cows are 50 percent more productive. In the next 10 years, they are going to be 100 percent more productive, and the committee writes a bill that maintains the artificial kinds of support that is here; a mickey mouse, jerry-built system.

What this does is perpetuate that little family in Colorado who probably ought to be moving out to something more productive.

MR. CHAIRMAN, I RISE IN SUPPORT OF THE OLIN-MICHEL AMENDMENT TO H.R. 2100. IT IS A DIRECT APPROACH TO THE DAIRY SURPLUS PROBLEM, IT SAVES MORE MONEY THAN THE COMMITTEE PROPOSAL OVER THE 5 YEAR LIFE OF THE BILL, IT REDUCES THE BURDEN ON THE CONSUMER, AND IT DESERVES OUR FAVORABLE CONSIDERATION.

OVER THE LAST FEW WEEKS WE HAVE BEEN SUBJECTED TO CONVOLUTED ARGUMENTS, PROPORTED FACTS, AND OBTUSE ANALYSES THAT ARE AS ILLOGICAL AS THE DAIRY PROGRAM CONSTRUCTED IN THIS BILL. THE PROPOSAL IN H.R. 2100 SEEKS TO BRING DAIRY PRODUCTION INTO LINE BY RAISING DAIRY PRICES TO PAY FOR AN EXCISE TAX IMPOSED ON DAIRY FARMERS SO THAT THEY CAN PAY TO REMOVE SURPLUS DAIRY PRODUCTION. THE OLIN-MICHEL AMENDMENT SEEKS TO BRING PRODUCTION INTO LINE BY DROPPING SUPPORT PRICES UNTIL DECREASED SUPPLIES OF DAIRY PRODUCTS INTERSECT INCREASED DEMAND PROMPTED BY LOWER DAIRY PRICES.

YOU HAVE HEARD THAT THE DAIRY PROPOSAL IN H.R. 2100, THE UNITY PLAN, IS PATTERNED AFTER THE OLD DIVERSION PROGRAM. THAT OLD PROGRAM REDUCED PRODUCTION, BUT GAO REPORTS THAT ONLY ABOUT 50 PERCENT OF THE REDUCTION PAID FOR IN 1984 WAS DUE TO THE DIVERSION PROGRAM. IN OTHER WORDS, MANY PRODUCERS WERE PAID FOR REDUCTIONS THAT HAD ALREADY OCCURRED FOR OTHER REASONS.

WHAT THE OLD DIVERSION PROGRAM DID DO WAS RAISE MARKET PRICES, ACCORDING TO STATEMENTS MADE BY MR. JEFFORDS ON FRIDAY. MR. JEFFORDS SAID THAT NEW ENGLAND FARMERS RECEIVED 27 CENTS MORE PER HUNDREDWEIGHT FOR MILK UNDER THE DIVERSION. YOU HAVE ALSO HEARD OTHERS ARGUE THAT PRICE CUTS DO NOT TRANSLATE INTO CONSUMER SAVINGS SINCE THE 13-PERCENT REDUCTION IN SUPPORT PRICES UNDER THE OLD PROGRAM DID

NOT CUT CONSUMER PRICES. OF COURSE THE PRICE CUTS HAD NO EFFECT! THE GENTLEMAN FROM VERMONT TOLD US ON FRIDAY THAT THE DIVERSION PROGRAM RAISED MARKET PRICES.

Since the diversion program expired in April, another price cut was imposed which is starting to show up in wholesale dairy prices, according to a report by the Economic Research Service at USDA. Price cuts take time to work through the system and will not result in consumer savings while a diversion program is in place, pulling market prices in the other direction.

But let's turn this argument around. What kind of consumer savings can you expect if you raise support prices, as is proposed in the unity plan? Dr. Andrew Novakovic of Cornell University examined the dairy alternatives recently and found real prices increasing under the unity plan by 27 cents per hundredweight by 1989. Under Olin-Michel, retail prices would drop by over $2 in the same period. He also predicts that by 1989 consumer expenditures would be $2 billion more under the unity plan.

You have heard that the budget savings over the next 3 years under Olin-Michel are less than under the unity plan. But we are writing a 5-year farm bill and over the life of the program, Olin-Michel will save more, $460 million more, than the unity plan. If we take 1-year or 3-year approaches to setting agriculture policy, timetables set by the budget process, then why even have a 5-year bill?

Incremental, short-term approaches are what got us into this mess. The temporary solution enacted in 1983 resulted in temporary gains but we have seen record jumps in milk production since the 15-month diversion program ended. Farmers kept production back during the diversion but jumped into production again in April. We need a long-term solution to our dairy problem. The first 3 years of Olin-Michel should be seen as the last 3 years, the transition years, of our old dairy program mistakes.

You have heard that our dairy sector is under great stress and that this is the wrong time to change dairy policy. When is there ever a good time to change the status quo? Dairy farmers are in bad shape because they, like all farmers, are carrying heavy debt loads. Where in this bill is short-term relief to cure this problem? Mr. Jones, the chairman of the Conservation and Credit Subcommittee, is diligently working on the credit crisis in agriculture, but there will be dislocation under any program, including the unity plan.

What the unity plan does is send the wrong message to dairy producers, given the problems in American agriculture. New technologies in dairy production are predicted to increase per-cow production by 43 percent by the end of the century. The unity plan will encourage increased total production with these new technologies, rather than stable production and decreased production costs.

Also, we can expect to see a period of low feed prices, further encouraging production increases. According to Dr. Novakovic, we currently have a milk-feed price ratio which has historically caused production increases. The unity plan would provide the incentive to produce more, not cut back, given low feed prices.

By again taking a short-term view, we will encourage production and create an even larger problem in the future. Will we have the ability to make the tougher choices which will face us in the 1991 farm bill?

You may have heard that this is a large farm versus small farm issue. Rather it is an efficent farm versus inefficient farm issue. Large dairy versus small dairy, western dairy versus northern dairy all comes down to the management skills of the farmer and his or her ability to use new technologies, take advantage of low feed prices, and cut production costs. The unity plan, as I have said, does not move us in that direction. Rather it taxes some farmers to pay off other farmers with the consumer getting stuck with the bill.

When you step back from the tangle of arguments, the issue becomes a simple choice between repeating past mistakes or setting a new direction for dairy policy. Olin-Michel moves us in that new direction and deserves our support.

Mr. STANGELAND. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

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

Mr. STANGELAND. Mr. Chairman, I rise in strong support for the dairy title in H.R. 2100, the so-called dairy unity bill.

I particularly favor this approach when it is compared to the alternative -- the Olin-Michel amendment which would drive countless family farmers out of dairying by repeatedly imposing wrenching price support reductions until dairy supply and demand conditions are in balance.

Imposing price support cuts on hard-working dairy farmers will not solve the problem, as we have already seen the failure of this strategy over the past 4 years. Cutting the support level for already hard-pressed dairy producers only forces them to further expand their production in hopes of making up with added production what they are losing in price.

In vehemently opposing past initiatives which merely cut the price support level, I have repeatedly warned my colleagues in this body that such cuts only force producers struggling to keep their heads above water to expand output and further exacerbate the imbalance in supply and demand. And this is exactly what we have seen happen.

My strongest regret regarding the dairy title in H.R. 2100 is that in the interests of obtaining nationwide unity in the dairy industry to avoid the price support reductions being advocated by the administration and dairy program opponents, serious consideration was never given to a family farm targeted approach that I proposed to improve the returns received by family-sized dairying operations.

I believe that consideration should be given to a three-tier price support program for dairy farmers depending upon their annual level of production. A support price of, for example, $13.10 per hundredweight would apply for production from any producer up to 1 million pounds per year, a $10.10 support level could be offered for production from any farm in the 1-to-2-million-pound range, and a $7.10 price support would cover any additional production in excess of 2 million pounds annually per farm.

The dairy sector has traditionally been the least concentrated and has overwhelmingly been made up of relatively smaller, family sized operations. In light of the continuing budgetary pressures that threaten additional price support cuts in the future, along with expected technological advances that could further aggravate the supply and demand imbalance in dairy, it is important that Congress make future price support modifications with the small- and medium-sized efficient family farmer in mind.

We will soon be considering on the House floor my targeting amendment to the wheat and feed grains titles which would direct maximum farm program benefits to family sized operations. There is a growing awareness in this body that, during this time of limited fiscal resources. it makes sense to more cost-effectively allocate farm program benefits to that medium tier of family sized farmers most dependent upon price support protection. I think the concept of targeting farm program benefits makes sense in the wheat and feed grains programs and I think the same holds true for dairy.

I feel confident that this is an issue that will be revisting in the not-too-distant future. I am hopeful that, in the meantime, my farm State colleagues and the entire dairy industry will more closely explore the targeting concept in hopes that we might place some limits on the amount of surplus milk being purchased from enormously large-scale operations -- many of which are operated solely for tax shelter purposes -- and instead focus greater attention and support on those family sized dairy farms that are the backbone of this important sector.

I would just like to relate to the Members of the House that what we have right now is a situation where we have a number of dairy farmers who have fixed costs. All of our dairy farmers have fixed costs. Those fixed costs have been rising.

You heard the gentleman from Wisconsin talk about dairy farmers taking a 12.5-percent reduction in their price supports over the last number of years. I have correspondence from dairymen in my district, one here from Larry Van Hooser of Foley, MN. I would like to point out that while their income from their milk, per hundred pounds, has gone down since 1979, from 1979 to 1985, here is what happened to their expenses: Fertilizer up 22 percent, diesel fuel up 67 percent, gasoline up 105 percent, real estate taxes up 71 percent. An individual veterinarian call is up 40 percent. Milk to be trucked per hundredweight is up 14 percent. The cost of trucking and shipping cattle up 33 percent. Telephone up 29 percent, electricity up 81 percent. This is what is happening to fixed costs on farms. The costs are going up while the prices are going down.

If you pass this amendment, yes, you will probably over the long haul get some supply management but at the expense of a lot of dairy farmers. But what you are going to get more than likely for the short term is a tremendous acceleration of milk production. The Van Hoosers, the Spiczkas,other dairy farmers have said, "If we have to take a reduction in our price per hundredweight that we get for our milk, we are going to have to put more cows on the line. We just have to maintain a certain volume of income to handle these increases in costs."

We are also looking at a period of time when we have come through excessively high inflation, excessively high interest rates. Dairy farmers, young dairy farmers who are getting started, having to pay those excessively high costs, those high building construction costs, high interest costs on the debt that they have already incurred and to pull the price back on these kinds of dairy farmers means that we will lose a good number of our good, solid, young dairy farmers, the kind of farmers that we need producing milk to assure the consumers of this country a constant, steady source of supply of good high quality product. Now is not the time to cut the price support levels. Very frankly, many of my dairy farmers are not happy with this compromise bill, but the alternative to reduce the price support level is absolute disaster to them. So they are much more pleased to go along with a compromise than to see that price support level reduced.

I would hope that the Committee would vote down the amendment and support the dairy provision as we find it in H.R. 2100.

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

Mr. ROSE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I will not take all of my time. I want to say something to the agricultural or near-agricultural districts that are represented here in this Congress. I want to remind them that every piece of legislation that we bring out of the Agriculture Committee is a carefully crafted compromise. It is something that we worked hard on in the Peanut Program, for example, to get the various regions of the country to agree on a peanut program. The same thing has happened here in this dairy legislation.

I urge my southern colleagues to very carefully consider the consequences of voting for the Olin amendment. I urge them to vote it down and to stick with the unified nationwide type dairy approach that Congressman Coelho's subcommittee and the full committee have adopted.

I think all my colleagues ought to notice also how important dairy is to this Congress and to the Agriculture Committee. We used to have a picture of George Washington over here and a picture of Lafayette over here, but the Agriculture Committee today has a picture of milk on the right side and ice cream on the left side. And please remember that when you vote.

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

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

Mr. BEDELL. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman for his statement and join in his statement that this is a bill that has been carefully crafted in the committee, and I hope we can support the bill.

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

Mr. CARPER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

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

Mr. CARPER. Mr. Chairman, someone once said that for every complex problem there is a simple solution and it is usually wrong. I think in this instance the authors of this amendment have crafted a more simple approach and rather than being wrong I think they might in this instance be right. This is a tough issue for me. It is a tough issue, I think, for most of us, simply, to understand. This is a complex issue, and it is one that I know the subcommittee chairman, the committee, and so forth have wrestled with, and they have done their best to come up with a workable solution.

Basically I asked myself three questions, three fundamental questions in trying to decide where I come down on this issue.

The first of those is in terms of really reducingthe deficit: Which approach, over the 5-year authorization period, does the most toward getting the job done? It is a tossup, it is close. We could quibble about half a million dollars, but I think on balance I would have to give the nod to the Olin-Michel amendment.

That is only if we consider the moneys that will be spent from the Commodity Credit Corporation, completely ignoring, for example, the moneys for Federal Food Program costs.

How about the tax on the dairy farmers, the tax that the dairy farmers themselves will pay by virtue of the committee's approach? I think in terms of clearly the billions of dollars there that I have to say that the Olin amendment is the better approach.

Finally, the last question is which of these approaches is really better for consumers, for people like myself who drink milk? Again I say the approach outlined by Messrs. Olin and Michel is the better approach.

I have talked to the farmers in my State, and most of us have farmers in our district. The farmers in my district do not speak with one voice on this issue. On balance they give me four basic messages that I want to share with you today.

The first of those is they would like to see us lower Federal budget deficits. The second message that I get is they would like lower interest rates if that is possible.

A third message I get from most of my farmers is they would like a lower valued dollar so that they can compete in the international markets.

Finally, the last message that I get almost from everybody is they want less Federal Government intervention. Again, I think the Olin-Michel approach does a better job in meeting those four concerns from my own point of view.

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

Mr. CARPER. I yield to the gentleman from Virginia.

Mr. OLIN. I thank the gentleman for yielding, and I commend the gentleman from Delaware for his very thoughtful, balanced approach.

I wonder if I could mention just three points. They will not take a long time.

My good chairman who is no longer in the chair made the statement that the author of the amendment knows that the amendment is a budget buster. And I respectfully submit to the chairman that the gentleman does not know that. The gentleman feels, as the gentleman in the well knows, that the amendment really is the only one of the proposals that is going to do us much good on balancing the budget.

There is a very good chance in the year 1986 it is going to be ahead in terms of meeting budget obligations.

One of the other points made that dairy farmers are going to be driven out of business when they should not be, the effect of the action of the amendment will be that the people who are in business making milk products and selling milk products to the Government are going to have to cut back some. Their price will go down.

The gentleman from California said it would go down, and it should go down. The price of those who supply milk to the fluid market, fluid milk market, to consumers, will not be particularly affected. Their price is set by the laws of supply and demand. They have got a stabilizing thing in the milk marketing orders which help to supply a minimum, but they sell above that minimum.

The idea that the average dairy farmer is going to be wiped out by a price support change is fallacious.People who are in the business of selling milk to the Government are going to have a problem, and maybe they should, because the Government should not be buying so much.

I just cannot in my own heart believe that we are in a situation which requires that we stimulate production for all the dairy farmers, all the co-ops, and find out we are getting too much production and so at the same time we get a very fancy diversion program which pays some farmers a lot of money each year not to produce. What is going to happen is that you will have farmers, one group of farmers will not produce this year or next year and other farmers will go like crazy, they will play that game back and forth. And then you will be much worse off than you were before.

Mr. STENHOLM. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Olin-Michel amendment.

Mr. Chairman, when the committee first started work this year we were attempting to meet three broad guidelines. First, we wanted to move agriculture to a more market-oriented direction; second, we wanted to protect farm income; and third we wanted to be budget responsible.

As difficult as that is, I submit that the committee bill has made an approach to all three of those guidelines.

But today I want to speak to a fourth objective that I think needs to be taken into consideration, and that is agricultural credit problems.

I agree when Mr. Olin states that the price of milk has been too high. Not all dairymen agree to that today, or most everyone in the dairy business agrees the price has been too high. But for the record let it be shown that the price in the committee bill will be $11.23 or 26 cents less than it was in 1979. So the price direction and the price needs of a more market-oriented dairy is being met in the committee bill.

Now when the gentleman from California speaks with an impassioned plea for market orientation, as a dry west Texan it is difficult to hear with total credibility from an area that enjoys the subsidization of water, as California does, to the benefit of all of the United States, I would add. But for someone to plead with market orientation while having some of the advantages of taxpayers' dollars in other areas leaves a little bit to be desired as far as credibility is concerned.

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

Mr. STENHOLM. I would be happy to yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, the gentleman wounds us to the quick in California when he talks about this. I do not know really what the appropriate response is unless I retaliate in kind of bringing out the oil depletion allowance or some factor of that sort which has benefited the barons of Texas for lo these many generations.

And we think it is probably a little better to subsidize water that benefits agriculture than it is to produce more oil tycoons in Texas, if the gentleman will allow me to make that comment.

Mr. STENHOLM. I perfectly accept that comment in the spirit in which it was given. I would further add that our tractors would have difficulty running up and down the rows without oil and gas.

Let me say that the bill before us is quite controversial. Let there be no doubt, at least in 1986 the committee bill is the most budget responsible. I do not believe even Mr. Olin disagrees with that.

The amount of $450 million less spending in fiscal year 1986 which this House must, must come under if we are going to meet the budget guidelines.

Now, the point that I want to reemphasize, though, today, I agree with market orientation. I think that is the direction that we must go. There is no question about that. But the problem we have today is agricultural credit, particularly cash flow and, were we to do as the gentleman from Virginia has suggested, take the big bite today, I will submit that we are going to increase the problems we are going to have with the cash-flow ability of our farmers to meet that which we have borrowed under current and past law. Flawed as they might have been, we will not debate our mistakes of the past. But if in fact we see a material decline in dairy farmer income, I will submit to this House that we are going to have even more credit problems than we are anticipating today with the next farm bill which will deal with credit that comes before us.

We have made some mistakes in agricultural policy. We are attempting to correct that. The unity bill that is before us today, the committee bill, has attempted to balance all of the desires as best we could. It is not a perfect bill. But I submit that, were we to vote -- --

The CHAIRMAN. The time of the gentleman from Texas [Mr. Stenholm] has expired.

(On request of Mr. Penny and by unanimous consent, Mr. Stenholm was allowed to proceed for 3 additional minutes.)

Mr. STENHOLM. Were we to vote for the Olin bill and take a bigger bite out of dairy farmer income, we are going to exacerbate the problems of farm credit. The committee bill is budget responsible. By the numbers we have all agreed to play under, the Olin bill is not, by the rules we have agreed to play. We can go from 3 to 5 years and we could make all kinds of projections, but the gentleman from Illinois makes a good argument on that one. We have to look at this year, and no one disagrees with the $450 million savings in this year.

So I submit that everyone give careful thought to this. The bill the committee has put together is the best we could do that meets the criteria that many have spoken to today. It is more market oriented, it protects farmer income as best we can, but it lacks a great deal in that area. It is budget responsible. And it does address the immediate needs of credit, the problem that is going to come before us, by not cutting dairy farmers' income at a time we are having difficulty paying our bills under the current situation.

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

Mr. STENHOLM. I yield to the gentleman from Virginia.

Mr. OLIN. The gentleman is probably aware that this gentleman really is not aware that the committee bill is budget responsible and the amendment is not budget responsible. We talked a little while ago about the effects of putting a cap on the assessment. That throws into complete confusion that subject. It is not evident to me or to anybody else what the program is going to cost.

So with all due respect, I take exception to the gentleman's remark about how I feel.

Mr. STENHOLM. Again, the confusion of the cap is no confusion from what we know today, September 26, as far as what the cost of the program that begins October 1. If we talk 2, 3, 4 years, you bet. But today there is no confusion with the cap and the budget responsibility.

Mr. OLIN. If the gentleman will yield for one second more, working from the assumptions that were made back in January, the projections at that time may be true, but if you look at the projections today, we are now in the ninth month of the year, it is quite different.

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

Mr. STENHOLM. I yield to the gentleman from Minnesota.

Mr. PENNY. I appreciate the comments the gentleman from Texas has made in focusing on the budget issue here. What we are doing with the committee bill is saving money in this program, but we are also helping to save family farmers. It is clear that under the amendment being proposed, we would increase the cost of the program and we would lose additional farmers in America.

I do not see any good reason for us to come down here to the floor of the House and vote for an amendment that increases the budget and decreases the number of dairy farmers across our Nation. We have an opportunity with the committee proposal to save those family farmers and to save some budget outlays at the same time.

Mr. FRANK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to support the amendment.

Members are a little bit confused, who are not on the committee, because once you grant the committee its assumptions, you start getting into these loops and whirls, and none of it is very sensible. Just as an example of what we are doing, part of what this bill does is to continue this diversion program, and it gets into a program to buy out dairy farmers. To deal with the buyout of dairy farmers, there is in this title a new program now to subsidize beef farmers, because as a way in which they are going to fix the dairy program, they are now going to cause problems for the cattle farmers, they are going to have to satisfy the cattle farmers. Two years from now they will be back helping the poultry farmers, and if they keep going, they will be subsidizing everything short of tofu before they are through, all the while telling you how much money they are saving.

Now, we are told that it saves money. That is true. This product of the Agriculture Committee on Dairy saves money compared to their last product, and that saved money compared to their previous product. It is like the Defense Department, if you shoot high enough, then you can always come in and claim you are saving money. But they continue the fundamental fact of their mind set.

Under this bill, the Federal Government says to farmers in the dairy program, "Produce and don't worry about whether or not there is a market. We will buy it from you."

You have heard about entitlements, and we have heard about means tested entitlements and non-means-tested entitlements. Do you know what we have here? An anti-means-tested entitlement. The more you produce, the more money the Federal Government gives you. It is an entitlement. You are legally entitled to get so much, whatever you produce, and the bigger you are, the more you get.

Now, I know our friends would like us all to worry about poor Ma and Pa Kettle, six chickens, a couple cows, a row of lettuce. That is not who gets this program. The Agriculture Committee has not brought us a bill that targets those people. In fact, it goes the other way. It is anti-means tested. The more you produce, the more you get.

What the gentleman from Virginia is trying to do is to say that since we now have enough butter to slather Wyoming into complete slipperiness, let us stop paying the people all this much money to produce this butter for which there is no earthly purpose -- and no one has suggested a celestial one, in my judgment, although, perhaps as part of star wars we are going to slip and slide off those missiles by greasing somethingup there -- but what we are doing is paying people more money than we have to produce more butter than we need.

The gentleman from Virginia comes in and he is not yet talking about the market. He is talking about beginning to reduce that price.

Now, there is one thing in this bill that I like, and I give credit to my friend from California. He says, and I think correctly, having helped sucker these people into it, let us buy some of them out. I think that is a fair point. If this substitute passes, I intend to offer -- and it has been noticed in the Record -- that buyout provision. I do think, in the short term, we should buy these people out. But what you are now doing is giving them no incentive to be bought out because you are continuing to pay them. What I think makes sense is, let us reduce what we are paying them.

By the way, this is not the market price coming down. This is the subsidy price that goes to the Government, and the bigger you are, the bigger your subsidy. This is an antimeanstested entitlement, which will lead to a beef subsidy program, which God knows where that will lead to next year.

But what we are saying in our amendment here is, let us reduce that price, let us buy some of these people out.

Yes, it is true, we are told this is a unity bill. It is true, it is a unity bill. The milk producers from here and the milk producers from there and the milk producers from there got together with the cotton people from here and the wheat people from here. This is not a unity bill; this is guild socialism. This is all of the producers getting together and cutting up the pie -- a heavily subsidized pie, I might add.

What we should be doing is beginning to move to the market.

Now, my friend from Texas says he agrees we should move toward the market. And I agree with him we cannot get there right away. But if I look at this bill, from the standpoint of moving toward the market, I am reminded of the old Chinese saying that the journey of 1,000 miles begins with seven steps backwards. This is not a move toward marketability. It is a continuation of the view that the way to deal with agriculture is for the taxpayer to pay people to produce more than we can dispose of.

If there are better methods of getting this to hungry people, let us look at them. But our recent tragic experience with famine shows it is not simply the availability of food. You cannot go in and undercut everybody else's market. The dairy people are telling you now -- I hope people will go back in the Record and look at 1981, look at 1983 -- every couple of years they come here and they tell you how much money they are saving. Our friend from South Dakota said, "Don't you realize that when you cut the amount you give to the farmer you are going to cost the Government more money?" These people will save us into bankruptcy. We will continue to have a situation in which the larger you are, the more money you get from the taxpayer to produce something for which there is no earthly need. We will quibble and quarrel about small details. That is the fundamental choice. Do we begin to say that we are going to stop spending billions of taxpayers' money to buy products and keep people artificially in business when we have no need for them? Or do we move toward a reduction in the price and, with the amendment I will offer later, help them get out of business?

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

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

Mr. GUNDERSON. Mr. Chairman, as we discuss the dairy section, I would remind everyone of what our goals ought to be in the farm bill. It seems to me that we ought to have three particular goals. We ought to, No. 1, try to at least stabilize if not increase farm income in the short run; No. 2, we ought to try to make that transition toward a market orientation; but, No. 3, we have got to live within the budget.

When you look at those three criteria by which you are going to judge the two options we have in front of us, whether it be the committee bill or whether it be the Olin-Michel substitute, there is only one conclusion that you can reach, and that is to stick with the committee proposal, because that is the one that does the job.

Let us take a look at the farm income. One of the things I think is so absolutely interesting it that in 1981, we had the dairy price support in this country of $13.10. We are now down to $11.60. Do you know what? Every year, from 1981 to 1985, the price of the program has gone up, with one exception, 1984, when we had a dairy diversion in effect.

So lowering the price does not help the farmer. Obviously, it does not help the Government. Because what does this do? It causes the farmer to increase his production, which, in turn, casuses a larger surplus, which, in turn, causes the Government to purchase more. So, even at a lower price, we have a higher cost to the Government.

Take a look at what the committee bill contains. In the first year, the dairy farmer has a support price of $11,28, $11.41 the second year, and $12.06 the third year, in terms of support on 100 pounds of milk.

What does the Olin amendment call for? $11 the first year, $10.13 the second year, and $9.63 the third year.

The proponents of Olin-Michel are talking about the third, fourth, and fifth year where they say they are going to cost less money. Of course they are going to cost less money. If you put enough farmers out of existence, you are obviously not going to have them there and they are not going to produce milk, and you are going to save money. If our goal is to solve America's farm crisis by culling 48,000 farmers in this country, then I suggest you support the Olin amendment.

The second thing I would like to suggest is the argument about the budget -- which of the alternatives is going to live within the budget. The first thing we have got to do is deal with the 1986 budget year. We always talk about out-years. In the 5 years I have been in Congress, everyone wants to talk about out-years. I have never seen anybody in this Congress, Republican, Democrat, conservative, liberal, ever live with out-years. I do not even know why we talk about them. The only reality we have, the only budget that is binding, is 1986. The fact is the committee proposal in front of us saves $775 million in 1986 over present policy. USDA ought to be happy about that -- not upset. Further it saves $585 million the first year over the Olin substitute.

It is always interesting to see the price cutters quoting USDA as saying that "the numbers that we are using for the cost of the assessment are different than yours." Of course, USDA's numbers are different. They do not like the committee's proposal. They are going to do everything they can to generate numbers supporting their position. But since when did we in Congress start accepting USDA or administration numbers? We use CBO numbers, Congressional Budget Office numbers, and the Congressional Budget Office numbers absolutely say with an average 42-cent assessment is all we need to fund everything. Forty-two cents is all we need -- we do not need 50 cents or anything above and beyond that.

Now, the real concern I have and I happen to agree more or less with and have a great deal of respect for my colleague form Virginia and our distinguished minority leader -- is that they say they want to move toward a market oriented system in agriculture and particularly in dairy. I happen to agree with that. I happen to believe that it is absolutely essential that we get out of the business of producing for an automatic sale to the Government. I have told every processor in my district that. I told every farmer in my district that. I believe we ought to do it.

What I would suggest, however, is that if you want to go to a market oriented system, there is only one option, and that option is the committee bill.

Take a look at the numbers. The fact is that under the committee proposal, the Government the first year will buy 4.9 billion pounds. Under the Olin proposal, in the first year they will buy 9.4 billion pounds. In the second year, under the committee proposal, the Government will buy 4.4 billion pounds. Under Olin, they will buy 7.9 billion. In the third year, under the committee proposal, 5.2 billion, under Olin, 5.6 billion.

The fact is, under the Olin proposal, the Government will have to buy over 8.4 billion pounds more of surplus milk than they will under the committee proposal.

Now, how in God's green earth are you ever going to get a market oriented system in dairy in this country if you have a system that produces such a surplus that for the next 3 years the Government is buying 8 billion pounds more under the Olin amendment than they are under the committee proposal.

And the other hypocrisy of this whole issue that I want to bring up -- --

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

(By unanimous consent, Mr. Gunderson was allowed to proceed for 3 additional minutes.)

Mr. GUNDERSON. The other concern that I want to bring up is in the chart that I have just to the left of me here. Everyone talks about free market in price, if you want to go to free market, if you got too much surplus compared to demand, well, you ought to reduce the price.

Do you want free market in dairy? I am all for a free market. But then go all the way. Do not tell the farmers in this country that you are going to reduce their support price and then you are going to turn around and limit them where they can sell their product.

This map shows you 44 different Federal marketing orders in this country, and all the white spaces show you that about a third of the area is regulated by State marketing orders, not Federal marketing orders.

Let me tell you something that is very interesting, and I do not mean this to pick on my colleague from Virginia. He is a good friend. But it is kind of interesting.

Do you know what the class I price for milk in Virginia is today? It is $15.66 under a State, not a Federal marketing order. So he comes to us with an amendment and says, "Let us reduce the support price, the Federal support price from $11.60 down 50 cents a year."

Why does he say that? He can say that; it does not affect his farmers. Class I milk consumption in his area is $15.66. Now, really, is that the way to go? My colleague from California stands up here and says, "We on the committee are doing the wrong thing." California has a State marketing order. When we do assessments they include that assessment in the calculation of what their price is going to be in California. Southern California talks about the big cheese plant. I visited your big cheese plant in May. I think it is most interesting. That big cheese plant, No. 1, is all Danish equipment. No. 2, it is all financed by tax-exempt bonds from the Danish Government. You give tax-exempt financing to every one of my dairy farmers in Wisconsin, they are going to tell you that you can lower the Dairy Price Support Program.

Members of the House, let us be a little bit credible; let us be a little bit honest. If you want to live within the budget, if you want to stabilize or increase farm income, and you want to make that true transition to a market orientation, there is only one option, it is the committee proposal.

Mr. VOLKMER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to spend a little time explaining to those urban Members, who, as well as the gentleman from Massachusetts, who is in support of this amendment that cannot understand how, when support prices go down, production goes up and therefore the cost to the Government goes up.

I think Members should understand that at the present time we have $11.60 for a support price, while a couple of years ago we had $13.10. Yet, we have increased production at this time over what we had 2 years ago. That occurs because the farmer basically has his dairy operation in place as far as his barn, and his farm, and the amount of cows that he can milk. When the price goes down, many of them raise their own heifers, when those heifers are fresh, they were brought into the dairy operation, and they continue to produce more milk. As they produce more milk, their basic cost of production per unit of milk is less and therefore they are able to continue to make a little bit as the price goes down. But as you continue to reduce the price, then it gets below their unit cost and they are out of business.

So that is why, as has been said here on the floor, if the Olin amendment would be adopted, and that program put in place, then the cost to the Federal Government, to the taxpayers, next year, will dramatically increase over and above what is in the program in the bill.

I would also like to agree with the statements that have been made here on the floor by the gentleman from Wisconsin that preceded me and the gentleman from Texas also in regard to stabilizing the dairy industry in this country. The Olin amendment would already impact on the dairy farmers in my area, and I just met with some of my dairy farmers yesterday at lunch, and I would lose many of my dairy farmers after a couple years under the Olin amendment.

In deference to the gentleman from Virginia, we are already, in my area, we are deficient as far as fluid milk is concerned, and we are already having fluid milk brought into the St. Louis metropolitan area. All he is going to do is exacerbate that to the extent where we would have to bring more milk in from other areas and we would lose many of my farmers.

I sincerely hope that the Members will oppose the Olin amendment and stick with the committee, which I think is a very good provision for the dairy program.

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

Mr. VOLKMER. I yield to the gentleman.

Mr. BROWN of California. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman for his statement. I wanted to refer back to the comments that the gentleman from Wisconsin made with regard to the price of fluid milk. He is absolutely correct; that is not set by what we are doing in this.

Mr. VOLKMER. That is correct.

Mr. BROWN of California. It is higher by far in practically every part of the United States than the levels we set here. Nevertheless, despite that, the overall rise in the price of fluid milk over the last 10 year has been about one-half of what the rise in cheese and butter and other prices have been.

I want the Members to understand that clearly that we are talking about two different things herereally, and despite the good performance of milk and the poor performance of cheese and butter, it is the cheese and butter that we are buying under the high support prices in this legislation.

Mr. VOLKMER. That may be true, but some of the prices go to the retailers that retail that. As far as the Olin amendment, I think it has been brought out here and it should be brought out, and people should remember, the Olin amendment is attempting to be sold on the basis that if we adopt the Olin amendment, all of a sudden consumers are going to have cheaper fluid milk in the stores. Now, gentleman, that is not correct. That is not what is going to happen. The fluid milk price is not necessarily going to drop, and I think the gentleman understands that.

Mr. BROWN of California. If the gentleman would yield further, I would like to confirm what the gentleman says. It is not the fluid milk price that would drop. If it did drop, it would be a small fraction of what the drop in the support price would be. It is the price of the butter and the cheese.

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

Mr. VOLKMER. I yield to the gentleman.

Mr. ENGLISH. I thank the gentleman for yielding.

Mr. Chairman, I would like to say very briefly, and I am not going to take a lot of time on this, but I would like to rise in opposition to the Olin amendment and make a couple of very quick points.

First of all, the bill as it stands, coming out of committee, is within the budget. It is a reduction of over $800 million. It is something that quite frankly is going to make it more difficult on the dairy farmers. It is something that is certainly not going to improve their lot. The real question in reduction of the production of milk is how it is reduced. This gives the farmer a chance to survive; Olin does not.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. Volkmer] has expired.

(On request of Mr. Sensenbrenner and by unanimous consent, Mr. Volkmer was allowed to proceed for 1 additional minute.)

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

Mr. VOLKMER. I yield to the gentleman.

Mr. SENSENBRENNER. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the Olin amendment, and I believe the gentleman from Missouri's statement, together with the two previous statements shows that the choice is very clear. That is, if the Olin amendment is adopted, we are going to be culling farmers in this country. If the committee bill is supported, we are going to be culling cows. I think that that is a pretty clear choice.

Mr. VOLKMER. Very aptly said.

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

Mr. VOLKMER. I yield to the gentleman.

Mr. OLIN. I thank the gentleman.

Mr. Chairman, if the price of fluid milk is not going to be much affected, 95 percent of the milk production in this country is in the fluid milk market. How are all these farmers going to be so badly affected?

Mr. VOLKMER. Because, simply, that much of their excess milk goes into the commercial sector, and that is how they are affected.

Mr. SLATTERY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the Olin-Michel amendment for several fundamental reasons. It is seldom that I have to disagree with my good friend from Virginia, but I do it for several reasons.

First of all, the dairy diversion program does work. It accomplishes the purpose for which is was originally intended. It will increase the price for farmers and help the farm-income problem that we are all concerned about in rural America. In addition to that, it is going to reduce the cost of this program to the taxpayers of this country. I will rely upon the comments of none other than the minority leader on this point. Next year we are looking at a cost under the committee approach of $600 million less, to the taxpayers of this country, than if we adopt the Olin-Michel amendment.

Now, when you talk about the outyears, I think the minority leader is exactly right. Who knows what the outyears are going to bring? What we do know, based on CBO assumptions and CBO numbers, is that over the next 3 years we will save nearly a half a billion dollars in taxpayers money under the committee approach. I for all of us who are concerned about deficit reduction we need to focus on that point.

The other point I think we need to focus on again is the fact that the 1983 program has worked, and we should not lose sight of that. This past July, the General Accounting Office analyzed the impact of the 1983 program and the GAO report makes a very important point. It concludedthat the 1983 program reduced 1984 production by some 4 billion pounds compared to the estimated production levels had the program not been passed. This reduction in production kept the surplus down, and this reduced the cost to the taxpayers by $600 million in 1984.

The Congressional Budget Office, comparing the diversion program with the price cut alternative, came to a similar conclusion. According to CBO, the committee approach would result in significant budget savings. By choosing the diversion program, we would save at least $500 million next year and at least that much over the 3-year period. My colleagues, I really hope that as you make your decision in the final minutes of this debate, you will focus on these fundamental points.

So in summary, Mr. Chairman, we have an opportunity here to address an income problem that is critical in rural America. We can increase income for farmers, and we can cut costs to taxpayers. I do not think the choice is a difficult one.

Mr. Chairman, I urge my colleagues to oppose the Olin-Michel amendment and support the committee position.

Mr. KINDNESS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Olin-Michel amendment.

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

Mr. KINDNESS. Mr. Chairman, I rise in support of the dairy unity plan and in opposition to the Olin-Michel amendment.

Because of the critical state of the agricultural economy today, I do not believe that dairy farmers in the Eighth Congressional District of Ohio can afford the kind of financial blow delivered by the Olin-Michel price-cut amendment. As I see it, the purpose of the amendment is to attempt to reduce dairy surpluses by forcing dairy farmers out of business.

Mr. Chairman, let me state this briefly. I speak not in defense of the committee position with regard to the dairy program because of its perfection nor in opposition to the Olin-Michel amendment for its deficiencies, for I suspect that neither is perfect, and I suspect that we all know that. but I would like to address myself to just one aspect that is at the tip of the arguments that have been made here, and that is that culling farmers instead of culling cows does not seem to me to be acceptable.

What farmers would we be culling by the use of the method that is involved in the Olin-Michel amendment? What farm families would we be culling? We would be culling those who are going to be our future producers of dairy products, of milk.

We need those people to remain in dairy production to an even greater extent than we do those who are more settled and more capable of dealing with this rough time in dairy production. Those who would survive are the ones who are further along in their careers, whose debt is more limited or paid off, not the younger farmers whose efforts at production we will need in future years. I would just like to ask my colleagues to think about that in terms of the out years that have been mentioned here. Let us think of a few more years than just the outyears involved in this bill. Let us look at the out years in the future when we are going to need people to produce milk. We are going to need dairy farmers, and they are not going to be those who are now in their late fifties and who can survive these hard times; they are going to have to be the younger ones.

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

Mr. KINDNESS. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I think the gentleman has made an excellent point, and I want to commend him on his statement because that is exactly what would happen.

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for his comments and for his hard work in this effort. I thank all those members on the committee who have been so involved. Not being on the committee, I have watched their efforts with a great deal of concern and interest, and I cannot keep quiet and see the young farmers in this country who are caught in a worse position ignored in this debate. We have got to be cautious that the approach that we take does not destroy our future production of milk and dairy products.

Mr. Chairman, in the Eighth District, it is estimated that the Olin-Michel amendment would reduce our daily farmer's income by some $2.2 million next year alone. Over the next 4 years, Eighth District dairy farmers could expect to lose about $8.8 million if the amendment is approved. Across the State of Ohio, dairy farmers could lose some $86.6 million over the next 4 years under the Olin-Michel amendment.

The dairy unity plan in H.R. 2100 makes dairy farmers responsible for reducing their dairy surpluses and more importantly, allows them the chance to do so without losing their farms.

Further, the dairy unity plan achieves the important budget savings necessary to reduce budget outlays and to address concerns about the crippling budget deficit.

Finally, Mr Chairman, it does not necessarily follow that a reduction in the dairy-price support results in reduced dairy production. I would argue that, based on my observations in Ohio over the last year or so, a reduction in the dairy-price support is followed by increased production to increase a dairy farmer's cash-flow.

For these reasons, I would urge my colleagues' support of the dairy unity plan as approved by the House Agriculture Committee.

Mr. MRAZEK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to speak for just a few minutes to Members of Congress who do not have dairy farm interests in their congressional districts. I say that not because I plan to speak in an adversarial way about those Members of Congress who do not have dairy farm interests in their districts. In fact, I sometimes tend to think that these parochial concerns lead to very hot tempers and, perhaps, less logic and more anger on this floor, and I was somewhat disappointed to hear my respected colleague, the gentleman from Wisconsin, indulge in words like "hypocrisy" and "a lack of honesty" in describing the motivations of the sponsor of this amendment.

There is no one I can think of in this House who would be more worthy of being called honest, and to suggest that there is hypocrisy behind the motivation of his amendment is, I think, rather sad.

By the same token, the gentleman from Wisconsin made some very persuasive arguments, as he invariably does, in this debate. But there are two issues I briefly want to speak about that are important to consider here.

One is that the Olin approach is straightforward and fair. It does not just say to the dairy farmer, "Here's what you are going to have next year, and then we are going to have to scramble like hell the year after that to try to come up with something similar." It has a course of action that dairy farmers can plan on with gradually lower price supports over the next 5 years.

Needless to say, opponents of the Olin amendment are intent on keeping price supports artificially high so that the Government will continue to purchase dairy surplus at a guaranteed high price.

It is incumbent upon us, I think, in this House, to try to be fair and equitable, and to do the kind of work which will lead to a workable dairy policy not just for the next year but for 4 or 5 years down the line.

I might add that there are a number of Members who have spoken on behalf of the full committee position, and who have suggested that the amendment offered by the gentleman from Virginia [Mr. Olin] is a budget-buster. I think that really does an injustice to the amendment. It is important to keep in mind that the committee bill establishes a brand new beef subsidy because of the necessity to begin killing dairy cattle, as a result of which the beef producers are concerned about the implications on their industry.

So, in this bill we are going to vote for a brand new $200 million beef subsidy, and we are going to start another new program, and Lord knows where it is going to go in the future.

Again, I would just conclude, Mr. Chairman, by urging those Members who have listened to the persuasive arguments on both sides to support the Olin amendment, which I believe is the fairest and more equitable approach of the two.

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I would say to the gentleman from New York that I rise as a Member who is extremely interested in the dairy industry. It is the single largest agricultural product in my district. My district is a very heavy agricultural district, with the economy of my area being very heavily dependent on the dairy industry. So I look at this from the standpoint of the dairy industry, and having talked to dairy farmers in my district extensively over the August recess, I have found them, a majority of them, saying a number of things -- not all of them but a majority of them. They say a number of things.

They do not want a diversion program, and they do not want an assessment program. The option on the floor is, if you do not want diversion and you do not want assessment, the Olin-Michel amendment. I think we have to realize that if we are going to speak to dairy farmers who are concerned about those two tools, we need to understand that our vote is for Olin-Michel if we are going to vote with dairy farmers who have problems with those two kinds of tools.

It also occurred to me, as I listened to the debate, that there is an old playground statement that I remember as a kid that says, "Fool me once, shame on you; fool me twice, shame on me." Well, the thing is how about 10 times?

We have had a dairy bill, more than one dairy bill, out here a year since 1977, and every time they have come out here with the same kind of language. We have always heard the same kind of talk, that we were being assured that this was the solution, this was the thing that was going to get us back to the market economy. They said, "Just go along with us this time, and we are going to get you back to that market economy that we all want."

Well, the problem is that all those solutions did not work, and when they did not work, what we ended up with then was more government, because what we always did was we took that which was in place and said, "OK, it didn't work because we didn't get it exactly right. Just pile on a little more government."

That is exactly what we are doing here. We are taking all the things that failed us in the past, and we are piling on a little more government. We are piling on now a herd buyout to that which we have already done and which gave us a problem.

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

Mr. WALKER. I am glad to yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I just want to make sure the gentleman is correct on that one part.

In the last 4 years anyway, and I think in about the last 6 years, only once has this body accepted the recommendations of this committee, and as a result of that, according to GAO, we cut surpluses in half for the first time in 5 years, and we saved a billion dollars to the taxpayers by following this committee.

Mr. WALKER. Well, let me say this to the gentleman.

Mr. JEFFORDS. I would say to the gentleman that when we do not follow this committee, that is when we get in trouble.

Mr. WALKER. Mr. Chairman, if the gentleman will let me reclaim my time, I think there is some reason to raise some questions about whether or not it was the committee's program or whether or not it was the market that brought about the changes to which the gentleman refers. The committee wants totake credit for the diversion program having solved some part of the surplus problem. I think it is also very interesting that dairy consumption went up over that period of time by a considerable extent, and that in fact it probably was the promotion program we passed that was more influential in getting some of those surpluses down than it was the diversion program.

It seems to me that is one of the things we need to look at as well, that in fact it was the market side that worked better than the diversion side, the point being that we had very little participation in diversion. In my area it was less than 5 percent of the farmers who were willing to participate in the diversion program.

What that leads us to believe is that as we stretch out the time, as we are now talking about doing because we are told the diversion program failed because we did not have enough time, well, then if we are not going to get very much participation and we are going to extend the time, then my guess is that what we are going to begin to suggest to the farmers is that we are going to mandate them to participate in diversion at some point in the future when we have stretched this time, and I think that could also end up being the problem.

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

Mr. WALKER. I am glad to yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I want to point out to the Members of the body that they ought to take a look at the GAO report which indicates that a third of the savings was due to an increase in consumption and two-thirds of the savings was due to the diversion program. So the gentleman is correct in saying that promotion is a good way to go, and that is a good part of the bill, but there is no question, at least according to the GAO report, that that diversion program saved the taxpayers $650 million.

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

Mr. WALKER. Yes, I am glad to yield to the gentleman from Minnesota.

Mr. WEBER. Mr. Chairman, just to build on the point that my colleague, the gentleman from Vermont, made, that should be obvious because the diversion program went into effect long before the promotion was off and running. We had to take money into the system, we had to put together the board establishing a marketing program for dairy commodities, and once that kicked in, that achieved some savings for us.

But there is no question in my mind that the gentleman from Vermont is right, the dairy diversion program may not have met all the targets we had hoped it would meet, but it did move us in the right direction, it saved money, and it did reduce Government purchasing.

Mr. WALKER. Well, whether it moved us in the right direction is all relative, but we in fact have more dairy production since the diversion program than we had before it. That leads us to question whether it moves us in the right direction.

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

Mr. WALKER. I yield to the gentleman from Virginia.

Mr. OLIN. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding.

Mr. Chairman, I do not always agree with the gentleman from Pennsylvania, and in fact not too frequently do I agree with the gentleman's comments, but on this subject he has a firm grip on reality.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. Walker] has expired.

(On request of Mr. Olin, and by unanimous consent, Mr. Walker was allowed to proceed for 2 additional minutes.)

Mr. OLIN. Mr. Chairman, will the gentleman yield.

Mr. WALKER. I yield to the gentleman from Virginia.

Mr. OLIN. Mr. Chairman, the facts of the gentleman from Pennsylvania are right on this issue, and his conclusions are right.

The basic problem we have here is this: What is a reasonable amount of Government involvement in this segment of the agriculture industry? We are talking about maintaining some kind of stability with a reasonable support price.

There is no justification, and nothing demands an extreme acceleration of Government involvement in this segment of the agriculture industry -- nothing.

Mr. Chairman, I thank the gentleman for yielding.

Mr. WALKER. Mr. Chairman, I thank the gentleman for his comments.

I am going to make one more point that I think is important about this issue. We have heard a lot of budget arguments out here, that the committee bill, when brought to the floor, was within the budget.

Let me point out that you changed the committee bill that you brought to the floor. You changed it knowingly out here a few minutes ago when you adopted an amendment that limited the amount of the assessment to 50 cents. That changes the whole budgetary analysis. Those Members who are arguing budget cannot argue budget out here anymore. They changed it, and they have changed it markedly. As a matter of fact, if you believe the Agriculture Department figures at all, you may have doubled the price of the program to the taxpayers. So at that point it seems to me that you have changed the whole budgetary analysis of this question.

Mr. Chairman, let me make one final point. I have heard a number of times from my colleagues in the course of this debate that what we have here is a carefully crafted bill. I am a little tired of "carefully crafted bills." I have a feeling that carefully crafted bills have gotten us into a lot of trouble. It leads me to make this statement in finality here: When Congress says a bill is carefully crafted, you can bet that the country is about to be shafted.

Mr. LUNDINE. Mr. Chairman, I rise in opposition to the Olin-Michel amendment. For the most part, I am not pleased with the dairy title of the Food Security Act, H.R. 2100, but, I do not feel this amendment is an acceptable alternative.

The approach advocated by my colleagues from Virginia and Illinois, Mr. Olin and Mr. Michel, is a straight price cut which would provide the Secretary of Agriculture with the authority to reduce the dairy support price by $1.50 per 100 pounds of milk (cwt) by January 1, 1988, bringing the support price down to $10.10 per cwt. It seems to me that if we can pay farmers $10.00 per cwt not to produce, as we did in the last diversion program, we cannot expect them to produce milk for $10.10 per cwt. In the area which I represent, the southern tier of New York State, it is simply impossible for many farmers to survive in dairying with a $10.10 milk price.

The strength of this proposal is its simplicity. But because of its simplicity, it fails to address the basic causes of the current dairy surplus problem. The dairy industry suffers from both overproduction and weak demand -- overproduction due to the large number of dairy cows that have been brought into production, and declining consumption as a result of a gradual aging of our population and changes in consumer tastes.

We do not contribute to the surplus problem in the southern tier of New York. Unlike many of the large dairy operations in the Southwest and the West which produce solely for Government purchase, we do not sell our milk products to the Government. In fact, during the last 15-month diversion program, Leprino Cheese which is located in Horseheads, NY, had to close down temporarily, for lack of adequate supplies of fluid milk. Dunkirk Ice Cream and Cuba Cheese had to ship in milk from way outside our region for the same reason. I simply cannot expect my farmers to accept a very low price support level in order to combat a surplus they did not help to create.

The Olin-Michel amendment does not even claim to deal with these problems. It is offered primarily as a means of reducing Government costs and providing some price benefits to consumers. But even these claims are questionable. In fact, this amendment causes the 1985 farm bill to exceed the budget resolution in fiscal year 1986-88. In addition, the substitute offers no supply management tools to prevent additional increases in milk production or to reduce the number of cows in production. As a result, some farmers will respond to price cuts by increasing production and forcing the Government to purchase more, rather than less, surplus products. I am reminded of a meeting I attended several years ago in Allegany County, NY, where an older farmer raised his hand and said to me, "Mr. Lundine, it aint farmers that produce milk, it's cows!"

As for the potential benefit to consumers, recent experience would show this is unlikely. In 1961, and again in 1972, efforts were made to reduce milk prices, either directly through support price cuts or by flooding the U.S. market with foreign dairy production. In both instances, farm prices and farmer receipts dropped significantly, with little or no reduction in retail milk prices.

Where the Olin-Michel approach will be successful is in reducing farm receipts to the point where thousands of dairy producers are forced out of business. The dairy farmers that remain in business will survive by buying cows and relying on increased marketings to offset lower milk prices.

Both from a national and an equity point of view, I am troubled by a proposal which will starve out farmers, especially the younger highly leveraged farmers in the southern tier of New York and across the country. These young farmers who got into the business in the 1970's were encouraged, not only by the Government, but by Cornell and the other land grant agriculture universities to be high-tech farmers and to go way into debt. Now we are trying to pull out the rug from under their feet.

My colleagues from urban areas need to realize that dairying isn't just a business, it's a way of life. If an average guy loses his job, or if his business fails, he has such things as unemployment compensation and workers training funds to help him get by. However, if a farm fails, the farmer in most cases loses everything, his land, his home, his car, and virtually all his assets. The Olin-Michel amendment does not give farmers the option to get out of dairying if they feel that they cannot survive at the prescribed level of support.

Mr. Chairman, I am not implying in my criticism of the Olin-Michel amendment that I wholeheartedly support the so-called dairy unity provisions in the Food Security Act. In fact, I am nearly as troubled by these provisions as I am with the Olin-Michel approach.

The most unacceptable aspect in this bill is the standby diversion program. I supported diversion in 1983 because the oversupply situation in dairy had reached a crisis level and I felt that we needed to do something, temporarily, to remedy it. I said it was temporary and I meant it was temporary. I simply cannot support diversion again, especially in a permanent standby form.

I stress this point, Mr. Chairman, because in New York State, our farmers paid in $71.3 million and received only $38.4 million in return during the 15 month diversion program -- almost twice as much paid in milk taxes as received in diversion payments. While I am sensitive to the fact that we are passing through a period of overproduction in the dairy industry, it need not take on the crisis label given to it by the supporters of diversion.

In testimony earlier this year, I urged the Dairy Subcommittee to consider a system of two-tier pricing whereby the Government will provide a reasonable level of support for the amount of milk which will meet estimated national consumption needs. For any additional milk marketings, the Government should pay a much lower price and then aggressively market this surplus on the world market.

We need to think about ways to use our agricultural productivity to redress our trade problems. We ought to be willing to enter into informal marketing agreements with our trading partners, and to revise our support programs, so as to encourage our agriculture exporting potential. We need to eliminate quotas, which are currently in place on several commodities including dairy, sugar, and peanuts in order to create a better environment for increased agricultural trade.

CASEIN IMPORTS, HOWEVER, I FEEL SHOULD BE LIMITED. I COSPONSORED LEGISLATION INTRODUCED BY MY COLLEAGUE, REPRESENTATIVE CHARLIE ROSE, TO LIMIT IMPORTS OF MILK PROTEIN PRODUCTS TO 50 PERCENT OF THE LEVEL OF IMPORTS OVER THE PAST 5 YEARS. WE NEED A LIMIT ON CASEIN IMPORTS SO THAT THE SPECIALTY AND INDUSTRIAL NEEDS CAN BE MET WITHOUT DISPLACING DOMESTIC MILK SOLIDS. I WAS VERY PLEASED THAT THE DAIRY SUBCOMMITTEE HELD HEARINGS ON THIS TOPIC AND I AM HOPEFUL THAT WITHIN THE CONTEXT OF THIS FARM BILL, AN ACCEPTABLE AGREEMENT ON THIS ISSUE CAN BE REACHED.

FURTHERMORE, I AM DISAPPOINTED THAT THE AGRICULTURE COMMITTEE DID NOT INCLUDE A CAP ON PAYMENTS TO PRODUCERS FOR DAIRY AND GRAIN FARMERS AS WELL, THE FEDERAL GOVERNMENT DOES NOT NEED TO SUBSIDIZE ENORMOUS CORPORATE FARMS. WE SET UP THESE FARM PROGRAMS WITH THE FAMILY FARMER IN MIND, AND OTHERS COME IN AND ABUSE THEM. I FIRMLY BELIEVE THAT IT IS THIS TYPE OF UNINTENDED ABUSE OF THE SYSTEM WHICH HAS MADE THE CURRENT DAIRY PROGRAM VIRTUALLY UNAFFORDABLE.

ONE WORTHWHILE PROVISION IN THE DAIRY TITLE OF THE FARM BILL IS THE WHOLE-HERD BUYOUT. I BELIEVE THAT THIS MECHANISM WILL ALLOW FARMERS A CHANCE TO GET OUT OF DAIRYING WITHOUT LOSING THEIR DIGNITY AND ALL OF THEIR ASSETS. THE WHOLE-HERD BUYOUT WILL ALLOW THE AGRICULTURE STABILIZATION AND CONSERVATION SERVICE TO

ADDRESS OUR OVERSUPPLY PROBLEM WITHOUT STARVING OUT FARMERS.

TO CONCLUDE, WE NEED TO BE MINDFUL THAT THE OTHER BODY IS LIKELY TO APPROVE A DAIRY PROGRAM WHICH WILL BE SIMILAR TO THE ONE CALLED FOR IN THE OLIN-MICHEL AMENDMENT. IN THE HOUSE AND SENATE CONFERENCE WE NEED TO HAVE A FIRM POSITION TO BARGAIN FROM, AND I BELIEVE THAT THE DAIRY TITLE OF THE FARM BILL, WHILE IT IS FAR FROM WHAT I WOULD LIKE TO SEE, PROVIDES US WITH A STRONGER BARGAINING POSITION THAT WE WOULD HAVE IF WE PASS THIS AMENDMENT. IT IS LIKELY THAT THE DIVERSION PROGRAM WILL BE STRIPPED OUT OF THE HOUSE BILL AND, HOPEFULLY, WE WILL BE LEFT WITH A PRICE SUPPORT FREEZE AND SUPPLY MANAGEMENT IN THE FORM OF WHOLE-HERD BUYOUT.

THE FUTURE OF AMERICA'S FAMILY-SIZED DAIRY FARMS IS IN OUR HANDS. I HOPE MY COLLEAGUES WILL FAVORABLY CONSIDER MY ARGUMENTS AND JOIN ME IN OPPOSING THE OLIN-MICHEL AMENDMENT.

Mr. HORTON. Mr. Chairman, I rise in opposition to the amendment offered by my good friends and colleagues, Congressmen Olin and Michel. This amendment would devastate the dairy industry in New York, and all across the Nation.

New York State is the third largest producer of dairy products in the country. In 1983, alone, 15,316 dairy farms sold $1,574 billion worth of milk. The bad news is that the industry is in deep economic trouble. More than 34 percent of the New York dairy farms operating during 1970, no longer exist.

Because the issues reflected in the 1985 farm bill hold such importance for dairymen in my State and across the country; and because my State does not have representation on the Agriculture Committee; I have worked closely with the committee and the agriculture community in New York to develop a proposal which would reduce the dairy surplus, meet our budget goals, and preserve our dairy industry. I spent a great deal of time analyzing the various proposals and am convinced that the committee title offers the best opportunity for our farmers.

Recent debate on these proposals has focused on their expense to the Federal Government. I, too, am concerned about the budget deficit, but believe that this concern must be weighed against the impact of these proposals on our farmers. Simply stated over the course of 3 years, the Olin-Michel amendment will reduce farm cash receipts by nearly 30 percent. This isn't right and it isn't fair.

The Agriculture Committee bill, which is supported by a majority of the farm groups in my home State of New York, is not perfect. It contains some provisions that are difficult to support. It does, however, offer the best available option for reducing the dairy surplus, meeting our budget goals, and protecting our domestic dairy industry.

I urge my colleagues to join me in opposing this amendment and support the committee bill.

MR. TRAXLER. MR. CHAIRMAN, I RISE IN OPPOSITION TO THE AMENDMENT OFFERED BY MR. OLIN AND MR. MICHEL, AND IN SUPPORT OF THE DAIRY PROGRAM CONTAINED IN THE COMMITTEE'S BILL, AS AMENDED WITH A 50 CENTS PER HUNDREDWEIGHT LIMIT ON THE DAIRY ASSESSMENT.

OVER THE PAST FEW MONTHS, I HAVE MET WITH DAIRY FARMERS IN MY DISTRICT, SOME OF WHOM ARE PROPONENTS AND OTHERS WHO ARE OPPONENTS OF THIS AMENDMENT. IT IS THEY WHO ARE MOST AFFECTED BY OUR DECISIONS HERE TODAY, AND FOR THIS REASON IT IS THEY WHO SHOULD BE MY CLOSEST ADVISERS ON THIS ISSUE.

THEIR MAJORITY MESSAGE TO ME WAS VERY CLEAR: THEY SUPPORT WHAT THE COMMITTEE HAS RECOMMENDED, PARTICULARLY WITH THE LIMIT OF 50 CENTS PER HUNDREDWEIGHT ON THE

ASSESSMENT. THEY DO NOT BELIEVE THAT CUTTING SUPPORT PRICES WILL DO ENOUGH ALONE TO CUT PRODUCTION TO END THE DIFFICULTIES WE HAVE WITH DAIRY PRODUCTION. INSTEAD A VERY LARGE MAJORITY OF MY DAIRY FARMERS TELL ME THAT IF THEIR PRICE IS CUT, THEY WILL HAVE TO INCREASE THEIR PRODUCTION IN ORDER TO MAINTAIN THEIR ECONOMIC VIABILITY.

THEY ALSO TELL ME THAT THE ABILITY TO SELL ENTIRE HERDS UNDER THE WHOLE-HERD BUY-OUT PROVISIONS WILL DO MORE TO REDUCE DAIRY PRODUCTION QUICKLY THAN ANY OTHER PROVISION OF THE DAIRY PROGRAM, AND THAT IT WOULD BE A MISTAKE TO DELETE THIS PROVISION.

THE DAIRY FARMERS OF MICHIGAN'S EIGHTH CONGRESSIONAL DISTRICT SAY THAT BALANCING THE FEDERAL BUDGET WILL HELP IMPROVE THE ECONOMIC CLIMATE IN WHICH THEY OPERATE, AND GIVE THEM THE CHANCE TO SURVIVE. FOR THIS REASON THEY TELL ME THAT WE SHOULD RESIST ANY EXPENSIVE FARM PROGRAMS THAT DO NOT HAVE ADEQUATE CONCERN FOR BUDGETARY COSTS.

The amendment before us according to very reliable estimates exceeds the limits imposed by our House and Senate passed budget resolution by $500 million in fiscal 1986. To adopt this amendment is to ignore our concern about the budget.

President Reagan has also said that if the cost of this farm bill exceeds certain levels he will veto it. It would be a great disservice to our farmers for us to adopt a provision whose cost could invite such a veto.

Mr. Chairman, I believe that we have an obligation to represent the views of our constituents. Having heard from my dairy farmer constituents, including some who support the Olin-Michel approach, on balance I find that in order to represent the majority will of my dairy constituents I must oppose this amendment and urge my colleagues to support the dairy provisions contained in the committee's bill.

Mrs. LONG. Mr. Chairman, I stand in support of the Olin-Michel amendment. The dairy farmers in the State of Louisiana are adamantly opposed to one of the major provisions of the dairy title: the diversion program. The implementation of a diversion program is not the most direct and effective method to cut dairy production. We should remove the incentive to overproduce via meaningful cuts in the price support system. Why should farmers who have established an efficient operation pay for the inefficiencies in the dairy industry? There are farmers in States, such as Louisiana, that do not produce huge surpluses. They are not willing to have their profit margins taxed away through assessments or be a financial burden on the Federal Government at a time when self-sufficiency is needed. Also, with the adoption of the current dairy provisions, retail milk prices will increase more than under the Olin-Michel amendment. The higher milk prices inherent in the dairy title will result in increased costs of the Food Stamp Program, the WIC Program and Child Nutrition Programs. These increased costs mean fewer poor women and children will be able to participate in these programs. Again, I urge my colleagues to support the Olin-Michel amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. Olin].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. OLIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were -- ayes 166, noes 244, not voting 24, as follows:

(See Roll No. 319 in the ROLL segment.)

The Clerk announced the following pair:

On this vote:

Mr. Price for, with Mr. Smith of Florida against.

Mr. DYMALLY changed his vote from "aye" to "no."

Mr. HALL of Ohio and Mrs. BOGGS changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

ROLL:

[Roll No. 318]

AYES -- 142

Ackerman	Andrews	Annunzio
Archer	Armey	Atkins
Barnes	Bartlett	Bates
Beilenson	Bentley	Biaggi
Bilirakis	Boehlert	Boland
Boner (TN)	Borski	Burton (IN)
Byron	Callahan	Carney
Carper	Cheney	Coats
Conte	Conyers	Cooper
Coughlin	Courter	Coyne
DeLay	DeWine	DioGuardi
Donnelly	Downey	Dwyer
Early	Eckart (OH)	Eckert (NY)
Fawell	Feighan	Fields
Fish	Florio	Ford (TN)
Frank	Gallo	Garcia
Gejdenson	Gekas	Goodling
Gradison	Green	Gregg
Guarini	Hall (OH)	Hamilton
Holt	Howard	Hoyer
Hughes	Jacobs	Johnson
Kanjorski	Kasich	Kemp

Kennelly	Kolbe	Kostmayer
LaFalce	Lehman (FL)	Leland
Lent	Levine (CA)	Lipinski
Lowery (CA)	Luken	Lundine
Markey	Mazzoli	McDade
McGrath	McHugh	McKernan
McKinney	Meyers	Mikulski
Miller (OH)	Miller (WA)	Mitchell
Moakley	Molinari	Moody
Morrison (CT)	Mrazek	Nielson
Nowak	Packard	Parris
Pease	Petri	Porter
Ridge	Ritter	Rodino
Rostenkowski	Roukema	Rowland (CT)
Saxton	Schneider	Schroeder
Schulze	Schumer	Sensenbrenner
Sharp	Shaw	Shelby
Slaughter	Smith (NH)	Smith (NJ)
Snowe	Solarz	Solomon
St Germain	Stratton	Studds
Sundquist	Swindall	Torricelli
Traficant	Visclosky	Vucanovich
Walker	Waxman	Weiss
Whitehurst	Wolf	Wortley
Yates	Yatron	Young (FL)
Zschau		

NOES -- 263

Akaka	Anderson	Anthony
Applegate	AuCoin	Barnard
Barton	Bateman	Bedell
Bennett	Bereuter	Berman
Bliley	Boggs	Bonior (MI)
Bonker	Bosco	Boucher
Boulter	Boxer	Breaux
Brooks	Broomfield	Brown (CA)
Brown (CO)	Broyhill	Bruce

Bryant	Burton (CA)	Bustamante
Campbell	Carr	Chandler
Chapman	Chappell	Chappie
Clay	Clinger	Cobey
Coble	Coelho	Coleman (MO)
Coleman (TX)	Collins	Combest
Craig	Crockett	Daniel
Dannemeyer	Darden	Daschle
Daub	Davis	de la Garza
Dellums	Derrick	Dickinson
Dicks	Dixon	Dorgan (ND)
Dornan (CA)	Dowdy	Dreier
Duncan	Durbin	Dyson
Edwards (CA)	Edwards (OK)	Emerson
English	Erdreich	Evans (IA)
Evans (IL)	Fascell	Fazio
Fiedler	Flippo	Foglietta
Foley	Ford (MI)	Fowler
Franklin	Frenzel	Frost
Fuqua	Gaydos	Gephardt
Gibbons	Gilman	Gingrich
Glickman	Gonzalez	Gordon
Gray (IL)	Gray (PA)	Gunderson
Hall, Ralph	Hammerschmidt	Hartnett
Hatcher	Hawkins	Hayes
Hefner	Heftel	Hendon
Henry	Hertel	Hillis
Hopkins	Horton	Hubbard
Huckaby	Hunter	Hutto
Ireland	Jeffords	Jones (NC)
Jones (OK)	Jones (TN)	Kaptur
Kastenmeier	Kildee	Kindness
Kleczka	Kolter	Kramer
Lagomarsino	Latta	Leach (IA)
Leath (TX)	Levin (MI)	Lewis (CA)
Lewis (FL)	Lightfoot	Livingston
Lloyd	Loeffler	Long
Lott	Lowry (WA)	Lujan

Lungren	Mack	MacKay
Madigan	Manton	Marlenee
Martin (IL)	Martin (NY)	Martinez
Matsui	Mavroules	McCain
McCandless	McCloskey	McCollum
McCurdy	McEwen	McMillan
Mica	Miller (CA)	Mineta
Mollohan	Monson	Montgomery
Moore	Moorhead	Morrison (WA)
Murphy	Murtha	Myers
Natcher	Neal	Nelson
Nichols	Oakar	Oberstar
Obey	Olin	Ortiz
Owens	Oxley	Panetta
Pashayan	Penny	Perkins
Pickle	Pursell	Quillen
Rahall	Rangel	Ray
Regula	Reid	Richardson
Rinaldo	Roberts	Robinson
Roe	Roemer	Rogers
Rose	Roth	Rowland (GA)
Roybal	Russo	Sabo
Savage	Schaefer	Schuette
Shumway	Shuster	Sikorski
Siljander	Skeen	Skelton
Slattery	Smith (IA)	Smith (NE)
Smith, Denny	Smith, Robert	Snyder
Spence	Spratt	Staggers
Stallings	Stangeland	Stark
Stenholm	Stokes	Strang
Stump	Sweeney	Swift
Synar	Tallon	Tauke
Tauzin	Taylor	Thomas (CA)
Thomas (GA)	Torres	Towns
Traxler	Valentine	Vander Jagt
Vento	Volkmer	Walgren
Watkins	Weber	Wheat
Whitley	Whittaker	Whitten

Williams	Wilson	Wise
Wolpe	Wyden	Wylie
Young (AK)	Young (MO)	

ANSWERED "PRESENT" -- 2

Scheuer	Sisisky

NOT VOTING -- 27

Addabbo	Alexander	Aspin
Badham	Bevill	Crane
Dingell	Dymally	Edgar
Grotberg	Hansen	Hiler
Hyde	Jenkins	Lantos
Lehman (CA)	Michel	O'Brien
Pepper	Price	Rudd
Seiberling	Smith (FL)	Udall
Weaver	Wirth	Wright

[Roll No. 319]

AYES -- 166

Ackerman	Anderson	Annunzio
Archer	Armey	Atkins
AuCoin	Barnes	Bartlett
Barton	Bateman	Bates
Beilenson	Bentley	Berman
Biaggi	Bilirakis	Bliley
Boggs	Boland	Bosco
Boucher	Boulter	Broomfield
Brown (CA)	Callahan	Campbell
Carney	Carper	Chandler
Chappie	Cheney	Clinger
Coats	Conte	Coughlin
Courter	Dannemeyer	Davis
DeLay	Dickinson	Dicks
DioGuardi	Donnelly	Dornan (CA)

Downey	Dreier	Dwyer
Early	Eckert (NY)	Edwards (OK)
Fawell	Fiedler	Fields
Foglietta	Frank	Franklin
Garcia	Gekas	Gingrich
Glickman	Gradison	Green
Gregg	Hall (OH)	Hamilton
Hartnett	Hiler	Hillis
Holt	Howard	Hunter
Ireland	Jacobs	Kemp
Kennelly	Kolbe	Kostmayer
Lagomarsino	Latta	Lehman (FL)
Lent	Levine (CA)	Lewis (CA)
Livingston	Loeffler	Long
Lowery (CA)	Lowry (WA)	Luken
Lungren	MacKay	Markey
Martin (NY)	Mavroules	Mazzoli
McCain	McCloskey	McCollum
McGrath	McKernan	McKinney
McMillan	Meyers	Michel
Miller (WA)	Moakley	Molinari
Monson	Montgomery	Moorhead
Morrison (CT)	Mrazek	Nelson
Nichols	Nielson	Olin
Packard	Parris	Porter
Pursell	Rinaldo	Ritter
Roberts	Roe	Rostenkowski
Roukema	Rowland (CT)	Schaefer
Scheuer	Schroeder	Schulze
Schumer	Sharp	Shumway
Shuster	Slaughter	Smith (NH)
Smith (NJ)	Smith, Denny	Solomon
Spence	Spratt	St Germain
Staggers	Studds	Stump
Sundquist	Sweeney	Swindall
Thomas (CA)	Vander Jagt	Visclosky
Vucanovich	Walker	Waxman
Weiss	Whitehurst	Wise

Wolf	Wortley	Wyden
Yates	Yatron	Young (FL)
Zschau		

NOES -- 244

Akaka	Alexander	Andrews
Anthony	Applegate	Barnard
Bedell	Bennett	Bereuter
Boehlert	Boner (TN)	Bonior (MI)
Bonker	Borski	Boxer
Breaux	Brooks	Brown (CO)
Broyhill	Bruce	Bryant
Burton (CA)	Burton (IN)	Bustamante
Byron	Carr	Chapman
Chappell	Clay	Cobey
Coble	Coelho	Coleman (MO)
Coleman (TX)	Collins	Combest
Conyers	Cooper	Craig
Daniel	Darden	Daschle
Daub	de la Garza	Dellums
Derrick	DeWine	Dingell
Dixon	Dorgan (ND)	Dowdy
Duncan	Durbin	Dymally
Dyson	Eckart (OH)	Edgar
Edwards (CA)	Emerson	English
Erdreich	Evans (IA)	Evans (IL)
Fascell	Fazio	Feighan
Fish	Flippo	Florio
Foley	Ford (MI)	Ford (TN)
Fowler	Frenzel	Frost
Fuqua	Gallo	Gaydos
Gejdenson	Gephardt	Gibbons
Gilman	Gonzalez	Goodling
Gordon	Gray (IL)	Gray (PA)
Grotberg	Guarini	Gunderson
Hall, Ralph	Hammerschmidt	Hatcher
Hawkins	Hayes	Hefner

Heftel	Hendon	Henry
Hertel	Hopkins	Horton
Hoyer	Hubbard	Huckaby
Hughes	Hutto	Jeffords
Jenkins	Johnson	Jones (NC)
Jones (OK)	Jones (TN)	Kanjorski
Kaptur	Kasich	Kastenmeier
Kildee	Kindness	Kleczka
Kolter	Kramer	LaFalce
Leach (IA)	Leath (TX)	Leland
Levin (MI)	Lewis (FL)	Lightfoot
Lipinski	Lloyd	Lujan
Lundine	Mack	Madigan
Manton	Marlenee	Martin (IL)
Martinez	Matsui	McCandless
McCurdy	McDade	McEwen
McHugh	Mica	Mikulski
Miller (CA)	Miller (OH)	Mineta
Mitchell	Mollohan	Moody
Moore	Morrison (WA)	Murphy
Murtha	Myers	Natcher
Neal	Nowak	O'Brien
Oakar	Oberstar	Obey
Ortiz	Oxley	Panetta
Pashayan	Penny	Perkins
Petri	Pickle	Quillen
Rahall	Rangel	Ray
Regula	Reid	Richardson
Ridge	Robinson	Rodino
Roemer	Rogers	Rose
Roth	Rowland (GA)	Roybal
Russo	Sabo	Savage
Saxton	Schneider	Schuette
Sensenbrenner	Shelby	Sikorski
Siljander	Sisisky	Skeen
Skelton	Slattery	Smith (IA)
Smith (NE)	Smith, Robert	Snowe
Snyder	Stallings	Stangeland

Stark	Stenholm	Stokes
Strang	Stratton	Swift
Synar	Tallon	Tauke
Tauzin	Taylor	Thomas (GA)
Torres	Torricelli	Towns
Traficant	Traxler	Valentine
Vento	Volkmer	Walgren
Watkins	Weber	Wheat
Whitley	Whittaker	Whitten
Williams	Wilson	Wolpe
Wright	Wylie	Young (AK)
Young (MO)		

NOT VOTING -- 24

Addabbo	Aspin	Badham
Bevill	Coyne	Crane
Crockett	Hansen	Hyde
Lantos	Lehman (CA)	Lott
Owens	Pease	Pepper
Price	Rudd	Seiberling
Shaw	Smith (FL)	Solarz
Udall	Weaver	Wirth

SUBJECT: SUGAR FARMING (90%); AGRICULTURAL PRICES (89%); SUGAR MARKETS (89%); FOOD PRICES (79%); AGRICULTURAL MARKETING (59%); GRAIN FARMING (59%); FARMERS & RANCHERS (59%); AGRICULTURE (59%); SUGAR MFG (59%); CONFECTIONERY (59%); CORN FARMING (59%); SUGAR BEET FARMING (59%); EXPORT TRADE (59%); SUGAR CANE FARMING (59%); AGRICULTURE DEPARTMENTS (59%); IMPORT TRADE (59%);