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131 Cong Rec H 7858

REFERENCE: Vol. 131 No. 123

TITLE: FOOD SECURITY ACT OF 1985

SPEAKER: Mr. BEREUTER; Mr. BOEHLERT; Mr. CAMPBELL; Mr. COELHO; Mr. DASCHLE; Mr. de la GARZA; Mr. DELLUMS; Mr. DORGAN of North Dakota; Mr. EDGAR; Mr. GALLO; Mr. GUNDERSON; Mr. HALL of Ohio; Mr. HOPKINS; Mr. HORTON; Mr. JEFFORDS; Mr. KASTENMEIER; Mr. LOTT; Mr. MADIGAN; Mr. MOLINARI; Mr. MONTGOMERY; Mr. MOORE; Ms. OAKAR; Mr. OBEY; Mr. PENNY; Mr. PETRI; Mr. ROSE; Mr. STANGELAND; Mr. THOMAS of Georgia; Mr. WORTLEY; Mr. WRIGHT

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

The Committee resumed its sitting.

The CHAIRMAN. Are there other amendments to title II?

AMENDMENT OFFERED BY MR. HORTON

Mr. HORTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Horton: Page 282, after line 18, insert the following:

CASEIN IMPORT REQUIREMENTS

Sec. 1155. (a) The Agricultural Act of 1949 (7 U.S.C. 1421 note) is amended by adding at the end thereof the following new section:

"QUANTITATIVE RESTRICTIONS ON MILK PROTEIN PRODUCTS

"Sec. 424. (a) For purposes of this section, the term 'milk protein products' includes --

"(1) casein,

"(2) caseinates,

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"(3) lactalbumin,

"(4) whey protein concentrates, and

"(5) mixtures containing not less than 5 per centum of any product referred to in paragraphs (1) through (4).

"(b) To ensure that quantities of milk protein products imported into the United States will not render ineffective, or materially interfere with, price-support operations undertaken under this Act and materially interfere with the domestic dairy industry, the President shall by proclamation limit the quantity of milk protein products that may be entered in any calendar year (or portion of a calendar year in the case of the calendar year in which this section is enacted) beginning on the day after the effective date of this section, to a quantity equal to 50 per centum of the average annual quantity of milk protein products that was entered during the period beginning January 1, 1979, and ending December 1, 1983 (or, in the case of such portion of a calendar year, a proportionately lesser quantity).

(c) In implementing a quantitative restriction proclaimed under subsection (b), the Secretary of Agriculture shall establish an import licensing system for foreign milk protein products under which --

"(1) first preference shall be given to those importers or users who establish that their importation or utilization of such products is for purposes for which no substitutes are available;

"(2) second preference shall be given to those importers or users who establish that their importation or utilization of such products is for purposes for which domestically produced skim milk or skim milk solids cannot be substituted; and

"(3) third preference shall be given to importers or users not qualifying for allocation under paragraph (1) or (2).".

(b)(1) Subpart B of part 13 of schedule 4 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by striking out item 493.12 and inserting in lieu thereof the following new items and the superior heading thereto:

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

Casein:		
"493.11	For human or animal consumption, or for use in a product for human or animal consumption	0.2 per lb
493.13	Other	Free
"493.11		0.2 per lb.
493.13		Free".

(2) The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

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

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

Mr. de la GARZA. Mr. Chairman, reserving the right to object, I would inquire of the distinguished gentleman from New York if this is one of the casein amendments.

Mr. HORTON. This is a casein amendment, and it was printed in the Record.

Mr. de la GARZA. In that case, Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Texas [Mr. de la Garza] reserves a point of order against the amendment.

Mr. de la GARZA. Mr. Chairman, I withdraw my reservation of objection.

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. Horton] for 5 minutes in support of his amendment.

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

Mr. HORTON. Mr. Chairman, my amendment will solve a problem that is raising havoc with our dairy industry, and which, unchecked, will destroy the work we do today to reduce the dairy surplus and meet our budget goals. This amendment will control the flood of imported casein.

Casein is a milk protein derived from milk. It has been allowed into the United States for many years to make paint, glue, plastics, paper coatings, and to meet other industrial needs of the Nation. More recently, however, casein has begun replacing natural dairy products in animal feed and human foods such as cheese, coffee whitener, whipped toppings, and frozen desserts. Despite the fact that casein was never intended to enter duty free for nonindustrial purposes, last year, casein displaced about 300 million pounds of nonfat dry milk -- at a cost to the Treasury of over \$300 million. This isn't fair to the farmer and it isn't fair to the American taxpayer.

My amendment is simple. In order to prevent milk protein imports from rendering ineffective or materially interfering with the dairy support system, the President is directed to restrict casein imports to 50 percent of the average amount imported annually between January 1, 1979, and December 1, 1983.

To ensure that our industrial needs are met, and so that products which require casein may still be manufactured, the Agriculture Secretary is directed to establish an import licensing system for foreign milk protein products. This system will grant first preference to users who establish that they need casein for a purpose for which no substitute exists. Second preference will be given to users or importers who demonstrate that they require casein for a purpose for which domestically produced skim milk or skim milk products cannot be substituted. Third preference shall be given to all other importers or users.

Finally, my amendment will close the "chemical" loophole in the tariff schedule by clarifying that casein imported for human or animal consumption be subject to the 2-cent-per-pound tariff intended by Congress.

The need for this action is clear. Over the past decade, at rapidly escalating rates, casein has entered the country through a loophole in the tariff schedule. In 1983, casein imports equaled 48 percent of the CCC purchases of nonfat dry milk. In 1984, casein imports equaled 90 percent of the Government purchases. Astoundingly, casein production is being subsidized by many of our tradifg partners as a means of dumping their own dairy surplus on our markets.

I offer this amendment because the dairy industry needs relief now. In 1979, the Ways and Means Committee asked

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the ITC to conduct a study of the impact of casein on the dairy price support system. Although a study was released, no action was taken. In 1980, the Department of Agriculture conducted its own investigation and reported that the importation of casein displaced 333 million pounds of nonfat dry milk at a cost to the Treasury of over \$300 million. The ITC still refused to take action. In 1981, this time at the request of President Reagan, the ITC reviewed casein again, and once again refused to take action.

This year, my colleagues Congressmen Roth and Rose introduced bills which would restrict casein imports in much the way my amendment would. Despite the support demonstrated for their efforts, neither Congress nor the administration has acted to resolve the problem. Six years have elapsed since the dairy industry first asked for help. The time has come to take direct and immediate action.

Today's debate over the dairy title of the 1985 farm bill will focus on how we can reduce the dairy surplus, meet our budget goals and protect our dairy industry. None of these things can be accomplished unless we restrict the importation of casein. I urge my colleagues to join me in solving this problem today.

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

Mr. HORTON. I am glad to yield to the gentleman from Wisconsin.

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

Mr. PETRI. I thank the gentleman for yielding and would like to commend my colleague from New York for offering this amendment.

Mr. Chairman, I rise in support of the gentleman's amendment

In H.R. 2100, a study is authorized to determine whether casein imports are a problem. What we have before us is an amendment which says there is already a problem of foreign casein flooding American markets and what we need now are solutions.

Since my election to this body, I have been working with many of our colleagues to address the problem of the overwhelming flow of foreign casein into this country. This flood of casein displaces domestic dairy products which we have in surplus.

In fact, a 1981 Department of Agriculture study showed that for every pound of foreign casein brought into this country the Federal Government winds up buying 3 pounds of nonfat dry milk which, like casein, is derived from skimmed milk. Domestic casein is virtually nonexistent because there is no incentive to make casein when the Government will buy nonfat dry milk for a better price than powdered drink manufacturers and other casein users are willing to pay for casein.

I share my New York colleague's belief that what we need now is a solution to the problem of casein imports. Developing a domestic casein industry could greatly reduce Government stocks of nonfat dry milk and ease our dairy surplus situation.

I urge my colleagues to support the amendment.

The CHAIRMAN. The time of the gentleman from New York [Mr. Horton] has expired.

(By unanimous consent, Mr. Horton was allowed to proceed for 2 additional minutes.)

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

Mr. HORTON. I yield to the gentleman from Pennsylvania.

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

Mr. EDGAR. Mr. Chairman, I thank the gentleman for yielding. Although I am disappointed that we cannot consider the amendment of the gentleman from New York, I am very encouraged that we are finally going to address the casein loophole.

I am very pleased that the distinguished gentleman from Florida has agreed to hold hearings on casein imports. Import levels of this nonfat dry milk substitute have been growing steadily over the last decade. While some foreign producers of casein engage in some form of subsidization, the U.S. Government buys up surpluses of nonfat dry milk. It seems that without heavy imports of casein, these surpluses might not have existed. During this time of high deficits, we must question the logic of this loophole.

Although we have known about this problem for several years, this agreement would represent substantial progress toward aiding our dairy farmers in these troubled times. Our family farmers are struggling for survival. It is vital that we help them get through these tremendously difficult times.

Mr. HORTON. I thank the gentleman for his comments and would certainly agree with him. This is the time for action and nothing has happened, as I indicated, in 6 years. It is time something did happen.

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

Mr. HORTON. I am glad to yield to the gentleman from New York.

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

Mr. MOLINARI. Mr. Chairman, I would just like to briefly say that this issue of the importation of casein has become a very serious problem in this country, one that we must look at very carefully, one that I have been studying for the last year or so since we have had our problems with our partner in ANZUS; namely, New Zealand. If there is one area where we are going to be able to help our farmers, this is one area where we should be able to all agree.

I am distressed to hear that we may have a point of order raised on this very good amendment.

The CHAIRMAN. The time of the gentleman from New York [Mr. Horton] has again expired.

(By unanimous consent, Mr. Horton was allowed to proceed for 1 additional minute.)

Mr. MOLINARI. Mr. Chairman, I would hope the gentleman from Texas [Mr. de la Garza] would think carefully before he raises this point of order. This is a very serious question. The gentleman made a very emotional appeal and I listened intently.

I think this is one area where we should move and now, and if the gentleman would waive his right to raise the point of order, I think he would be doing a great service to all of us and to the country.

I thank the gentleman for yielding.

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

Mr. HORTON. I yield to the gentleman from Texas.

Mr. de la GARZA. Regretfully I will make the point of order at the request of the chairman of the Subcommittee on Trade who insists on claiming his jurisdiction. He has assured me and asked me to assure the gentleman from New York and others that he will forthwith look at this issue and address this issue and have whatever hearings are necessary.

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I sympathize. I appreciate the great work the gentleman from New York has done, the author of the amendment. But I have no alternative.

The CHAIRMAN. The time of the gentleman from New York [Mr. Horton] has again expired.

(By unanimous consent, Mr. Horton was allowed to proceed for 2 additional minutes.)

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

Mr. HORTON. I continue to yield to the gentleman from Texas.

Mr. de la GARZA. Mr. Chairman, I have no alternative but to yield to the jurisdictional request of the chairman of the subcommittee who clearly under the rules has jurisdiction. If it were up to the gentleman from Texas, we would discuss it. But basically the jurisdiction lies in another committee.

I do not want any problem with another committee, and we want to have them on our side when we discuss the issues before them, as properly it should be done.

Mr. HORTON. I would say to the gentleman that the gentleman from Florida [Mr. Gibbons] has talked to me also. I know they are concerned about the jurisdictional problem. I am sympathetic to that. I certainly understand the jurisdictional problem that the Committee on Ways and Means has with this.

The gentleman from Florida [Mr. Gibbons] did assure me, as he has assured you, that they will have hearings very shortly on this subject. I think it is very important that we do have these hearings.

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

Mr. HORTON. I yield to the gentleman from California.

Mr. COELHO. Mr. Chairman, I just want to compliment the gentleman for his amendment and the assurances that he has received from the gentleman from Florida [Mr. Gibbons]. The gentleman from Florida [Mr. Gibbons] has also told me that he would work with our subcommittee to make sure that the proper data comes to his subcommittee and so forth.

But I appreciate the contribution of the gentleman from New York.

Mr. HORTON. As I pointed out, there is a bill pending now before that subcommittee authored by the gentleman from Wisconsin [Mr. Roth] and the gentleman from North Carolina [Mr. Rose]. I am one of the cosponsors.

With that understanding, I will withdraw the amendment.

Mr. Chairman, I ask unanimous consent that the amendment be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. Horton]?

There was no objection.

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

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

Mr. DASCHLE. Mr. Chairman, the dairy unity title of the legislation before us today represents the culmination of many hours and days of discussion, negotiations, and hearings, with literally hundreds of people interested in the future of our Nation's dairy policy as active participants. Our distinguished chairman of the Livestock, Dairy and Poultry

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Subcommittee, Mr. Coelho, and the subcommittee's ranking member, Mr. Jeffords, deserve the highest of commendations for their diligence in fashioning this bipartisan program, one with a goal of insuring a continued, viable dairy industry, and a consistent supply of dairy products to the Nation's consumers.

There are many many critics of the dairy unity package who believe that lowering support levels will result in decreasing consumer costs for dairy products. If this had been the case, the \$2 per hundred pound reduction in support prices between December 1983 and September 1985 should have translated to a dramatic decrease in retail milk prices.

Why then, have milk prices increased over the past year, by a minuscule 5 to 10 cent per gallon? The answer is simple. Dairy farmers, like any other small business person, had to increase production to offset the loss in income. Not unlike other components of the agriculture sector, this increase in production did not translate to a decrease in consumer prices, or an increase in producer income.

THE DAIRY UNITY TITLE OF THE 1985 FARM BILL CONTAINS A NUMBER OF VERY IMPORTANT PROVISIONS, INCLUDING:

FIRST, A SUPPORT LEVEL DETERMINED BY A FORMULA WHICH COMBINES COST OF PRODUCTION ESTIMATES AND THE EXTENT OF SURPLUSES. A SUPPORT LEVEL OF \$11.74 IS ESTIMATED FOR THE MARKETING YEAR BEGINNING OCTOBER 1, 1985.

SECOND, AUTHORIZATION FOR USDA TO OPERATE A PRODUCER-FINANCED DAIRY DIVERSION PROGRAM IF GOVERNMENT PURCHASES EXCEED 5 BILLION POUNDS OF MILK. DAIRY FARMERS WOULD ENTER CONTRACTS TO REDUCE PRODUCTION 5 TO 30 PERCENT, RECEIVING \$10 PER HUNDRED POUND CUT IN PRODUCTION. A "WHOLE HERD BUYOUT" PROVISION IS INCLUDED, WITH FUNDING FOR THIS PROGRAM OBTAINED FROM AN ASSESSMENT ON DAIRY FARMERS.

THIRD, AN ADJUSTMENT IN CLASS I FLUID MILK DIFFERENTIALS IN 35 OF THE 44 EXISTING MILK MARKETING ORDERS.

FOURTH, ESTABLISHMENT OF A NEW DAIRY PRICING INDEX, USED TO CALCULATE THE SUPPORT PRICE FOR MILK. THIS INDEX WOULD BE BASED ON ACTUAL COST OF PRODUCTION FACTORS.

MR. CHAIRMAN, IF ONLY ONE ARGUMENT IS CLEARLY UNDERSTOOD DURING THIS DEBATE, I WOULD HOPE IT WOULD BE THAT REDUCING FARMER INCOME, AS SOME HAVE CHARACTERIZED THIS ADMINISTRATION'S FARM PROGRAM, WILL ONLY RESULT IN LOSERS AMONG ALL SEGMENTS OF OUR NATION. THE FARMER LOSES, THE CONSUMER LOSES, WE ALL LOSE.

IT HAS BEEN SAID THAT EVERY AMERICAN FARM GENERATED DOLLAR TRANSLATES TO \$5 OF ECONOMIC ACTIVITY THROUGHOUT OUR ENTIRE NATIONAL ECONOMY. MR. CHAIRMAN, I URGE THE ADOPTION OF THE DAIRY UNITY TITLE OF THIS IMPORTANT FARM BILL. OUR DAIRY FARMERS DESERVE THIS COMMITMENT SO THEY CAN CONTINUE TO PROVIDE THIS COUNTRY WITH A REASONABLE AND CONSISTENT FOOD SUPPLY.

AMENDMENT OFFERED BY MR. BOEHLERT

Mr. BOEHLERT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Boehlert: Page 37, after line 9, insert the following:

DOMESTIC CASEIN INDUSTRY

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Sec. 215. (a) The Commodity Credit Corporation shall provide surplus stocks of nonfat dry milk of not less than one million pounds annually to individuals or entities on a bid basis.

(b) The Commodity Credit Corporation may accept bids at lower than the resale price otherwise required by law in order to promote the strengthening of the domestic casein industry.

(c) The Commodity Credit Corporation shall take appropriate action to assure that the nonfat dry milk sold by the Corporation under this section shall be used only for the manufacture of casein.

Redesignate succeeding sections in the subtitle accordingly.

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

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

There was no objection.

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

Mr. BOEHLERT. Mr. Chairman, my amendment deals with a problem that everyone talks about and virtually studies to death, but a problem with which we have failed in our attempt to do something that is positive and constructive.

The problem? Casein imports.

Rising casein imports in recent years have caused excessive spending on the part of the Commodity Credit Corporation for purchases of nonfat dry milk.

According to a U.S. Department of Agriculture report published in 1981, as much as \$300 million in CCC outlays could have been saved in 1980 if not for casein imports.

By allowing the CCC sell surplus stocks of nonfat dry milk to domestic companies, on a bid basis, for the expressed use of the manufacture of casein, we can cut casein imports drastically, while providing a boost to the American economy.

Think about all the benefits.

For openers, we will save taxpayers a good deal of money in the form of reduced CCC storage costs. That, in and of itself, is a most worthy objective. Somehow, the average American -- and I place myself in this category -- simply cannot understand why we spend billions of dollars a year to store goods that are wanted and needed in the marketplace.

Saving storage costs is just one facet of a many-faceted public benefit plan.

In addition to the CCC being able to cut total operation costs with the revenue from the nonfat dry milk sales for the manufacture of casein, the proposal I am outlining will help in further developing our domestic casein industry.

At a time when there is so much talk about protectionist legislation involving quotas, tariffs, and the like, isn't it refreshing to be thinking in terms of a program which is designed to help our guys rather than one which focuses so much on hurting the other guys? This is positive rather than negative in its thrust.

Further, by enhancing the domestic casein industry with products made by American farmers rather than relying on the flood of imported casein, we will also be making a positive contribution to our monumental balance-of-payments

problem.

And, at a time when there are still far too many of our friends and neighbors on the unemployment rolls, isn't it another plus to be thinking in terms of creating more jobs right here at home. I think so!

Finally, we will alleviate the pressure on dairy farmers to further cut production or worse yet be forced to accept further decreases in income which, as we know all too well, is at the crisis level.

American farmers have suffered greatly in years past and they are still hurting as is forcefully brought to our attention by the ever-increasing number of farm foreclosures.

I want to see the trend reversed.

Truman Graf, a distinguished agricultural economist, has said:

The dairy industry is confronted with a myriad of problems including stagnant prices, increasing costs, surpluses, lagging per capita consumption, subsidized imports, an unfavorable international market, and imitation dairy products.

That's some list.

I wish I could wave a magic wand and come up with instant, simple solutions to all of these many problems. Unfortunately, I can't.

But all of us do have an opportunity, by supporting this amendment, to help remove one of the festering thorns in the sides of the American dairy farmers -- the flood of imported casein which is displacing what our people are working so hard to produce.

Here's a chance to give the American dairy farmer a break at the same time we would be giving the American economy and our hard-pressed taxpayers a break.

I urge support of this significant amendment.

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

Mr. BOEHLERT. I am glad to yield to the gentleman from California.

Mr. COELHO. Mr. Chairman, I want to thank my colleague from New York for bringing up this amendment. I just want the gentleman from New York to know that we are willing to accept the amendment on this side. We have no objection and we wish to proceed with the discussion.

Mr. BOEHLERT. I commend the distinguished chairman of the subcommittee for his eloquent statement in support of this much-needed amendment, because we have to come to grips with the problem of casein imports, and we can do it with this amendment in a way that is constructive, that will create more jobs, help the domestic economy, and avoid the wave of protectionism.

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

Mr. BOEHLERT. I yield to the gentleman from Texas.

Mr. de la GARZA. Mr. Chairman, I would add further in behalf of the committee that we will accept the gentleman's amendment and would cooperate with him in his endeavor.

Mr. BOEHLERT. I thank the gentleman.

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AMENDMENT OFFERED BY MR. JEFFORDS TO THE AMENDMENT OFFERED BY MR. BOEHLERT

Mr. JEFFORDS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. Jeffords to the amendment offered by Mr. Boehlert: At the end of section 211, after the word "date", insert the following new section:

SEC. 243. MISBRANDED FOOD SUBSTITUTES FOR CHEESE.

For purposes of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321 et seq.), any food which is an imitation of cheese and which does not comply with any standard of identity in effect under section 401 of such Act for any cheese shall be deemed to be misbranded if its label contains the word "cheese".

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and printed in the Record.

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

There was no objection.

Mr. de la GARZA. Mr. Chairman, I reserve a point of order at this time on the amendment.

Mr. JEFFORDS. Mr. Chairman, what this amendment does is purely say that if a food is sold as cheese, it is supposed to be cheese and must meet the requirements which are already set in the law for cheese.

I do not believe that a point of order should lie. It has to do primarily with the fact that casein is utilized in the imitation cheese bases.

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

Mr. JEFFORDS. I yield to the gentleman from New York.

Mr. WORTLEY. Mr. Chairman, I just want to commend my colleague from Vermont for this amendment. The committee has not adequately addressed the casein problem that devastates American dairy producers and costs the taxpayers millions of dollars.

Casein is a milk protein product. It is not very glamorous and it is not very exciting. But our domestic market is flooded with enormous quantities of imported casein.

In fact, in the last 5 months of 1984, casein imports have exceeded Government purchases of nonfat dry milk. Today the problem continues.

Your amendment, and the amendment of my other colleague from New York [Mr. Boehlert] properly addresses this problem. I commend the amendments to my colleagues and hope they will support them.

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

POINT OF ORDER

Mr. de la GARZA. Mr. Chairman, at this point, I insist on my point of order.

Mr. Chairman, this amendment addresses the Food and Drug Act, which is under the jurisdiction of the Committee

on Energy and Commerce, and it therefore would not be germane to this legislation. We have no item in the bill that this amendment would be germane to.

The CHAIRMAN. Does the gentleman from Vermont [Mr. Jeffords] wish to respond?

Mr. JEFFORDS. Mr. Chairman, I would like to respond by saying it is difficult for me to see how anything that talks about cheese could not be relevant to the dairy provisions of the farm bill.

I recognize that there may be some others with concurrent jurisdiction, but certainly the protection of the cheese industry and the ability of our dairy farmers to ensure that imitation products are not sold under the guise of cheese certainly ought to be within the province of this committee.

The CHAIRMAN. Does the gentleman from New York [Mr. Boehlert] wish to be heard on this?

PARLIAMENTARY INQUIRY

Mr. BOEHLERT. Mr. Chairman, just a point of clarification. Am I correct in understanding that the distinguished chairman's point of order is against the amendment to my amendment?

The CHAIRMAN. That is correct.

Mr. BOEHLERT. But that my amendment will then be considered. Is that correct?

The CHAIRMAN. Yes, that is correct.

Mr. BOEHLERT. Fine.

The CHAIRMAN (Mr. Bonoir of Michigan). The Chair is prepared to rule.

The Chair will rule that No. 1, the amendment offered by the gentleman from Vermont [Mr. Jeffords] is to the Boehlert amendment and not to the farm bill in general, and the Boehlert amendment deals with Commodity Credit Corporation subsidies for dry milk; and so it is not germane to that amendment.

Second, the point of order raised by the gentleman from Texas [Mr. de la Garza] is correct in regards to the committee jurisdiction argument.

So the Chair will rule that the amendment is not germane to the Boehlert amendment.

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

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GUNDERSON

Mr. GUNDERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gunderson: Page 53, strike out line 7 and all that follows through line 7 on page 54 (and redesignate references and succeeding sections accordingly).

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

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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 and Members, this amendment is the so-called differential amendment that would eliminate from the bill the legislative increases and the differentials in the bill.

Up to this point in time, differentials is something that has always been dealt with through the administrative process within the Department of Agriculture. This is the first time we have ever by law legislated into law increased prices in differentials in certain regions.

We really have two separate and distinct Federal dairy programs. We have the purchase program to guarantee an adequate supply of dairy products; we have the marketing program to guarantee orderly transportation.

Now, we have had some shortages in certain areas of the country; in particular the Southeast, over the past year, but those are not shortages due to a lack of dairy products in this country; rather, there are shortages that are due to a maldistribution of the milk that we have in this country; and clearly the solution is not increasing consumption.

I would like to call this amendment the so-called honesty amendment because on the one hand, as has been indicated earlier, we have in this dairy diversion, an incentive to cut back in the production of milk in this country. It would be wrong in the same bill to legislate increases in differentials which in reality will also increase production in certain regions of the country. That is sort of hypocritical and we ought to try to purify that one mistake that is in the bill today.

We have included, and I do nothing in my amendment to eliminate, the transportation pools, which is where an area chips in to pay for the extra costs of bringing class I food milk into that area, and we also the standby pools with reserve plans whereby designated processing plants in this country would be required to ship their milk to regions of shortages whenever that shortage occurred.

We have those two options still available. The Department of Agriculture held hearings on the whole issue of differentials earlier this year, and they have not taken action. The reason they have not taken action is because, No. 1, there has not been a need since that shortage of a year ago for some kind of increased differential.

Second, we will look at the proposal in the bill: These are not differential increases to cover the cost of transportation because they do not adequately reflect the cost of transportation. What they really are is some kind of an increase that is in the bill which is directed, frankly, to certain regions of the country is only an incentive to increase production.

It has been calculated that the differentials that are legislated as increases in this particular committee proposal will do two things: It will increase production by 120 million pounds in certain regions of the country and as a result of that will cost the dairy price support program some \$25 million additional simply by virtue of the increases.

So I would hope that we would accept this amendment, bring about a diversion bill that is honesty and purity.

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

Mr. GUNDERSON. I yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. Mr. Chairman, I rise in support of the amendment.

The milk market order system which controls and promotes the movement of milk throughout the country has

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justly earned the reputation of being one of the most complicated and difficult-to-grasp Government programs in existence. This does not mean that it is a bad program. In point of fact, with few exceptions it has been moving milk very efficiently for years.

But the milk market order system is an economic creation. It is not a political creation. Its function is economic, not political. And we should absolutely resist the temptation to indiscriminately enact changes in this system in this body. That does not show good judgment on our part. I have had printed in the Record an amendment which might have been a logical compromise to the changes contained in the committee bill. But I will not offer that amendment because, ultimately, it does not behoove us to be legislating these changes, not even on a compromise basis.

The system does need to be looked at. Overorder premiums are playing too great a role in the movement of milk. We probably do need to review and change this system. But let's have the Department take a careful look first. Let's have serious hearings aimed at accomplishing meaningful reforms. Let's not just pass the changes into law because a majority of the congressional districts will get milk price rises. Let's not sacrifice the heartland of our dairy industry, the upper midwest.

The bill before us is intended to cut milk production. Let's not frustrate that intent by encouraging increased production in certain areas of the country by suddenly increasing their milk payments. Let's pass the Gunderson amendment and leave the administrative regulation to the Department of Agriculture.

Mr. GUNDERSON. Mr. Chairman, I appreciate the comments of the gentleman from Wisconsin [Mr. Kastenmeier] and yield to my other colleague from Wisconsin [Mr. Obey].

Mr. OBEY. Mr. Chairman, I urge the adoption of the amendment of the gentleman from Wisconsin [Mr. Gunderson] if we are going to have an equitable approach to the dairy program in this country.

I know that many people from urban areas are not aware of these very arcane issues; but the fact is that the way this bill is structured there is what amounts to a very large financial increase for dairy farmers who are in these very far southeast regions of the country.

That amounts to about \$55,000 per farmer, in contrast to the zip which is being provided for farmers in the upper Midwest. It just seems to me that there is no provision in this bill that exhibits more outrageous favoritism than that provision; and I think the gentleman's amendment is essential if we are going to get farmers from all regions of the country treated equally.

I would also point out, the Congress should not be in the business of making these decisions; these decisions historically have been made administratively in order to keep the politics out of it; to keep the regional politics out of it.

It would seem to me that if the Congress wants to keep its skirts clean on this issue, they would adopt the amendment.

Mr. GUNDERSON. I appreciate the comments of the gentleman from Wisconsin [Mr. Obey].

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. Mr. Chairman, I yield to my colleague from Wisconsin [Mr. Petri].

Mr. PETRI. Mr. Chairman, I rise in support of the amendment offered by my colleague from Wisconsin [Mr. Gunderson].

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

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Mr. PETRI. Mr. Chairman, part of Federal dairy law is designed to ensure the orderly transportation of fluid milk from surplus areas to areas where shortages exist. This policy has been implemented in the form of a price differential to cover the costs of moving fluid milk from one place to another.

Presently, these differentials are changed administratively through a regulatory hearing process. H.R. 2100 alters this process by legislatively increasing the differentials for 33 of the 45 market order regions.

It is true that the differentials have not kept pace with transportation costs through the years. However, H.R. 2100 does not raise the differentials to match these increased transportation costs. Rather, the differentials are increased just enough to spur increased production in certain areas of the country by offering the farmers in shortage areas a better price. Thus, the farmers in surplus areas will lose a potential market as farmers in shortage areas increase production. To me, spurring increased production anywhere is the last kind of provision we should enact into law when the whole purpose of this title is to encourage dairy farmers to reduce production because of the enormous surpluses of dairy products.

If there are areas suffering from a shortage of milk, then let us encourage the movement of milk from surplus areas, to shortage areas, rather than encouraging additional production in shortage areas when there is so much surplus milk.

There are ways to achieve constant supplies of fluid milk in all areas of the country efficiently. For example, we can establish transportation pools or reserve pools with standby plants as authorized in section 232 of the bill.

But what we should not do is offer an incentive for increasing production in some areas of the country when we are overproducing in other areas. I urge my colleagues to support this amendment to keep the differential payments at their current level without inequitable increases for farmers in certain regions of the Nation.

Mr. GUNDERSON. I appreciate the remarks of the gentleman from Wisconsin.

I yield to my good friend and colleague on the committee -- not from Wisconsin, but from Minnesota [Mr. Stangeland].

Mr. STANGELAND. I thank my friend for yielding.

Mr. Chairman, let me say that during this time of surplus we should, as the previous speaker said, not be stimulating production in milk to deficit areas. Rather, we should look to move that milk from surplus areas into those areas where it is needed.

Second, ag economists have estimated that the increased transportation differentials in this bill will stimulate an additional 120 million pounds of milk production annually, and increase the cost of the program by \$25 million.

Third, the differentials work against the traditional dairy producing areas of the upper Midwest, and I would urge that the committee support the Gunderson amendment.

Mr. GUNDERSON. I appreciate the remarks of the gentleman from Minnesota [Mr. Stangeland] and I yield to my colleague, the gentleman from Minnesota [Mr. Penny].

Mr. PENNY. I thank the gentleman for yielding, and I simply want to rise in support of the amendment. I supported this proposal when the gentleman presented it to the Committee on Agriculture some weeks ago, and I think that it makes eminent sense. It provides fairness in our milk marketing system, and I urge adoption of this amendment.

Mr. GUNDERSON. Mr. Chairman, I appreciate the remarks of the gentleman from Minnesota [Mr. Penny], and I yield back the balance of my time.

Mr. de la GARZA. Mr. Chairman, I rise in opposition to the amendment.

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Mr. Chairman, I apologize to my colleagues for using the phrase again that we worked very diligently to have a bill that was compatible with the needs, the broad spectrum that we could formulate for all of the issues that we were addressing in our farm bill.

Dairy is one of those. Very simply, we have a provision in the legislation, in the permanent legislation. We have marketing orders here and here and there throughout this country.

The gentleman from Wisconsin had a poster there which showed where they were. Now, the price that you stipulate under the legislation and the support has differences, and in many instances very simply it costs more to bring from this area of the United States to the area in need. All we do is that we provide a differential so that we can keep the price equalized.

This is all that the bill does. This will strike out that section of the bill and allow the status quo, which causes a hardship in particular areas of our country.

We do not want to cause a hardship. We do not attempt to discriminate the high producing areas. So this, under what we call the unity bill, the original version of the committee, is an attempt to bring equity, to see that those that have the surplus that in some instances may be mandated under the marketing order, or legislation, that we equalize to the extent possible so that the consumer may not be charged additional costs, without trying to charge the area that is supplying it. If we were not to do this, then it would not be equitable. Then we might have had problems on the other side: "Let's not assist the area where the major production is."

We had a balancing act here, and the best we could do is what is in the legislation. All of those that signed off on it called it unity. This would be disruptive of that unity and to the other areas that my dear friend from Wisconsin is interested in. And the most prudent course at this time would be to vote against the amendment.

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

Mr. de la GARZA. I yield to the gentleman from North Carolina.

Mr. ROSE. I thank the gentleman for yielding.

You know, it is a little passing strange that all of us in the South got up on our feet and spoke against and worked against the Olin amendment which would have given a regional advantage to the South. And here 10 minutes after we all vote to put the Olin amendment to sleep, here you guys from another part of dairyland are coming along asking for special treatment. Come on fellows. Listen, the chairman has spoken very clearly. We have put a carefully balanced act here together.

I am glad to see that my good friend has a sense of humor, and I yield to him at this time.

Mr. de la GARZA. Mr. Chairman, reclaiming my time at this point, Mr. Chairman, this is plainly what I was speaking about. Our unity bill tries to keep equity and keep balance. We should not have, we cannot have regional differences. So let us knock the amendment out and avoid all these regional problems that we might have in trying to move our unity bill.

Mr. THOMAS of Georgia. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would like to associate myself with the remarks and words of my colleague from North Carolina [Mr. Rose].

Coming from Georgia which is a dairy-deficit State where we have markets for all of the milk we can produce, certainly no State in the Union had a more unique situation than did Georgia, and we went along with the provisions of

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this bill for the sake of unity. The one provision perhaps that was constructive to Georgia dairymen was dealing with the differentials.

So I rise in strong opposition to this amendment and say that all along I think we would never have gotten Georgia dairymen to go in favor of this bill had we not received that consideration on differentials.

I think at this stage of the game to turn our back on that unity that was put together and to attempt to wreck that unity, in the way of the statement of the gentleman from North Carolina, is certainly unthinkable.

Mr. Chairman, I rise in very strong opposition to this amendment.

Mr. MOORE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin [Mr. Gunderson] to delete section 231 on changes in differentials from the dairy title of the farm bill.

It is true that the Southeastern United States is a deficit dairy producing area. Most of the production there is class I, fluid milk, and has its own local market. It is also true that the current Federal order system does not adequately provide for a supply of milk in local areas where it is needed for fluid use. The purpose of the Federal milk marketing orders is to attract an adequate supply of fluid milk in all areas of the country.

Because the price alone is not enough to attract milk to deficit areas, one major element of the class I differential system is a transportation allowance. When the transportation allowance is inadequate to cover the transportation costs, one of two things occur. Either milk is not attracted, and the need is not fulfilled, or it becomes necessary for handlers or cooperatives to import milk to meet the demand. To appropriately attract this milk, handlers or cooperatives must subsidize the imported milk through overorder pricing, placing them at a substantial competitive disadvantage.

With consumption demand increasing, and as supply reduction programs are put into place, the Southeast will become more and more a deficit producer. Until class I differentials are increased to adequately cover realistic transportation costs, the milk supply will diminish and handlers or cooperatives will become more and more at a competitive disadvantage.

In summary, the purpose of the Federal order class I pricing structure and location adjustments within an order is to provide incentives for the delivery of adequate supplies of milk to meet the demand of all areas of the country. It is clear that the cost of hauling milk to the Southeastern deficit areas is in excess of the transportation allowance provided under the orders and that inequities among producers and handlers have resulted in an inability of the overorder pricing structure to effectively recover the cost or to apportion the costs equitably among handlers. Consequently, some handlers and producers have at various times had to subsidize the costs incurred in shipping milk to the Southeastern deficit areas. The differentials have not been adjusted since the 1960's, so we need to do so now.

I urge my colleagues to defeat this amendment, and support the provisions making the necessary adjustments in the differential structure as provided in H.R. 2100.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. Gunderson].

The amendment was rejected.

AMENDMENT OFFERED BY MR. GUNDERSON

Mr. GUNDERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gunderson: Page 38, after line 11, insert the following new section:

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APPLICATION OF SUPPORT PRICE FOR MILK

Sec. 217. For purposes of supporting the price of milk under section 201(d) of the Agricultural Act of 1949, the Secretary of Agriculture may not take into consideration any market value of whey.

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

Mr. GUNDERSON. I am happy to yield to the chairman of the committee.

Mr. de la GARZA. Mr. Chairman, I am happy to inform my distinguished colleague that the chairman of the subcommittee [Mr. Coelho] and I, as chairman of the committee, in consultation with our membership on this side would accept the gentleman's amendment.

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

Mr. GUNDERSON. I am happy to yield to the gentleman from Vermont.

Mr. JEFFORDS. I thank the gentleman for yielding.

Mr. Chairman, I would also be happy to join in the acceptance of the gentleman's most wonderful amendment.

Mr. GUNDERSON. Mr. Chairman, I thank both gentlemen.

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

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. OBEY

Mr. OBEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment Offered By Mr. Obey: Page 12, insert at the end of line 19 the following: If a milk marketing base program is in effect under paragraph (11) for fiscal years 1986 through 1990, then paragraphs (2) through (7) shall not apply with respect to such fiscal years.

Page 35, after line 12, insert the following:

"(11)(A) Not later than 30 days after the date of the enactment of the Dairy Unity Act of 1985, the Secretary shall conduct a referendum, by secret ballot, of milk producers in the United States to determine whether producers favor the implementation, during fiscal years 1986 through 1990, of the national milk marketing base program described in this paragraph.

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(B) Any person who is engaged in the production of milk for commercial use, in the 30-day period ending on the date the referendum is conducted is eligible to vote in the referendum. No person may vote on behalf of a milk producer.

"(C) If the Secretary determines that not less than 60 per centum of the milk producers voting in the referendum favor the national milk marketing base program described in this paragraph, then during fiscal years 1986 through 1990

--

"(i) the program shall be in effect;

"(ii) paragraphs (2) through (7) of this subsection shall not be in effect; and

"(iii) the level of price support per hundredweight of milk having 3.67 per centum milkfat shall be --

"(I) 63 per centum of the parity price for milk for fiscal years 1986 and 1987; and

"(II) 70 per centum of the parity price for milk for fiscal years 1988, 1989, and 1990.

"(D)(i) For each fiscal year during which the national milk marketing base program is in effect, the Secretary shall determine individual milk marketing bases of milk producers.

"(ii) For a fiscal year and subject to subparagraph (E), each milk producer shall have a milk marketing base equal to the product of --

"(I) 99 per centum of the producer's milk marketing history; and

"(II) the milk marketing allocation factor for the fiscal year; but not to exceed 99 per centum of the milk marketing history.

"(E)(i) In addition to any amount of marketing base determined for a producer under subparagraph (D), a producer shall have any amount of marketing base transferred to the producer under clause (iii) by the county committee.

"(ii) There shall be available for a fiscal year to the county committee for transfer among producers in accordance with clause (iii) an aggregate amount of milk marketing base equal to the sum of --

"(I) a pro rata share of the product of the allocation factor and 1 per centum of the aggregate of the milk marketing histories determined for the fiscal year for all producers in the United States,

"(II) if the production allocation factor for the fiscal year exceeds 100 per centum, a pro rata share of the product of the percentage of the allocation factor in excess of 100 per centum and the aggregate amount of the milk marketing histories determined for the fiscal year for all producers; and

"(III) the product of the allocation factor and any amount of milk marketing history of a producer in the county who does not engage throughout the fiscal year in the production of milk and who does not transfer such amount under clause (v) to another person.

"(iii) Subject to clause (iv) and to the extent practicable, the county committee shall transfer any milk marketing base available under clause (ii) to the committee among producers, in accordance with such rules as the Secretary shall issue.

"(iv) Not less than 25 per centum of the amount of milk marketing base available under subclauses (II) and (III) of clause (ii) shall be available for transfer by the county committee to milk producers who, as determined by the committee, demonstrate a need for additional base as a result of unusual or special circumstances, except that no

additional base may be transferred under this clause to a producer other than a forming one, who has a base exceeding 1,000,000 pounds (milk equivalent).

"(v) A producer may transfer the producers' marketing history to any person by devise, sale, or lease of the farm on which is located the milk production facility owned by the producer. Except as provided in the preceding sentence, no producer may transfer a marketing history by sale, lease, exchange, or other means.

"(vi) The State director of the Agricultural Stabilization and Soil Conservation Service shall select an Appeal Committee composed of 5 milk producers who are members of county committees. The Appeal Committee will be responsible for the prompt hearing and judgment of appeals of base determinations and base transfers made under this paragraph.

"(vii) Any action taken by a county committee or the Appeal Committee under this paragraph is subject to disapproval by the Secretary.

"(F) In any fiscal year for which a national milk marketing base program is in effect under this paragraph, no milk producer may market for commercial use any quantity of milk of his own production in excess of the milk marketing base established under this paragraph for the producer for the fiscal year.

"(G) Any milk producer who violates subparagraph (F) shall be liable for a civil penalty, to be assessed by the Secretary after reasonable notice and opportunity for a hearing on the record, equal to the product of --

"(i) 75 per centum of the level of price support per hundredweight of milk having 3.67 per centum milkfat in effect for the fiscal year in which such violation occurs; and

"(ii) the quantity of milk (measured in hundredweights) with respect to which such violation occurs.

The Secretary may waive or reduce such penalty if the Secretary determines that the severity of such violation does not warrant the full payment of such penalty.

"(H) Any milk producer against whom a civil penalty is assessed, under subparagraph (G) may obtain review of such penalty in an appropriate district court of the United States by filing a civil action in such court not later than 30 days after such penalty is assessed. As part of the Secretary's answer, the Secretary shall file in such court a certified copy of the record upon which the findings and decision complained of are based. The findings of the Secretary may be set aside only if found to be unsupported by substantial evidence.

"(I) The district courts of the United States shall have jurisdiction to review and enforce any civil penalty assessed under subparagraph (G).

"(J) Civil penalties collected under this paragraph shall be available to the Secretary for expenditure without fiscal year limitation to carry out the Food for Peace Act of 1966, to the extent provided in advance in appropriate Acts.

"(K) For purposes of this paragraph --

"(i) the term 'milk marketing allocation factor' means the ratio of (I) the aggregate quantity of milk, as estimated by the Secretary, necessary to satisfy domestic consumption and exports of milk and the products of milk in the fiscal year (II) to the aggregate quantity of milk produced in the United States in the fiscal year;

"(ii) the term 'county committee' means a county committee established under the Soil Conservation and Domestic Allotment Act;

"(iii) the term 'family member' means a spouse or child; and

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"(iv) the term 'milk marketing history' means the average annual quantity of milk marketed by a producer for commercial use in the period of 5 fiscal years (excluding the fiscal year in which the largest quantity is marketed and the fiscal year in which the smallest quantity is marketed) ending on September 30 preceding the fiscal year for which the milk marketing base is being determined. For any period in such 5 fiscal years during which the producer participated in the milk diversion program under this subsection as in effect before the date of the enactment of the Dairy Unity Act of 1985, the marketing of milk by the producer shall be deemed to be equal to the marketings of milk by the producer in the corresponding period of the marketing history determined under such diversion program.

"(iii) Each milk producer and each county committee shall provide to the Secretary such information and records as the Secretary may require by rule to permit the Secretary to determine the milk marketing base of the producer.

"(L) The Secretary shall devise administrative methods to ensure the effective operation of this paragraph.

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

Page 35, line 13, strike out "(11)" and insert in lieu thereof "(12)".

Page 38, strike out line 13 and all that follows through line 11 on page 50.

Page 50, line 13, strike out "Sec. 222." and insert in lieu thereof "Sec. 221".

Mr. OBEY (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. OBEY. Mr. Chairman, the amendment that I am offering would do for dairy farmers what the committee provision does for wheat and corn farmers. Very simply, it would let them vote on their own future.

For grain, as I think Members of the House know, the committee bill essentially freezes prices for grain but then it adopted the Bedell amendment which says to wheat and feed grain farmers that if 60 percent of farmers so vote on a referendum that they could obtain somewhat higher prices in return for effective supply management or, in plain English, tough production controls.

The advantage of the Bedell amendment is that it cuts Government costs, reduces surpluses faster, and it takes a lot of pressure off the production system which has put into production a lot of fragile land which should not be producing, which should be lying fallow.

This amendment says that if you are going to do what the committee bill does for grain farmers you ought to do the same thing for dairy.

Now the reason I believe we need this gets right back to the discussion which we just had on the Gunderson amendment, and this will take a little time, and I will have to ask unanimous consent to extend my remarks for several additional moments when this period expires, in order to explain what I am talking about because it is complicated.

Basically, especially Members from urban areas need to understand how milk prices are set. Essentially milk prices are set by establishing a basic support price for what is known as the Minnesota-Wisconsin series. That price is established for manufacturing milk which goes into milk which is to be used to manufacture products such as cheese, you name it, nonfluid products.

In addition to that, there is then a differential paid for what is called class I milk which goes into fluid, and that

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differential increases as you get further from the Minnesota-Wisconsin base area. So by the time that you get down to the southeastern portion of Florida, for instance, you are paying a very high differential, indeed, for that milk. That means that the highest priced milk in the country, by and large, comes from the southeast section of the country.

Now what happened on the dairy bill, as is in the committee proposal right now, is very simply this, and I understand why the deal was made and perhaps if I had been the committee chairman, not coming from my area, I might have made the same deal. But the fact is, there was a choice made.

The question was: How are you going to get votes from the Southeast region of the country to defeat the Olin amendment, That was the question. So the decision was made that in order to do that you would provide a higher price for the fluid milk which is sold by the farmers in the Southeastern region of the country.

The problem with that, on the merits, is that, as was indicated by the gentleman from Wisconsin [Mr. Petri] that means that you are going to be stimulating more production for milk which is already the most expensive in the country, and you are going to be squeezing the rest of the farmers of the country closer and closer to the wall.

That differential which for the first time would be applied legislatively rather than administratively, that differential would mean on average about \$55,000 more for an average farmer living in the southeastern Florida area but it would mean on an average about \$200 for a farmer in my area before you assess those farmers the costs that they are going to be assessed under the committee diversion program.

That means in effect that you are going to be increasing the price of the most expensive milk in the country and you are going to be increasing the pressure on the most efficient farmers in the country to go out of business. That is what the committee version means, and that is why I cannot support it. That is why I would urge you to give dairy farmers an opportunity to vote on whether that is fair or not. I am not asking the Congress to decide, I am not asking the House to decide whether they agree or disagree with the committee provision.

What I am saying is that if you are going to stick with the Bedell amendment, if you are going to allow corn farmers from Iowa and wheat farmers from Kansas to vote on their own future to give the same privilege to dairy farmers. Our farmers may lose. For all I know, most farmers in Wisconsin might vote against strong production controls.

But the question is whether or not a lot of people in this chamber who do not know a support price from a cow, whether those people are going to wind up voting for a committee provision that mandates a certain proposal for dairy while it gives grain farmers an opportunity to vote on their future or whether you are going to treat every farmer the same.

I would like to make one other point: If you do not allow this amendment, if you do not allow the referendum which I am proposing under this amendment, what you are doing is something which we have told, time and time again, for the last 10 years we ought not do, and that is, you will be gearing a dairy support program to benefit the biggest producers. If you take a look at the average-sized producer in the region of the country that benefits most from the committee version and you compare the size of an average producer in the Midwest, let us say, you will see that the farmers who are going to be bearing the biggest burden under the committee version are farmers who run the smallest operation, the middle and small farmers who virtually everybody tells us we ought to be supporting.

So I would urge you, if you believe in the Bedell amendment for grain, give us the same shot in the dairy area.

We are not asking you to decide between Coelho and Obey, between Gunderson and Obey, we are not asking you to decide between anybody. We are simply asking you to let farmers in dairy areas make the same choice that they are giving grain farmers, and I urge you in the interest of equity to support the amendment.

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

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(On request of Mr. Gunderson and by unanimous consent, Mr. Obey was allowed to proceed for 3 additional minutes.)

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

Mr. OBEY. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. I thank the gentleman for yielding.

Mr. Chairman, I just simply want to take a moment to compliment my colleague from Wisconsin on this particular issue. We in Wisconsin have a tradition and I think a positive situation that most of our dairy industry, whether they be Farmers Union, NFO, et cetera, most of the time have been able to come to some kind of consensus on dairy policy. That has not happened this time. Generally we in the Midwest believe that supply management is the only way to go. We have been unable back in 1981, 1982, and since then to get any kind of supply management on a mandatory basis enacted in this Congress. There are all kinds of people who give up earlier this afternoon and said they do not like assessments. Assessments are necessary if we are going to have a voluntary supply management through a diversion program.

The alternative is what my colleague has offered, and that is have a referendum and decide once and for all whether the dairy farmers, the dairy producers in this country do or do not want mandatory supply management. I think it is a good movement. I think it is a credible move. I commend the gentleman on it. I certainly rise with the intention of supporting it.

Mr. OBEY. I would like to make one additional point.

If this amendment passes it will cost, on the budget next year, according to CBO, \$215 million less than the committee amendment, and I think that is a good budget reason to support the amendment.

I would also make the point, and I really must take issue with the gentleman from North Carolina's comments a moment ago about reciprocity; the fact is that I have supported the sugar program, I have supported the peanut program, I have supported the cotton program. I did that because I think it is in the interests of this country to protect the rights of producers everywhere.

What I do not appreciate is a dairy provision which singles out one specific area of the country for special treatment. I do not think that, in addition to getting what you want on peanuts and what you want on cotton and getting what you want on sugar, you also ought to get what you want on dairy. I think you ought to spread the "gets" around.

Mr. KASTENMEIER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I will not take 5 minutes, but I do think that the Obey amendment should be adopted. I say that, even though there are many in this Chamber who clearly support the unity provisions of the farm bill on dairy. In fact, it gives an alternative. If farm producers, at least in numbers, if not 60 percent or more, do not support the supply management program offered by the gentleman from Wisconsin, then they will have the diversion program, the whole herd buyout alternative provided in the bill.

I say this as one who, whether or not this amendment which I consider a good amendment is adopted, I will support this bill. As a matter of fact, many of us in our State went around the State almost 2 years ago selling the diversion bill to our dairy producers. And one of the things I said was that the diversion bill was not going to help price, certainly not in the short run; it was designed to manage supply, to bring production and consumption under control. And it did in its short 15-month life go at least halfway toward that goal.

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Now, however, what has changed? Why would someone, myself, I am referring to, who in March went before the Rules Committee and asked to make in order to the farm credit bill an extension of diversion, now support the Obey amendment? Because I think in many parts of the country where we have dairy farmers the situation has so deteriorated that, even though we can give them with the committee bill a supply management program, we cannot in the short term give them price. When I say "price" I mean a high enough price so they can survive.

Furthermore, if they elect by referendum to adopt the program that the gentleman from Wisconsin [Mr. Obey] has described, it will in the long run by a simpler program, it will not be a question of having to phase out of that into again a resumption of higher production as we faced when we phased out of the 15-month program so we are back up at a 12-billion pound surplus level. We will have a management supply program which certainly dairy farmers in the exigencies of 1985 could adopt and could well be a solution to their problems.

In any event, I want to compliment the committee because I do think, given the time frame in which they developed this legislation, they did a good job. I am certainly reassured that the committee rejected the Olin-Michel amendment. But I do think we can take another step forward, add another dimension of opportunity to dairy producers by adopting the Obey amendment.

Mr. Chairman, I hope the Committee will do so.

Mr. de la GARZA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Again, Mr. Chairman, I make the plea: Let us keep the unity.

This amendment disrupts that very delicate arrangement that we have. We think we can do as best we can for the American dairy producer, and I would hope that the membership would vote against the amendment.

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

Mr. de la GARZA. I yield to the distinguished gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Texas and say, in friendship to the gentleman from Wisconsin, the sponsor of the amendment, who, in his opening remarks said that he wanted to do the same thing for dairy that had been done for wheat and feed grains, that I just want to point out to the gentleman that it has not been done for wheat and feed grains yet. It was defeated about three times in the committee and then finally adopted once on a 22-to-18 vote. But there are 18 of us who hope that we are still going to get that provision out of the bill doing away with that referendum, and we think that this is an excellent opportunity to set the stage for that by defeating the gentleman's amendment to propose a referendum on dairy.

I thank the gentleman from Texas for yielding.

Mr. de la GARZA. Mr. Chairman, I urge my colleagues to vote no on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. Obey].

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

RECORDED VOTE

Mr. OBEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

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The vote was taken by electronic device, and there were -- ayes 36, noes 351, not voting 47, as follows:

(See Roll No. 320 in the ROLL segment.)

Mr. YATES changed his vote from "aye" to "no."

Messrs. DORGAN of North Dakota, TOWNS, and SCHUMER changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

LEGISLATIVE PROGRAM

Mr. LOTT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time to discuss the legislative schedule, and I am very pleased to yield to the distinguished majority leader so we can receive the schedule for the balance of the day and for next week.

Mr. WRIGHT. Mr. Chairman, will the acting minority leader yield?

Mr. LOTT. I yield to the distinguished majority leader.

Mr. WRIGHT. Mr. Chairman, it is the expectation of the committee, as I understand it, that there will be no more recorded votes on amendments today. There are some amendments which the chairman of the committee expects to accept, and there will be discussion on those amendments, so we are not entirely through with the business but we are finished with votes for today.

There will be no session tomorrow, Friday, and under permission granted earlier, when we adjourn today, we will adjourn to meet at noon on Monday next.

On Monday, we will have two suspensions, and possibly more. Those two suspensions are as follows:

H.R. 1963, Allegheny Portage National Historic Site and Johnstown Flood National Memorial; and

H.R. 3384, Federal Employees' Benefits Improvement Act of 1985.

Mr. Chairman, we would expect to postpone any recorded votes on those suspensions until Tuesday, October 1. We will meet at noon on Tuesday and vote on any suspensions that have been postponed from the preceding day, and then we will return immediately to this farm bill. We want to stay on this farm bill and finish it if we can. We hope to finish it on Tuesday.

Then for Wednesday and the balance of the week, we would ask unanimous consent to meet at 11 o'clock on Wednesday, that because of a Democratic caucus taking place earlier that day, and we will meet at 10 o'clock for the balance of the week, Thursday and Friday.

Here is what we have to do: There are four fairly substantial pieces of legislation that we want to act on, on Wednesday, Thursday, and Friday of next week, as follows:

Labor, Health and Human Services appropriations for the coming fiscal year;

A resolution to prevent explosive nuclear testing;

The Equity Pay Practices and Civil Service bill, which we have already had on the floor, and under debate we

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would like to complete consideration of that bill;

And also we would complete consideration of the Arts and Humanities authorization.

Of course, conference reports may be brought up at any time.

This is the program that we anticipate for next week.

Mr. LOTT. Mr. Chairman, I thank the leader for that information. I do have a few questions or clarifications I would like to make.

First, on the suspensions, the gentleman indicated that there may be additional suspensions. Can the gentleman give us a list of those suspensions? Does he expect to have those suspensions before the day is out today?

Mr. WRIGHT. If we have them, we will certainly list them. I know of no others. I merely expressed that caveat so that some Member might not be disappointed.

Mr. LOTT. Mr. Chairman, let me ask the gentleman this: There had been some information earlier that perhaps we would take up the so-called textile bill under suspension, and then I understood that would not be the case, that they would take that bill to the Rules Committee and seek a rule of some kind, and that it would come to the floor at a subsequent time in the week. But it is not either under suspension or listed later on in the week, as I understand it?

Mr. WRIGHT. It is my understanding that the authors of the bill do not want to bring it under suspension but would prefer to bring it under a rule and consider it in that regular order. If so, it will have to await its turn, and it probably will not get up for consideration next week.

Mr. LOTT. So it would probably be the next week then before we get to that bill?

Mr. WRIGHT. That is the way I would have to guess it. I think the week after next week is a likely time to expect the textile bill to be up for consideration.

Mr. LOTT. Mr. Chairman, there are a couple of other things I know the Members are concerned about.

For instance, on the farm bill, I see we have just 1 day scheduled, and I assume if we do not complete it on Tuesday, that would then go over to Wednesday. But recognizing the fact that we are at the end of the fiscal year, has there been any allowance made for some sort of a temporary bill? How are we going to address that problem that affects a number of parts of the farm community, the dairy, tobacco, and other programs? Do we have an answer on that?

Perhaps the distinguished chairman of the committee could give us some information on that, as to whether or not we could expect to act on a stopgap or temporary bill early next week.

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

Mr. LOTT. I am glad to yield to the chairman of the Agriculture Committee.

Mr. de la GARZA. Mr. Chairman, I have no firm information except that there is some desire on the Senate side to send us a resolution or legislation attached to another bill of some kind for a continuation for x number of days. That is basically all of the information I can give the gentleman, with the exception that I understand it would have to be done on Monday.

Mr. LOTT. It would have to be done on Monday?

Mr. de la GARZA. That is the last day of the fiscal year. I think we could drag it for a few days, but technically it

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should be done then. But I have no firm information on that.

Mr. LOTT. Mr. Chairman, I would be glad to yield to the gentleman from South Carolina [Mr. Campbell] for a question with regard to that matter.

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

The question I have is related to the expiration of the tobacco tax, which expires on October 1. I would inquire, if I might, of the majority leader if he knows of any vehicle that is going to keep that tax in place, because the loss is about \$4 million a day if in fact it expires. And, of course, there is a trigger for a number of States that is pending on the 1st of October.

I wonder if the majority leader can enlighten us on that.

Mr. WRIGHT. Mr. Chairman, it is my understanding that there are two vehicles which propose to retain that tax. One of them is the reconciliation bill passed already by a vote in the House Ways and Means Committee and awaiting a rule. The other is an action in the other body. I am informed that they are working on that right now in the other body.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield further?

Mr. LOTT. I yield further to the gentleman from South Carolina.

Mr. CAMPBELL. Mr. Chairman, if that does not become enacted in time, then I understand that there are trigger mechanisms in a number of States that move into that tax, and that would greatly complicate things. Would we understand that it is the majority leader's opinion that the vehicle would move in time to prevent that from taking place?

Mr. WRIGHT. Mr. Chairman, will the gentleman yield further?

Mr. LOTT. I am glad to yield to the majority leader.

Mr. WRIGHT. I do not think it likely that the vehicle would necessarily move through the House and the Senate and wind up signed by the President on next Monday, and that is the 30th of September. Therefore, at least technically and for a little while, it seems more likely that the tax would expire. But I think anybody expecting the expiration to be permanent would be acting foolishly, because it will be resurrected. It is not dead, and there is permanence, in my opinion.

I think States that enacted legislation contingent upon the expiration of this tax may find themselves in the position of seeing their tax which they have enacted to take up that slack and turn it into State treasuries triggered and in effect for a very short while. Those other States which do not have a built-in mechanism for the expiration of such a State tax in the event the Federal tax is reinstated may find themselves simply with a tax upon the purchasers of cigarettes in their States which would be that much higher than the tax elsewhere.

Mr. LOTT. Mr. Chairman, does the gentleman from Mississippi wish me to yield to him?

Mr. MONTGOMERY. I do, Mr. Chairman.

Mr. LOTT. I yield to the gentleman from Mississippi.

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

I would like to ask the majority leader two questions. Pertaining to the military authorization conference report, there seems to be some problem with getting a rule that would affect the House Appropriations Committee. Is there a possibility that we will get the military authorization conference report up for consideration next week?

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Mr. WRIGHT. It is a possibility but, I think, not a likelihood. If we had planned to do that next week, we would have advised the gentleman. Everybody has been advised for some several weeks that it is the plan ultimately to bring up that bill but, prior to the conference report coming to the House floor, to bring a rule which stipulates the procedure under which any appropriations exceeding a certain level would be subject to a point of order.

As far as I know, that still is the gentleman's agreement, and there still is the plan to bring up a rule on which the Members will have an opportunity to vote, establishing for practical purposes a ceiling within the House on military appropriations, immediately prior to the vote on the conference report.

Mr. MONTGOMERY. In other words, that rule would come up, as far as the leadership is concerned, before we could get a vote on the military conference report?

Mr. WRIGHT. Unless I am mistaken, the plan is to bring it up immediately before the conference report. I would say to my friend, the gentleman from Mississippi, that doing so may make the conference report easier to pass.

Mr. MONTGOMERY. Mr. Chairman, I have one other question. The subcommittee chairman on the military construction is in the Chamber, and I noticed for the last 2 weeks that the military construction bill has been listed on the whip notice, and it is not on it at this time.

After we get rid of the rule on the appropriations for military and after we handle the conference report, does the leadership have any idea of bringing up that authorization on military construction?

Mr. WRIGHT. The leadership follows the general rule of not bringing a bill to the floor unless and until the manager of the bill or the chairman of the affected committee or subcommittee is ready to bring it. We think that is a courtesy that we owe to the chairman of the committee.

Perhaps the gentleman from California [Mr. Dellums], who occupies that role, might be able to address himself to this subject.

Mr. LOTT. Mr. Chairman, I am glad to yield to the gentleman from California [Mr. Dellums] if he can provide us that information concerning the schedule for the military construction bill.

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

I simply say to the majority leader that it is the desire of the leadership of the Armed Services Committee that the military construction authorization bill for fiscal year 1986 come up as rapidly as possible once the conference report gets resolved.

So I would say to the leadership that once we have resolved the matter of the rule and once we have voted upon the conference report dealing with the full authorization bill, the Subcommittee on Military Facilities and Installations is prepared to schedule the military construction authorization bill for fiscal year 1986.

Mr. LOTT. I realize our time has about expired. I do have just one more question about the schedule.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. Lott] has expired.

(By unanimous consent, Mr. Lott was allowed to proceed for an additional 30 seconds.)

Mr. LOTT. Mr. Chairman, I have asked for this additional time so we can understand the schedule and Members are very much interested in what might be the timeframe in which that bill might come to the floor.

Mr. WRIGHT. The Superfund bill is involved with the bill out of the Ways and Means Committee to reconcile and that bill contains some provisions to provide additional revenues for the Superfund for the cleanup of toxic wastes.

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Now, the authorization bill probably will be before us in a couple weeks.

Mr. LOTT. We have one more question, and I would be glad to yield to the gentleman from Kentucky with regard to the tobacco tax that might expire next week.

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

If the majority leader would accommodate me in answering a question for clarification, it is my understanding that there are 17 States that will enact State tax increases of 8 cents if in fact our cigarette tax reverts back to 8 cents as of midnight Monday.

Now, of those, I say to the distinguished majority leader, it is my understanding that 10 of those States will not drop this provision once it is enacted, so it would appear to me that because of the lack of action of this Congress, we are forcing this tax on 10 States by our lack of doing something here.

Can we pass a sense of Congress of what our intentions are as a signal to these people, or how do we intend to communicate with these 10 States and inform them that people who buy cigarettes there are going to have to pay an additional tax?

Mr. WRIGHT. Well, if the gentleman will yield, I do not know the precise provisions in the State statutes, but if they are as I understand them to be, a sense-of-the-Congress resolution would not forestall the effectuation of that tax. There are other States which without any particular encouragement from Congress have seen fit to enact such contingency legislation to try to take up the slack and latch on to those taxes if the Federal Government lets loose of them permanently, with a provision, as the gentleman is aware, that their State tax would expire, assuming that the Federal Government did reinstitute the tax, in which case it all goes up in smoke, if the gentleman will forgive the expression.

Mr. LOTT. Well, I think now we should terminate this discussion on the schedule, but if the Chairman could give us any additional information of any stop-gap action that might take place, I would be glad to yield to the gentleman on that particular question.

Mr. WRIGHT. I do not know of any stop-gap action that is planned.

Mr. LOTT. Well, I am sure we will be working on that particular point for the rest of the day and Monday and Tuesday.

AMENDMENT OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Bereuter: Title II, on page 36, line 25 strike out "two hundred million" and insert in lieu thereof "three hundred and fifty million".

Mr. BEREUTER. Mr. Chairman, I ask unanimous consent that the number "three hundred and fifty million" be reduced to "two hundred and fifty million".

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska [Mr. Bereuter] to modify his amendment?

There was no objection.

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The amendment, as modified, reads as follows: Title II, on page 36, line 25 strike out "two hundred million" and insert in lieu thereof "two hundred and fifty million".

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

Mr. BEREUTER. Mr. Chairman, I yield to the Chairman of the subcommittee, the gentleman from California [Mr. Coelho].

Mr. COELHO. Mr. Chairman, I would like the gentleman to know that we appreciate very much that he brings up this amendment. In our discussions with subcommittee members, we have no objection to the amendment. We accept it as amended.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman for that statement.

I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I also concur. I have no objection to my knowledge on this side.

I would additionally like to point out that since the original proposal was added to the bill to assist in the beef producers and others to be able to adjust to what might occur under the dairy bill, we have also added a whole-herd buy-out which will give the Secretary the discretion as to when to phase in the meat out of the market, which should also greatly reduce any concerns that the beef producers and others might have. Certainly this with the addition of the gentleman's amendment ought to remove most if any concerns they have left.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman for his statement.

In conclusion, I would just say that I believe this is a move in the direction of fairness. I very much appreciate the committee's work on it.

During fiscal year 1984, the USDA purchased 220 million pounds for food nutrition programs and for the school lunch program. The move to 250 million pounds is within the budget constraints and I believe it is within the range of the expected loss to the red meat industry of somewhere between 242 and 267 million pounds.

Mr. Chairman, I offer this amendment today in the interest of fair treatment for ranchers and livestock feeders of this country who will be impacted by this dairy bill.

I would point out to my colleagues that the cattle industry is the last bastion of free market agriculture that we have left in this country. This farm bill seems to have something in it for every farm program from eggs to watermelons, but I would point out that there is very little in this bill for the livestock industry. The one item that they have requested is the \$1 checkoff for a beef promotion program, but this is a program which the livestock producers are paying themselves -- not the consumers or the taxpayers.

The other major provision of this bill which has an impact on the livestock industry is, of course, the provision in the dairy bill for a dairy diversion/whole-herd buyout.

I recognize that the committee has attempted to address the problems that are created for cattlemen if a large number of dairy cattle are sent to slaughter. The committee has included in the bill a provision to require the Federal Government to purchase up to \$200 million pounds of red meat in the event of diversion. While I think this is certainly a correct and necessary approach, I have reservations that such amount is adequate to offset the negative market impact that a diversion will have on the livestock industry.

By my own estimates, if the total number of dairy cows are culled -- 770,000 -- this would cause more than 250 million pounds of meat to hit the market. Actually during fiscal year 1984, the USDA purchased 220 million pounds for

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the school lunch and other nutritional programs, excluding the purchases by the Defense Department. I understand that my amendment to increase the purchase of red meat by 50 million pounds is within the budget constraints.

But beyond actual displacement in the marketplace, there is also the psychological impact that a diversion/whole-herd buyout will have on the market price of beef.

In 1983, when we passed the last dairy bill with a diversion there was an immediate psychological impact on livestock market prices. Within 1 month, market prices for beef cattle dropped between \$8 to \$10 per hundredweight. This drop occurred not because we immediately had thousands of dairy cows coming to the market. It dropped for psychological reasons, people anticipated a large number of dairy cows being culled. After a few months, everyone realized that participation in the diversion was not as high as originally anticipated and the market price for beef producers eventually increased. However, the damage had already been done.

In the fall of 1983, the dairy bill, coupled with the impact of the PIK Program, provided a double whammy which devastated many of the ranchers and livestock feeders in my State and across the Nations. Many of these producers did not survive these programs and have since gone out of business.

Today, we are on the verge of recreating this scenario all over again, 2 years ago, cattle prices fell from almost \$70/cwt to below \$60/cwt. Today, prices for steers on the Omaha market are hovering close to \$50/cwt., when just a year ago they were close to \$65/cwt. My cattle feeders are losing nearly \$150/head on the cattle they send to market.

All through this debate on the farm bill we will hear grim stories and statistics about how different sectors of agriculture are going through difficult economic times. But I can assure you that no sector of agriculture is having a more difficult time than the ranchers and cattlemen in this country.

For my State of Nebraska, the economic problems of the cattle industry are compounding the economic difficulties we are facing in Nebraska because receipts from the sale of cattle account for over one-half of all agricultural receipts. While wheat, corn, soybeans and yes, dairy are important to my State, there is no question that cattle still reign supreme in Nebraska and many other States.

During the past 6 months my office has been visited by producers from every imaginable sector of agriculture asking, if not demanding, that certain programs and prices be included in this bill. But the cattlemen have not asked for one thing in this bill which would cost the consumer or the taxpayer one dime.

The increase that I ask for in this dairy bill is not an unreasonable request for an industry that provides so much, yet asks for so little. It is fair if the issue of a diversion was not before us, we would not need to address the red meat issue. But the diversion is before us, and all that I ask is that America's cattlemen be reasonably insulated from the negative impact that a diversion will create for them.

The CHAIRMAN. The question is on the amendment, as modified, offered by the gentleman from Nebraska [Mr. Bereuter].

The amendment, as modified, was agreed to.

Mr. DORGAN of North Dakota. Mr. Chairman, putting together a farm bill under the current circumstances was not easy. On one hand, we have a seriously depressed farm economy. My own State of North Dakota has lost over 4,000 farms since 1980. On the other, we are looking at a bumper harvest of grain, which will, ironically, further depress prices. The situation is the same in the dairy industry. Dairy farmers are going broke at the same time we have dairy surpluses.

Congress recognizes that the dairy situation needed corrective action 2 years ago. We passed a dairy diversion program which assessed farmers 50 cents a hundredweight in order to fund a diversion program. That diversion

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program paid milk producers who reduced their production.

While the program was in existence for only 15 months, hardly a fair test of its effectiveness, there were encouraging results. The Government bought far less surplus cheese, butter and powdered milk under the program -- 8.6 billion pounds -- than it had in the previous year without the program -- when it purchased 16.6 billion pounds.

The dairy unity bill we are considering today, as reported by the Agriculture Committee, is in many ways an extension of that diversion program. It is a carefully balanced proposal which gives our milk producers a fair chance at survival until current economic circumstances moderate.

The bill also takes note of the concerns of cattlemen over any diversion program, by providing that the Secretary of Agriculture purchase an additional 200 million pounds of red meat during the diversion program. In addition, the bill limits the number of cows that can be slaughtered during certain times.

I believe the dairy title as reported by the Agriculture Committee, while not a perfect bill, merits passage. I urge my colleagues to support it.

Mr. GALLO. Mr. Chairman, as we take up consideration of the 1985 farm bill, I would like to bring to the attention of my distinguished colleagues some concerns I have regarding title VIII of the legislation which determines the structure of the peanut price support and marketing quota programs.

As presently formulated, title VIII leaves intact the unjust two-tier price system and marketing quotas outlined in the 1981 farm bill. The two-tier price program is a system providing for a higher support price for "quota" peanuts -- edible peanuts sold for the domestic market -- \$560 per ton -- and a lower price support for "additional" peanuts used for export, feed, meal, or oil products -- \$185 per ton. Only farmers who hold the rights to poundage quotas are allowed to produce edible peanuts for American consumption. Thus, farmers who are interested in growing peanuts for the U.S. edible market are prohibited from doing so unless they were enfranchised with the right during the peanut program's infancy in the 1930's or have procured the right from the original owner at great expense.

In 1977, Congress, in an attempt to reduce budget outlays caused by peanut surpluses, began restricting the amount of peanuts to be sold in the United States. An artificial shortage now exists due to the fact that since 1975, the domestic quota peanut supply has been cut over 40 percent. Therefore, the market price for quota nuts used for peanut butter and other edible products in the United States is guaranteed at an excessive level. This results in artificially high peanut and peanut product prices for American consumers. In 1984, the price support level for quota peanuts was 27.5 cents per pound. Yet, research conducted by USDA analysts concluded that the actual cost of production to the farmer was 12 to 15 cents per pound.

The Department of Agriculture estimates that the current peanut program adds an additional 13 percent to the cost of every jar of peanut butter. It is my belief, Mr. Speaker, that our lower income citizens, who spend a greater portion of their disposable income on food, should not bear the cost of this unwarranted subsidy to the small segment of farmers taking advantage of this program.

With these points in mind, I rise today in support of an amendment to be offered by my distinguished colleague Congressman Stan Lundine. If adopted, the Lundine proposal, which has the strong support of President Reagan, would remove the artificial distinction between quota and additional peanuts. The Secretary of Agriculture would be required to establish one-level price support that would apply to all peanuts produced in the United States. In establishing this level, the Secretary would be required to take into consideration such factors as cost of production and world market prices, as well as supply and demand for peanuts.

You will recall that Congressman Lundine offered a similar proposal to terminate the peanut program during consideration of the 1981 farm bill. His proposal passed the House 250 to 159. Although the Senate defeated similar language proposed by Senator Lugar by four votes, I have reason to believe that our colleagues in the Senate will be

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more receptive during their consideration of the 1985 farm bill.

With Congressman Lundine's continued perseverance and leadership on this issue, we now have another opportunity to end this unfair, outdated and costly approach to peanut farming in America. I hope my colleagues will join me and take advantage of this chance to stop a price system that hinders productivity, inflates prices and protects a small segment of the farming community at the expense of other farmers and the consuming public.

Ms. OAKAR. Mr. Chairman, the farm bill that we are considering today is one of the most important pieces of legislation before this House in many years. Every American has a stake in the outcome of this bill, as well as hundreds of millions of people throughout the world. As an urban representative, I am fully aware of the importance of this bill to my constituents who want to continue to enjoy abundant and affordable food.

By many standards, American agriculture is an incredible success story. High-quality food is available in every corner of our land. American grain feeds starving masses in Africa and constitutes the margin between hunger and sufficiency in the Soviet Union. At a time of disastrous trade imbalances for our Nation, agricultural exports show a wide surplus over imports.

Despite this impressive record, American agriculture faces its most desperate moments since the Great Depression. Net farm income, that peaked at more than \$30 billion in 1981, has fallen to half that level in just 5 years. In that time, 200,000 American farmers have gone out of business. Aggregate farm debt exceeds \$200 billion. For the first time since the Depression, land values have been falling for 4 straight years. The social impact has been profound. Emotional problems abound in our farming communities. Tragically, suicides are on a sharp upswing. Families are displaced and entire communities are shut down.

This alarming situation has to concern all of us. The human dimensions of this tragedy require prompt and compassionate action on the part of all Americans. There are also profound economic considerations that are of great concern to all of us, not the least my own urban constituents in the industrialized areas of northeast Ohio. Just as we are consumers of agricultural commodities, rural America has been a major customer of the durable goods manufactured in our industrial heartland.

The chairman and members of the Agriculture Committee are to be commended for their efforts in listening to people from every State in America and for crafting a complex bill. The committee rejected suggestions that our farmers be thrown to the mercy of marketplace, where they would be forced to compete with subsidized food products from other countries. The bill promotes price stability, recognizing that cheap prices one year, can lead to ruinous prices for the consumer the next. History has demonstrated that wild rollercoaster prices exact a heavy social as well as economic cost.

A vital consideration in developing farm policy is the nature of our farming sector. The American family farm has contributed bedrock values for our Nation that must be preserved. These values are preserved by helping the family farm survive. The huge corporate farm might very well provide our society with food, but we dare not depend on it exclusively for our agricultural needs. If we lose the family farm, America loses a large part of its soul.

Mr. HALL of Ohio. Mr. Chairman, I rise in support of the Food Security Act of 1985 (H.R. 2100). This bipartisan legislation addresses many of the concerns of American farmers including mounting farm debt, reductions in farm income, and market disincentives due to unfair foreign subsidies while also staying within this year's budget resolution. Certainly, the committee should be commended for achieving these very important objectives.

As chairman of the international task force of the Select Committee on Hunger, I am particularly pleased with title XI section 1106 of this act which makes surplus agricultural commodities held by the Commodity Credit Corporation available for the first time for overseas food donation to hungry people in developing countries. This new program will provide approximately 1 million metric tons of grains and oilseeds in fiscal 1986 and 600,000 metric tons in fiscal 1987 to those countries experiencing severe food shortages, hunger and malnutrition. The new program will also make

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available approximately 150,000 metric tons of dairy products in both fiscal years 1986 and 1987 for overseas donation.

By making this level of agricultural commodities available for overseas food assistance, we will help save thousands of people's lives who are suffering from famine in sub-Saharan Africa and also help to avert such disasters from occurring in other developing countries experiencing hunger and malnutrition. In addition, this new program will also help increase farm income by reducing the cumbersome oversupply of agricultural commodities held by the U.S. Government. While the committee faced enormous pressures to reduce spending, I am very pleased that the committee was able to authorize this new program.

In closing, I would like to note that this new program is clearly a bipartisan initiative brought about by the efforts of the members of the Select Committee on Hunger and the Committee on Agriculture. Mr. Speaker, working together, Chairman de la Garza, Agriculture Committee and Select Committee on Hunger members Representatives Panetta, Leland, Evans, Fazio, Morrison, Emerson, Madigan, and Roberts should be commended for their perseverance and diligent efforts to develop a program that would best utilize U.S. agricultural abundances to meet urgent humanitarian needs in developing countries around the world.

The CHAIRMAN. Are there other amendments to title II? If not, the Clerk will designate title III.

The text of title III is as follows:

TITLE III -- WOOL AND MOHAIR

EXTENSION OF PRICE SUPPORT PROGRAM

Sec. 301. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by --

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

(2) striking out "1985" in subsection (b) and inserting in lieu thereof "1990".

FOREIGN PROMOTION PROGRAMS

Sec. 302. The second sentence of section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) is amended by striking out "mohair or goats" and inserting in lieu thereof "wool, mohair, sheep, or goats".

The CHAIRMAN. Are there amendments to title III?

Mr. JEFFORDS. Mr. Chairman, I move to strike the last word.

I just want to indicate that as far as I know, there are no amendments on this side.

I yield to the gentleman from California [Mr. Coelho].

Mr. COELHO. Mr. Chairman, we have no amendments on our side, either.

The CHAIRMAN. The Clerk will designate title IV.

The text of title IV is as follows:

TITLE IV -- WHEAT

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1990 CROPS OF WHEAT

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Sec. 401. Effective only for the 1986 through 1990 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following:

"Sec. 107D. Notwithstanding any other provision of law --

"(a)(1) For any crop of wheat for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of wheat as provided in this subsection.

"(2) Unless the Secretary, at the Secretary's discretion, makes available loans to producers under paragraph (3) for a crop of wheat, the Secretary shall make available to producers on each farm loans and purchases for each of the 1986 through 1990 crops of wheat for an amount of wheat of such crop produced on the farm equal to the acreage on the farm planted to wheat for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the five marketing years for such crops of wheat, beginning with the marketing year for the 1986 crop, at such level per bushel -- not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period -- as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined prior to any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of wheat received by producers in the previous marketing year (including the marketing year for the 1985 crop of wheat) was not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, or (B) that the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the level of loans and purchases for wheat for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(3)(A) The Secretary may make available recourse loans to producers during each of the five marketing years for wheat, beginning with the marketing year for the 1986 crop, at such level per bushel -- not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period -- as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.

"(B) A producer may repay a loan made under subparagraph (A) at a level, per bushel, that is the lesser of --

"(i) the original loan level; or

"(ii) at any time through the maturity date of the loan that the producer redeems the wheat under loan --

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"(I) the then current State monthly weighted average market price (per bushel) for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price (per bushel) for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of wheat for which a national marketing certificate program is not in effect under title V in an amount computed as provided in this paragraph. Payments for any crop of wheat shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever an acreage limitation program is in effect for a crop of wheat, if producers on a farm devote a portion of the farm's permitted wheat acreage (as determined under subsection (e)(2)) equal to more than 5 per centum of the farm's wheat crop acreage base for the crop to conservation uses or nonprogram crops, such portion of the wheat permitted acreage in excess of 5 per centum of the base devoted to conservation uses or nonprogram crops shall be considered as part of the farm's wheat program acreage and the producers shall be eligible for payments under this paragraph on such acreage, subject to the producers' compliance with the next sentence. To be eligible for payments under the preceding sentence, the producers on the farm must actually plant wheat for harvest on at least 50 per centum of the farm's wheat crop acreage base. The farm's wheat crop acreage base and wheat program yield shall not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for a crop of wheat shall be the amount by which the established price for the crop of wheat (less 13 cents per bushel if the Secretary establishes a wheat export certificate program for the crop under section 107F(a)) exceeds the higher of --

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

"(ii) the loan level determined under subsection (a), prior to any adjustment made under the fourth sentence in subsection (a)(2) for the marketing year for such crop of wheat.

"(C) The established price for the 1986 and 1987 crops of wheat shall be \$4.38 per bushel, and for each of the 1988, 1989, and 1990 crops of wheat shall be a price determined by the Secretary that is not less than 110 per centum nor more than 125 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the marketing years for the immediately preceding five crops, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period. The established price for a crop of wheat may not be established under the foregoing formula at a level that is less than 95 per centum of the established price for the preceding crop of wheat, nor may the Secretary set the established price for the 1988, 1989, and 1990 crop of wheat at a level less than the level for the preceding crop of wheat unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the costs of production for such crop of wheat for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of wheat for all producers. The simple average market price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(D)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and

purchases for wheat in accordance with the fourth sentence of subsection (a)(2), the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of wheat under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of wheat, received by farmers during the marketing year for such crop, as determined by the Secretary.

"(iii) Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The total quantity of wheat on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for wheat established by the Secretary for such crop times a payment rate equal to 33 1/3 per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for wheat established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that --

"(i) as a result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of wheat. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that for the 1986 crop, the proclamation shall be made as soon as practicable after the date of the enactment of the Food Security Act of 1985. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the wheat program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

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

"(C) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to wheat for harvest from the wheat crop acreage base established for the farm for the crop under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to wheat for harvest is less than the wheat crop acreage base established for the farm for the crop under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

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

"(e)(1) Notwithstanding any other provision of law --

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of wheat either a program under which the acreage planted to wheat would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any wheat acreage limitation program or set-aside program under this subsection not later than July 1 prior to the calendar year in which the crop is harvested, and the Secretary may make appropriate adjustments in such announcement for the wheat acreage limitation program or the set-aside program not later than July 31 prior to the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement. Notwithstanding the preceding sentence, the Secretary shall announce the wheat acreage limitation program for the 1986 crop under subparagraph (B) as soon as practicable after the date of the enactment of the Food

Security Act of 1985.

"(B)(i) For the 1986 crop of wheat the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by a total of 30 per centum, except that, for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by 20 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1990 crops of wheat, if the Secretary estimates, not later than July 1 of the year prior to the calendar year in which the crop is harvested, that the quantity of wheat on hand in the United States on the first day of the marketing year for that crop (not including any quantity of wheat of that crop) will exceed 800,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 20 per centum of the wheat crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If a wheat acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm. Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. Wheat crop acreage bases for each crop of wheat shall be determined under title VI. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to wheat by (B) the number of acres authorized to be planted to wheat under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments for wheat authorized by this Act, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The

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Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. In determining the amount of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(B) Notwithstanding the foregoing provisions of this paragraph, the Secretary shall implement a land diversion program for the 1986 crop of wheat as provided in subsection (e)(1)(B)(i) (for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop) under which the Secretary shall make crop retirement and conservation payments to any such producer of the 1986 crop of wheat whose acreage on the farm planted to wheat for harvest is reduced so that it does not exceed the wheat acreage base for the farm less an amount equivalent to 10 per centum of the wheat acreage base in addition to the reduction required under paragraph (2), and the producer devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the wheat acreage base under this paragraph. Payments under the preceding sentence shall be made in an amount computed by multiplying (i) the diversion payment rate by (ii) the acreage diverted under this paragraph by (iii) the farm program yield for the crop. The diversion payment rate shall be \$2.00 per bushel.

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

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

"(8) Notwithstanding the foregoing provisions of this subsection, in carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production

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targets.

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

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

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

"(i) The provision of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

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

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), but may be required if a set-aside program is established under subsection (e)(3)."

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949

Sec. 402. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1990 crops of wheat.

The CHAIRMAN. Are there amendments to title IV?

Mr. COELHO. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. McHugh) having assumed the chair, Mr. Bonior of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers and abundance of food and fiber at reasonable prices, and for other purposes, had come to no resolution thereon.

ROLL:

[Roll No. 320]

AYES -- 36

Atkins
Daschle

Bates
Dorgan (ND)

Bedell
Downey

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Early	English	Gejdenson
Gunderson	Hall (OH)	Kastenmeier
Klecza	Lowry (WA)	Lundine
Markey	Moody	Mrazek
Nowak	Oberstar	Obey
Owens	Penny	Petri
Roth	Sabo	Schroeder
Schumer	Sensenbrenner	Sikorski
Stangeland	Towns	Vento
Volkmer	Weber	Williams

NOES -- 351

Ackerman	Akaka	Alexander
Andrews	Annunzio	Anthony
Applegate	Archer	Armey
AuCoin	Barnard	Barnes
Bartlett	Barton	Bateman
Bennett	Bentley	Bereuter
Berman	Bilirakis	Bliley
Boehlert	Boggs	Boner (TN)
Bonior (MI)	Bonker	Borski
Bosco	Boucher	Boulter
Breaux	Brooks	Brown (CA)
Brown (CO)	Broyhill	Bruce
Bryant	Burton (IN)	Bustamante
Byron	Callahan	Campbell
Carney	Carper	Carr
Chandler	Chapman	Chappell
Chappie	Cheney	Clay
Clinger	Coats	Cobey
Coble	Coelho	Coleman (MO)
Coleman (TX)	Collins	Combest
Conte	Cooper	Coughlin
Craig	Daniel	Dannemeyer
Darden	Daub	Davis
de la Garza	DeLay	Dellums
Derrick	DeWine	Dickinson

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Dicks	Dingell	DioGuardi
Dixon	Donnelly	Dornan (CA)
Dowdy	Dreier	Duncan
Durbin	Dwyer	Dymally
Dyson	Eckart (OH)	Eckert (NY)
Edgar	Edwards (CA)	Edwards (OK)
Emerson	Erdreich	Evans (IA)
Evans (IL)	Fascell	Fawell
Fazio	Feighan	Fiedler
Fields	Fish	Flippo
Foglietta	Foley	Ford (MI)
Ford (TN)	Fowler	Franklin
Frenzel	Frost	Fuqua
Gallo	Garcia	Gaydos
Gekas	Gephardt	Gibbons
Gingrich	Glickman	Gonzalez
Goodling	Gordon	Gradison
Gray (IL)	Green	Gregg
Grotberg	Guarini	Hall, Ralph
Hamilton	Hammerschmidt	Hartnett
Hatcher	Hawkins	Hayes
Hefner	Heftel	Hendon
Henry	Hertel	Hiler
Hillis	Hopkins	Horton
Hoyer	Hubbard	Huckaby
Hughes	Hunter	Hutto
Ireland	Jacobs	Jeffords
Jenkins	Johnson	Jones (NC)
Jones (OK)	Jones (TN)	Kanjorski
Kaptur	Kasich	Kemp
Kennelly	Kildee	Kindness
Kolbe	Kolter	Kostmayer
Kramer	LaFalce	Lagomarsino
Latta	Leach (IA)	Leath (TX)
Lehman (FL)	Leland	Levin (MI)
Levine (CA)	Lewis (CA)	Lewis (FL)
Lightfoot	Lipinski	Livingston
Lloyd	Loeffler	Long

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Lott	Lowery (CA)	Lujan
Luken	Lungren	Mack
MacKay	Madigan	Manton
Marlenee	Martin (IL)	Martin (NY)
Martinez	Matsui	Mazzoli
McCain	McCandless	McCloskey
McCollum	McCurdy	McDade
McEwen	McGrath	McHugh
McKernan	McKinney	McMillan
Meyers	Mica	Michel
Mikulski	Miller (OH)	Miller (WA)
Mineta	Mitchell	Molinari
Mollohan	Monson	Montgomery
Moore	Moorhead	Morrison (CT)
Morrison (WA)	Murphy	Murtha
Myers	Natcher	Neal
Nelson	Nichols	Nielson
O'Brien	Oakar	Olin
Ortiz	Oxley	Packard
Panetta	Parris	Pashayan
Pease	Perkins	Pickle
Porter	Pursell	Quillen
Rahall	Rangel	Ray
Regula	Reid	Richardson
Ridge	Rinaldo	Ritter
Roberts	Robinson	Rodino
Roe	Roemer	Rose
Rostenkowski	Roukema	Rowland (CT)
Rowland (GA)	Russo	Savage
Saxton	Schaefer	Scheuer
Schneider	Schuette	Schulze
Sharp	Shelby	Shumway
Shuster	Siljander	Sisisky
Skeen	Skelton	Slattery
Slaughter	Smith (IA)	Smith (NE)
Smith (NH)	Smith (NJ)	Snowe
Snyder	Solomon	Spence
Spratt	Staggers	Stallings

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Stark	Stenholm	Stokes
Strang	Stratton	Stump
Sundquist	Sweeney	Swift
Swindall	Synar	Tallon
Tauke	Tauzin	Taylor
Thomas (CA)	Thomas (GA)	Torres
Toricelli	Traficant	Traxler
Valentine	Vander Jagt	Visclosky
Vucanovich	Walgren	Walker
Watkins	Waxman	Weiss
Wheat	Whitehurst	Whitley
Whittaker	Whitten	Wilson
Wise	Wolf	Wolpe
Wortley	Wright	Wyden
Yates	Yatron	Young (AK)
Young (FL)	Young (MO)	Zschau

NOT VOTING -- 47

Addabbo	Anderson	Aspin
Badham	Beilenson	Bevill
Biaggi	Boland	Boxer
Broomfield	Burton (CA)	Conyers
Courter	Coyne	Crane
Crockett	Florio	Frank
Gilman	Gray (PA)	Hansen
Holt	Howard	Hyde
Lantos	Lehman (CA)	Lent
Mavroules	Miller (CA)	Moakley
Pepper	Price	Rogers
Roybal	Rudd	Seiberling
Shaw	Smith (FL)	Smith, Denny
Smith, Robert	Solarz	St Germain
Studds	Udall	Weaver
Wirth	Wylie	

SUBJECT: AGRICULTURAL MARKETING (89%); DAIRY PRODUCTS (79%); DAIRY INDUSTRY (79%); FOOD PRICES (59%); AGRICULTURAL INCOME (59%); AGRICULTURAL SUBSIDIES (59%); AGRICULTURAL PRICES (59%); FARMERS & RANCHERS (59%); TARIFFS &

DUTIES (59%); AGRICULTURE (59%); LEGISLATION (59%); DAIRY FARMING (59%); AGRICULTURAL LAW (59%); AMINO ACIDS PEPTIDES & PROTEINS (59%); LEGISLATORS (59%); IMPORT TRADE (59%); COMMODITIES TRADING (59%);