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TITLE: FOOD SECURITY ACT OF 1985 -- CONFERENCE REPORT

SPEAKER: Mr. BODE; Mr. BOSCHWITZ; Mr. COCHRAN; Mr. De la GARZA; Mr. EMERSON; Mr. EXON; Mr. FOLEY; Mr. HEFLIN; Mr. HELMS; Mr. MATSUNAGA; Mr. MELCHER; Mr. PANETTA; Mr. PRYOR; Mr. STENNIS; Mr. ZORINSKY

TEXT: Mr. HELMS. Mr. President, there is a conference report at the desk to accompany H.R. 2100, the farm bill, and I ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing vote of the two Houses on the amendments of the Senate to the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes; having met, after full and free conference, have agreed to recommend and do recommend to their repective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Carolina?

There being no objection, the Senate proceeded to consider the conference report.

(The conference report is printed in the House proceedings of the Record of December 17, 1985.)

Mr. HELMS. Mr. President, after an entire year of work, 26 days of hearings, 38 days of markup, 12 days of floor debate, and 8 marathon conference sessions, the conference report on the 1985 farm bill is before us.

Mr. President, I have reflected upon this past year. I recall, right after the November elections, it became clear that I would again have the duty as chairman of the Senate Agriculture Committee to oversee the drafting of a farm bill, and it was at that time that I stated my conviction that it was time for a change in farm policy. I recall saying over and over again that what American agriculture needs most is a course toward market orientation that would restore competitiveness to U.S. agriculture.

Mr. President, I think that this farm bill, entitled the Food Security Act of 1985, is the beginning of a transition to market oriented farm policy.

Now, in all honesty, the bill is not exactly what I would want if I had the right and authority to prepare a bill precisely to my specifications, but it is a good bill.

There are many important reforms in this bill, but the most important aspect is that this bill will restore the United States as a strong competitor in world markets and thereby increase exports of U.S. farm commodities. No longer will our Nation encourage farmers to produce commodities just to be sold to the Government for storage. U.S. agriculture will now head back to the free market concept which should never have been abandoned in the first place.

This 5-year bill reduces loan rates for wheat, feed grains, cotton, and rice, sets target prices for those program commodities, reauthorizes other commodity programs, extends and expands export programs of the U.S. Department of Agriculture, contains strong, new soil conservation provisions and improves the effectiveness of the credit programs of the Farmers Home Administration.

This bill, as approved by the conference, is the beginning of a slow, but decisive, transition to market oriented farm policy. The significance of the 1985 farm bill is that Congress has begun the process of correcting the failures of past farm policies. A new era of hope is in store for American farmers.

Passage of this legislation marks the starting point for the return of the American farmer as a strong competitor in world markets. By allowing for reductions in the basic price support mechanisms and giving the Secretary of Agriculture authority to make additional reductions when competitive conditions warrant, Congress has made a commitment to a vigorous export policy for U.S. agriculture.

The legislation sends a clear and unmistakable message to countries which have been using export subsidies to unfairly increase their share of world markets: the American farmer is back as the major competitor in world markets.

The loan rate reductions in the bill are supplemented by a strong export title which expands current export programs and creates new tools for the Secretary of Agriculture to use to promote U.S. exports.

At the same time, farm income protection will be maintained at record levels in order to assist farmers financially during the transition to market-oriented pricing of their products.

In all candor, the bill is not without its flaws. Anybody who has examined it or who has watched the process this year as this bill took shape realizes that the target prices are still set at high levels, and in a way that directs billions of dollars in taxpayer subsidies to support the income of the largest and wealthiest farmers. In a time of massive budget deficits and the need to reduce those deficits, this kind of policy just does not make sense. These high support levels will also induce large surplus production, which can only delay for several years longer a solid recovery in the farm economy.

Equally in candor, Mr. President, the cost of the bill is also very high -- well over the congressional budget resolution and slightly higher than the $50 billion the President has indicated would be acceptable for the farm program portions. The cost of the Commodity Credit Corporation programs under the provisions of the bill are estimated to be about $52 billion in fiscal years 1986-88.

But, on the other hand, the bill makes historic reforms in conservation policy. It makes U.S. agriculture more efficient by protecting our soil and water resources and ensuring that the most productive land will be used, and not abused.

Important reforms are even made in the dairy program. The price supports will be reduced over the life of the bill, reducing Government costs, helping to balance supply and demand. I am extremely disappointed, though, at the imposition of a milk tax in the bill.

Despite the shortcomings I have described, the bottom line is that this bill makes many significant and effective reforms in farm policy. It signals the intention of Congress to make a decisive transition to market-oriented farm policy. At the same time, there are important reforms yet to be made. Congress must continue to try to reduce the cost of farm programs by devising a way to more effectively limit large subsidies to those producers least in need of assistance.

The bill is not perfect, but it does make many important farm policy reforms that must be enacted into law. To the best of my knowledge, Congress will be in session next year, and the following year, and it would be my hope that some of the policy problems not fixed in this piece of legislation could be addressed at that time.

But the fundamental reforms made in this bill are historic. It will put U.S. agriculture back on the road to competitiveness, and that achievement alone makes this a worthwhile bill. I urge my colleagues to support this conference report.

Mr. President, as much as I am pleased by many of the advancements that were made in farm policy, I am disappointed by the budget-busting increases that were adopted for the Food Stamp Program.

Let me say at the outset, neither the Senate position nor that taken by the Senate conferees was for reducing overall food stamp benefits. The Senate bill proposed to continue indexing of food stamp benefits, which automatically increases costs by over half a billion dollars annually. The sole benefit reduction proposed in the Senate bill was similar to one in the House bill; both Houses were in agreement about the need to provide greater consistency with the Aid to Families with Dependent Children Program [AFDC] in treatment of income under the Job Training Partnership Act, which would result in modest benefit reductions for certain households receiving such income. The only other significant spending reduction in the Senate bill is the proposal to tighten the administration of the program by requiring States to lower the rate of overpayments which presently takes place -- costing taxpayers over $900 million annually. The Senate bill proposed that States accept more responsibility for their mismanagement of food stamp spending.

However, it become obvious that the House conferees were insistent that food stamp spending be increased -- indeed, increased above and beyond cost-of-living increases. They wanted increased eligibility so that food stamp rolls could be increased beyond the 20 million people who receive monthly benefits currently. They wanted increased deductions and new deductions (used to calculate food stamp benefits) which will drive up overall food stamp spending.

Frankly, Mr. President, I could scarcely believe that such increases were being proposed less than a week after Congress took the seemingly important step of setting long-range objectives for deficit reduction by adoption of the Gramm-Rudman-Hollings balanced budget legislation. Instead, the net result of food stamp spending will be to add over $1 billion to the deficit over the next 5 years because of new food stamp spending. Thus, the deficit targets established by Gramm-Rudman-Hollings are $1 billion more difficult to achieve as a result of the irresponsible actions urged upon the conference by certain members.

The conferees not only ignored Gramm-Rudman-Hollings, they ignored this year's budget resolution -- so resolute was their desire to expand food stamp spending. If certain members are not going to enforce our present budgetary restraint, I cannot be too optimistic that they will abide by the future restraint that Gramm-Rudman-Hollings is supposed to bring.

Mr. Panetta, the distinguish chairman of the House Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, insisted that this year's budget resolution made room for the increases desired by the House. However, with all due respect such assertions are only partially accurate. While it is true that increased spending could be made for the Food Stamp Program, such increases could take place only to the extent that offsetting reductions are made -- according to the budget resolution.

I quoted to the conferees, unpersuasively I must report, from a letter from the Senate Budget Committee Chairman, Mr. Domenici, that makes this abundantly clear. I ask unanimous consent that the letter from Senator Domenici be printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,

Committee on the Budget,
Washington, DC, September 10, 1985.

Hon. Jesse Helms,
U.S. Senate,
Washington, D.C.

Dear Senator Helms: As the Agriculture Committee proceeds over the next several weeks to mark up legislation to reauthorize the food stamp and other nutrition programs, I thought that it would be useful to summarize for you what is assumed for food and nutrition programs in Senate Concurrent Resolution 32, the first concurrent resolution on the budget for fiscal year 1986.

The Senate-passed budget resolution assumed savings of $1.7 billion in budget authority and outlays, fiscal years 1986-88, for food and nutrition programs. The House-passed resolution assumed additional spending of $1.2 billion in budget authority and outlays, fiscal years 1986-88, for food and nutrition programs.

The conferees on the budget felt that additional spending for these programs was warranted only if the funding could be provided without damaging the overall deficit reduction effort. The conferees provided room in the budget to allow up to $1.2 billion in additional budget authority and outlays, fiscal years 1986-88, for programs under the authorizing jurisdiction of the Senate Agriculture Committee -- i.e., food stamps, child nutrition, special milk, and supplemental feeding for women, infants and children [WIC]. To prevent total Federal spending from rising due to this action, the budget conferees assumed additional savings of $1.2 billion in budget authority and outlays, fiscal years 1986-88, in programs under the spending jurisdiction of the Agriculture Subcommittee of the Senate Appropriations Committee.

SENATE CONCURRENT RESOLUTION 32 ASSUMPTIONS

[Dollars in millions; change to the baseline]

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

	Fiscal year --	
	1986	1987
Authorization:		
Agriculture Committee:		
Budget authority	+400	+400
Outlays	+400	+400
Appropriation:		
Agriculture		
Subcommittee:		
Budget authority	-400	-400

Outlays	-400	-400
Net budgetary effect:		
Budget authority	0	0
Outlays	0	0
	Fiscal year -- 1988	Total 1986-88
Authorization:		
Agriculture Committee:		
Budget authority	+400	+1,200
Outlays	+400	+1,200
Appropriation:		
Agriculture Subcommittee:		
Budget authority	-400	-1,200
Outlays	-400	-1,200
Net budgetary effect:		
Budget authority	0	0
Outlays	0	0

As your Committee determines how best to provide food and nutrition assistance, I hope that you will consider the strong feeling of the Senate conferees that any increase in funding for these programs be offset with equal savings in these or other income security programs. An economy that falters under the weight of massive federal deficits would be hard-pressed to provide assistance to the needy and hungry in America.

Sincerely,
Pete V. Domenici,
Chairman.

Mr. HELMS. Mr. President, unfortunately, the conferees did not heed the conditions which Senator Domenici and other budget conferees specified earlier this year. It should be noted that both the continuing resolution and the tentative conference report on the Agriculture appropriations Act do not contain reductions in spending to accommodate the increases pressed by the House. Our obligation, failing any offsetting reductions, was to abstain from increased food stamp spending, but I regret to say that is not what the farm bill conferees did in this area.

Instead of resisting increased spending, the conference report embraces it. Over $1.1 billion in increased food stamp spending will take place over the next 5 years -- over and above the $67.7 billion that is scheduled to be spent on the Food Stamp Program.

The following table outlines the spending contained in the conference report for the Food Stamp Program and the nutrition assistance block grant for Puerto Rico.

ESTIMATED COSTS OF FOOD STAMP AND NUTRITION ASSISTANCE FOR PUERTO RICO PROVISIONS, AS ADOPTED BY THE HOUSE-SENATE CONFERENCE

[By fiscal year, in millions of dollars] n1

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

	1986	1987
BUDGET RESOLUTION BASELINE		
Food stamps: Estimated budget authority	11,804	12,339
SPENDING CHANGES UNDER CONFERENCE REPORT		
Expand definition of disability	1	1
Count JTPA earnings as income	-17	-27
Deduct self-employment losses of farmers	1	2
Increase earned income deduction to 20 percent n2	20	51
Separate and raise caps on shelter and dependent care deductions n2	21	53
Increase resource limitations n2	22	77
Provide information at Social Security offices	0	1
Speed up sanction collections	0	-42
Expand State ADP systems	0	1
Strengthen work requirements	4	4
Subtotal (food stamps only)	52	121
Nutrition assistance for Puerto Rico:		
Estimated budget authority (CBO Baseline) n3	863	902

Spending under conference report	825	853
CBO projection of spending change under conference report (Puerto Rico) n2	-38	-49
Total change from CBO baseline (food stamps and Puerto Rico) n3	14	72
Total change from administration baseline (Puerto Rico) n3	0	28
Total change (food stamps and Puerto Rico) using administration estimate for Puerto Rico n3	52	149
Total spending estimated budget authority (food stamps and Puerto Rico) (CBO)	12,681	13,313
	1988	1989
BUDGET RESOLUTION BASELINE		
Food stamps: Estimated budget authority	12,869	13,358
SPENDING CHANGES UNDER CONFERENCE REPORT		
Expand definition of disability	1	1
Count JTPA earnings as income	-27	-28
Deduct self-employment losses of farmers	2	2
Increase earned income deduction to 20	53	55

percent n2		
Separate and raise caps on shelter and dependent care deductions n2	56	59
Increase resource limitations n2	115	121
Provide information at Social Security offices	1	1
Speed up sanction collections	0	0
Expand State ADP systems	2	2
Strengthen work requirements	5	5
Subtotal (food stamps only)	208	218
Nutrition assistance for Puerto Rico:		
Estimated budget authority (CBO Baseline) n3	940	979
Spending under conference report	880	908
CBO projection of spending change under conference report (Puerto Rico) n2	-60	-71
Total change from CBO baseline (food stamps and Puerto Rico) n3	148	147
Total change from administration baseline (Puerto Rico) n3	55	83
Total change (food stamps and Puerto Rico) using administration	263	301

estimate for Puerto Rico n3		
Total spending estimated budget authority (food stamps and Puerto Rico) (CBO)	13,957	14,484
	1990	5-yr total
BUDGET RESOLUTION BASELINE		
Food stamps: Estimated budget authority	13,826	64,196
SPENDING CHANGES UNDER CONFERENCE REPORT		
Expand definition of disability	1	5
Count JTPA earnings as income	-28	-127
Deduct self-employment losses of farmers	2	9
Increase earned income deduction to 20 percent n2	58	237
Separate and raise caps on shelter and dependent care deductions n2	62	201
Increase resource limitations n2	126	461
Provide information at Social Security offices	1	4
Speed up sanction collections	0	-42
Expand State ADP systems	2	7
Strengthen work requirements	0	18
Subtotal (food stamps only)	224	823
Nutrition assistance		

for Puerto Rico:		
Estimated budget authority (CBO Baseline) n3	1,019	4,703
Spending under conference report	937	4,403
CBO projection of spending change under conference report (Puerto Rico) n2	-82	-300
Total change from CBO baseline (food stamps and Puerto Rico) n3	142	523
Total change from administration baseline (Puerto Rico) n3	112	278
Total change (food stamps and Puerto Rico) using administration estimate for Puerto Rico n3	336	1,101
Total spending estimated budget authority (food stamps and Puerto Rico) (CBO)	14,987	69,422

n1 Prepared by staff of the Committee on Agriculture, Nutrition, and Forestry, using budget figures from the CBO and administration.

n2 May 1, 1986, effective date.

n3 The CBO baseline (above) assumed indexation of the current grant in each year. The administration's baseline assumed continuation of the Puerto Rican grant at $825,000,000 annually.

The table demonstrates that food stamp spending will be increased $823 million over the next 5 years -- using estimates prepared by the Congressional Budget Office.

With regard to Puerto Rico, new spending of $278 million will take place during the next 5 years. However, this increase is actually attributed as being a "savings" by the Congressional Budget Office. Only in Washington can such budgetary gimmicks be accepted with a straight face. The Puerto Rico block grant is $825 million annually. The block grant was established by the 1981 reconciliation legislation (to be effective the following year) in order to reduce spending in Puerto Rico which at that time had the largest portion of the food stamp program (over 10 percent of the entire program) and the highest portion of the population on food stamps (over 50 percent of the population).

The Congressional Budget Office "assumed" (on its own) for purposes of preparing its "baseline" this year for future spending that the block grant would be indexed over the next several years -- resulting in increased spending of almost $600 million over 5 years. In effect, the CBO built into the baseline an assumed increase in spending.

Inasmuch as neither the administration nor the Senate bill provided for an increase in the Puerto Rico block grant, CBO "scored" the Senate bill with a "savings" -- for the fact that we did not increase Puerto Rico's spending.

The conference report proposes to "save" some money by increasing the Puerto Rico block grant less than CBO "assumed." In effect, an increase in spending (in fact) can be termed by the Congressional Budget Office as a reduction (according to their "scorekeeping"). The double irony is that the conferees decided that since they had "saved" some money by not increasing Puerto Rico as much as CBO had predicted, they might as well spend the "savings" by yet additional spending in other parts of the food stamp program.

The net result is that actual increased spending is $1.1 billion, but CBO "scores" the result as an increase of only $523 million.

Unfortunately, the $1.1 billion is the real effect -- on taxpayers on the deficit, and on the long-term ability to control Federal spending.

I regret to say that we are already seeing the first of what is likely to become countless ploys to evade the impact of the Gramm-Rudman-Hollings legislation. Two of the proposals for increased spending proposed in the House bill were advanced in the conference report from October 1, 1986, to May 1, 1986. The reason? To get the increases in quickly -- before the pressure from Gramm-Rudman-Hollings can come to bear -- and to build up next year's baseline so that attempts to restrain spending next year will be termed "cuts" in the food stamp program. Inevitably, these new increases will be targeted to be eliminated early next year. Proponents of high food stamp spending will charge that the program is being "cut," when, in actuality, such "reductions" would only restore the program spending to where it was before the conference report's binge.

MEANINGFUL NEW WORK PROGRAMS

Well, Mr. President, enough of the bad news. Let me at least report on the glimmer of a silver lining contained in the food stamp title. For the first time in the history of the Food Stamp Program, the conference report institutes a substantive work policy for able-bodied food stamp recipients. In addition to the optional workfare authority that already exists in the Food Stamp Act, the conference agreement requires States to institute meaningful work programs for able-bodied recipients. It is a program that is not a mere paper-shuffling exercise. Rather, the new work policy to be implemented nationally will allow States a great deal of flexibility in designing and operating programs to assist able-bodied members of food stamp households to gain skills, training, or work experience that will increase their ability to obtain regular employment.

One of the concerns we had on the Senate side was that this would be a paper tiger -- one that looked good on paper but had no real teeth to it. But from our negotiations with Mr. Emerson concerning the expected operation of the program, I believe we have come to an understanding as to what this program will do and how it will work. While the Emerson work program affords the States a great deal of latitude in designing their programs, the Secretary of Agriculture will have the final authority for approving or disapproving a State's plan based on its substance.

The Secretary will review a State's submitted plan of operation and judge whether the components of the proposal meet the program's goals. For example, in the area of exempting those required to register for work and being covered under the work requirements of this program, the Secretary shall review the categories and persons proposed to be exempted from these requirements. In deciding whether the State used prudent judgment, the Secretary will evaluate the rational basis on which a State proposes to exclude from the plan's coverage certain categories of persons. In other words, States should show a rational basis for exemption of persons from coverage under this program. Similarly, the Secretary's review shall include the components of the State's Employment and Training Program. Thus, the Secretary's review is of a substantive nature to ensure that the program components are meaningful and of value. It is important that the persons involved in the Emerson work program be engaged in job activity of substance.

In this way, Mr. President, we can be assured that we will have the appropriate kind of review and oversight that was envisioned and agreed to when the Emerson program was developed while preserving a State's flexibility in designing its plan of operation. I believe this aspect in and of itself is one of the better provisions in the Food Stamp Program's reauthorization. At this point, Mr. President, I would ask unanimous consent to insert into the Record a transcript of the conference concerning the Emerson work provision. I believe it is an enlightening discussion related to this most important aspect of the bill, and I believe it will further delineate what the conferees' understanding was when this provision was adopted. The discussion includes references to Mr. John Bode, the Assistant Secretary of Agriculture for Food and Consumer Services. I ask unanimous consent that the conference discussion be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Mr. Emerson. At the point we recessed we were on employment and training and Chairman De la Garza had suggested that the amendment that I was going to offer was indeed included in the proposal that was made and accepted, and I had said if we are referring to Document Number 1, Item 17 with a separate piece of paper marked Number 17 that then we were in agreement and no further action was necessary, and I would just like to get a clarification if that is, indeed, what we were talking about.

Mr. Foley. That was my understanding. * * * * *

Mr. Panetta. We agreed that the Emerson approach on the employment program is the one that we are accepting here.

Mr. Emerson. If I may say, the proposal that Senator Dole and Chairman Panetta and I, and I think Senator Helms' people, have all been in the loop on, and I thought we had it completely worked out.

We have made, in the course of the discussion, some concessions to the Senate position that we felt were acceptable.

Senator Dole. You liked this better do you not, John, than the Senate version?

Mr. Bode. Certainly not better than the Senate version, but in terms of getting something taken care of, it is preferrable to get it out.

The Chairman. Well, John, I guess what we are talking about is closing the loopholes that states may use to exempt practically everybody from the work requirement, is that right?

Mr. Bode. Yes, sir, as we understand this provision, the Secretary has authority ultimately on approval of the plan and that involves a substantive review to assure that the goals that states have a rational basis for excluding groups or categories of able-bodied people from the program and also a rational basis for the design of the types of activities that would be done in the program.

Mr. Panetta. I would move, just to get to the situation, I would move that the House recede on this element with the Emerson amendment on the work requirement which, as I understand, moves towards the Senate position.

Mr. Emerson. That is correct.

The Chairman. Before we accept, I still have to get somebody -- I do not know what --

Mr. Foley. Mr. Chairman, maybe just to put it over to your side for your consideration, maybe we ought to just, without objection, the House will recede with an amendment.

The Chairman. Very well.

John, you are going to have to walk me through this, you and Mr. Boney, perhaps. What is the difference between his proposal and the Senate's.

Mr. Bode. Well, under his proposal, it is very clear, first of all, that states have much broader discretion in the design of what employment activities, employment and training activities are done.

The states have broader discretion in deciding which portions of the able-bodied food stamp recipients, how many of them, are subject to entering into the program, but still ultimately the Secretary has authority on all of those factors in determining that whether in their accumulated program are substantial and in meeting the goals of the Act.

Finally, the Senate has specific percentages of the work registration population that has to be served, has to be served in this program. The House provision allows greater flexibility for phasing that in.

Mr. Panetta. I think this proposal adds a requirement if I am not mistaken on that.

Mr. Bode. Yes.

Mr. Panetta. Bill, do you want to indicate what that is?

Mr. Emerson. Our understanding is that the Secretary shall set minimum performance standards which shall vary according to such factors described by the Secretary including program characteristics and the types of programs chosen.

Such standards can vary from state to state and shall take into consideration the cost to states and the degree of participation by exempt persons. In addition, such standards will relate to those required to participate in an employment and training program and not either permanently or temporarily exempt.

Now, that is a compromise between the House and the Senate position. I mean, we have moved towards the Senate.

Mr. Panetta. We are mandating now that all states have to set up work programs, that the Secretary will have the discretion to determine how those programs are implemented and whether they are sufficient in terms of responding to that mandate.

And thirdly, we are recommending that the Secretary can establish flexibility on that mandate up to 50 percent.

Mr. Emerson. Yes, and the reason we want flexibility, frankly, is to bring more people into it. If we are more flexible, we think we are going to have more people participating; at least, based on evidence that we deduced from hearings that we had that is the case.

The Chairman. Does this exempt for 30 days any requirement for participation?

Mr. Bode. As I recall, Senator, it does not build in the 30 days specifically because there is greater discretion for the states to design it.

The Chairman. It lets the states drag their feet if they want to?

Mr. Bode. Well, to us, that has been the key point, Senator. If states, and that is why the Secretary ultimately having the authority to disapprove the plan if it does not meet the objectives was important, and we felt that was key in getting the issue resolved.

And that accommodation has been made so the Secretary can disapprove a plan if it is not substantial.

The Chairman. States may temporarily exempt additional persons an categories of persons based on participation of 30 days or less? That does not make sense.

Mr. Bode. From exemption.

The Chairman. But it is hash anyway you eat it. I do not know what the thing means.

Mr. Foley. Mr. Chairman, I gather what they are trying to do, and correct me if I am wrong, is not put somebody in a work program where there is the requirement of supervision and everything else if they are just going to be in the program for a couple of weeks or three weeks. I thinkit is a de minimis rule in terms of the administrative complications of the workforce program.

When you get long term or medium term food stamp recepients that have to be brought into it, but if there is a snow storm or something like that, and I do not know what the conditions were and people would be on a very temporary food stamp program of very short time, it would not be worth putting them in and out of the program, workfare program, just for mechanical reasons.

One other point, I guess. As I hear the Department saying, they feel a little better about these flexibility questions because the Secretary has authority to review all of them to decide if there is too much flexibility and too many loopholes, and it is his responsibility to decide whether this program works or does not, and if he decides it does not, he disapproves it.

Mr. Bode. Yes, sir, and we are supportive of states having a lot of flexibility in designing the concepts that states can --

Mr. Foley. So that you can look over what they do and decide whether it meets the objectives if the Secretary thinks they are reasonable in terms of the program objectives and in terms of the conditions as designed by the states, but the Secretary retains the final authority to say yes or no on the program.

Mr. Bode. Yes, sir.

The Chairman. Now, where did this come from?

Mr. De la Garza. Mr. Emerson's.

The Chairman. Now, this is not here so --

Well, that ought to meet your concerns fairly well.

Now, you are not going to sit on your hands and let the states get by with murder or continue to get by with murder, are you?

Mr. Bode. No, sir. I am sure I would be up here right away if I hear about it.

The Chairman. Well, do not come here. Go to the states with a baseball bat.

Mr. Bode. We will work very diligently with the states to assure that each state has a good substantial program.

The Chairman. We will want a report from you after this is implemented a little while. Okay. Without objection.

Mr. HELMS. Mr. President, the conference report adopted an amendment to provide explicit authority for the Secretary to approve or disapprove State requests to exempt food stamp recipients who have participated 30 days or less. However, as the foregoing conference discussion indicates, it is understood that the Secretary has ultimate authority to approve the overall structure of a State's employment and training program.

We wanted to make absolutely certain that States will not be able to evade the provision by trying to exempt virtually all of their recipients from it, or setting up meaningless paper exercises that pretend to be work efforts. We have seen meaningless work efforts before. It would be my hope that the Secretary will exercise keen oversight in encouraging States to begin innovative approaches. These approaches will be appreciated not only by the taxpayers but by many of the recipients who stand to benefit greatly from the new employment and training program. While we grant the Secretary the flexibility to delay the establishment of performance standards -- for up to 18 months -- I would hope that he would not delay, and that he would implement the program as soon as possible.

On another matter where the conferees grant the Secretary discretion to delay implementation, I would hope he would be equally reluctant. Both Houses passed provisions that require State and local governments to stop the practice of imposing food sales taxes on food stamp purchases. Currently over $100 million of the Food Stamp Program is funneled indirectly to State and local governments in about 17 States through these sales taxes now paid for with food stamp coupons.

The Senate bill provided that this practice should stop on October 1 of the year in which the next session of the legislature meets, following enactment of the farm bill. The conference report specifies the next regular session of the State legislature, and provides that the Secretary may grant waivers up until October 1, 1987, by which time all States must be in compliance. The waivers could be granted if the State can show, to the satisfaction of the Secretary, that implementation of the "no tax" policy would have an adverse and disruptive effect on the administration of the Food Stamp Program or would provide inadequate time for retail stores to implement changes in sales tax policy. In my judgment, the Secretary should not be left the discretion to waive such important changes in the law, and I would hope that he would be more wary of using the waiver authority. He should certainly notify States about the change in law, but the decision about how those affected States will comply with the law is one that ultimately rests with the Governors and legislators in those States, not with the Secretary.

Mr. President, there is an area of the bill that I would like to clarify for the record because it is a complex issue and I believe we need to be clear as to what we mean. The conference agreed to a 6-month moratorium on the collection of quality control sanctions while mandating a concurrent 1 year study of the quality control system. The moratorium is to be in effect for 6 months only and then the Federal Government shall resume its collection procedures. This is an important point because while the moratorium is to be in effect for only 6 months, the study is to run for a longer period.

The moratorium does not preclude the Secretary from establishing claims against States under the error rate sanction system during that period. Nor should the moratorium or the rulemaking cause the courts to suspend judicial reveiw of established claims at any time.

Section 1541 also requires that two studies of the quality control system be undertaken and that a rulemaking be performed based on those studies. Finally, any revisions in the qualtiy control sanction system that are made in that rulemaking will be implemented 2 years after enactment. Following implementation of any system changes, the Secretary shall make any adjustments in claims that have been asserted or collected for excessive error rates before implementation of the revised quality control procedure so those claims conform to what would have been claimed under the revised system, as best the Secretary, in his discretion can make such a determination.

The conferees do not intend for actual collections of sanction claims or administative or jucicial review of those claims to be effected in any manner by the required studies and rulemaking.

The Department must have an effective operational mechanism to enforce compliance and prudent management in the Food Stamp Program, and the quality control system is the best means by which this can be accomplished. Therefore, USDA shall promptly resume collection of the quality control sanctions after the 6-month moratorium and not be encumbered in its appropriate oversight responsibilities by waiting for the study to be completed and acted on.

I want to make it clear for the record that with regard to the section on retail food stores and wholesale food concerns that the sale of such an entity to a bona fide purchaser is to intend an arms length transaction and not simply a "fair market price" which the legal term "bona fide purchaser" usually connotes. What the conferees were intending to address was to prohibit the sham sale of stores by a program violator to someone other than a legitimate business interest. We are concerned with program violators trying to evade sanctions by setting up a sham sale. As such a bona fide purchaser is intended to reflect this fact, not just that the buyer paid the fair market price.

In the section related categorical eligibility of AFDC recipients for the Food Stamp Program, there was no intent to change the factors by which persons could not comply with the provisions of this act and still become eligible for Food Stamp Program benefits. Specifically, households that become ineligible due to failure to cooperate in providing information needed by State agencies to determine or review eligibility would not be considered categorically eligible, nor would households whose ineligibility is due to transferring assets in order to qualify. Such households would be covered by current regulations.

This is an important point, Mr. President, that I want to make sure is understood. We certainly do not want to have a situation where someone could refuse to cooperate and then receive food stamps, and I am sure that we conferees had no such intention.

The bill also specifically addresses in how State, local, or private educational benefits are counted as income. However, since almost all of such educational aid provides students with funds which may be used for living expenses connected with attending college, as the student determines appropriate, such educational aid even where spent on necessary books or supplies would not be excludable as a reimbursement from income. Where the student receives a fund of money to be used for all future educational expenses -- including living expenses such as food or rent -- each dollar is "provided for living expenses," although it may be used for necessary books, and is not excludable as a reimbursement. This same principle has been properly applied by the courts to Federal educational assistance. SHAFFER v. BLOCK, (Sixth Circuit 1983); BURKETT v. BLOCK (Sixth Circuit 1985); REICHLEY v. BLOCK (District Court, Colorado, 1985); and MALONE v. BLOCK, (District Court, Iowa 1985).

Neither the computational budgets used by colleges to compute the amounts of aid, nor the award letters colleges issue to announce the awards, preclude students from using general grants or scholarships which they receive for living expenses connected with attending college. Thus, such aid was, and still will be, properly counted as income unless spent on tuition or mandatory school fees and will not represent an excludable reimbursment even where spent on necessary school supplies or books.

With regard to the resource limitations provision and inaccessible resources, only the portion of an asset that is encumbered by a lien is inaccessible to the household. Only the equity value of an asset -- fair market value less any liens or other encumbrances -- is to be counted toward the household's resource limit.

Section 1454 of the Senate bill amended section 1114 of the Agriculture and Food Act of 1981 by specifying the inclusion of dairy products, wheat or wheat products, rice, honey, and cornmeal as being among the CCC commodities made available at no charge or credit to food assistance programs. This change in no way relieves the Secretary of his duty to prevent displacement of like or similar commodities with those donations as required by section 203(a) of Public Law 98-92. Only after taking whatever precautions the Secretary, in his discretion, deems necessary will the Secretary act to distribute these commodities without credit or charge.

The Temporary Emergency Food Assistance Act of 1983 was amended by extending through June 1987 the requirement for the Secretary to enter into agreements with private companies for processing of commodities into end-use products. This extension does not preclude the Secretary from exercising his authority under section 10 of the Child Nutrition Act of 1966 to prescribe such regulations as he may deem necessary to carry out programs authorized under the act and the National School Lunch Act including the requirement for States to process commodities into end-use products. Processing encourages the consumption of surplus commodities by converting them into products that are more desirable to recipient agencies than bulk commodities in unprocessed forms.

The processing of bonus commodities is to continue through the NCP program until expiration of that program approaches. Processing of entitlement commodities is to be expanded. The Secretary is expected to undertake a rulemaking to require States to provide entitlement commodity processing. We certainly do not want States to regress in their own level of commitment to commodity processing, especially in the case of entitlement commodities.

I thank the Chair.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, before the Senate takes final action on the farm bill conference report, I think it is important that the Senate take cognizance of the severe financial situation facing our Nation's farmers. Many of my colleagues have heard all this before. Certainly, the tragic deaths in Iowa just a few days ago focused new attention on the seriousness of conditions in the rural America.

But these facts and figures bear repeating as we consider farm legislation in this body for the last time this year. We will shortly adjourn the 1st session of the 99th Congress, perhaps as early as tomorrow. As we prepare to depart for home and holidays, the Midwestern Farm Belt is awash in foreclosures and bankruptcies.

Farm sales have become epidemic in my State and many other States, and bank closings are so common that they no longer make the front pages. Violent incidents involving distressed farmers occur with alarming frequency.

Agriculture Department figures show that nearly a third of all U.S. farms have high debt loads, are unable to pay their bills, or both. Twenty percent have both a negative cash flow and problems making loan payments. Since 1981, land values have declined almost 50 percent in Iowa and Nebraska and 40 percent in Ohio, Illinois, Indiana, Minnesota, and Missouri.

As a result of such conditions, it is no exaggeration to say the very existence of our family farm system is in doubt. And this crisis affects far more than just the farmer.In rural America today, this crisis affects the banker, the feed and fertilizer dealer, and the supermarket operator. In Nebraska, it even affects the local school system. Today, in my State, we hear of an increasing number of school districts in financial trouble; farm bankruptcies and plummeting land values have caused property tax payments to drop off sharply.

A recent study by Wharton Econometrics concluded that today's farm debt crisis, if not resolved will trigger "higher interest rates, lower employment, reduced gross national product, lower personal income and a larger federal deficit." Specifically, this study states that farm loan losses of $25 billion over the next 4 years would increase the Federal debt $21.5 billion, increase short-term interest rates 1.25 percent, reduce employment by 275,000 jobs, and reduce the GNP by $50 billion over 8 years. So, ultimately, the entire economy will suffer if nothing is done to aid the farmer. To quote President Dwight Eisenhower, "Without a prosperous agriculture, there will not be prosperous America."

BACKGROUND

Mr. President, 4 years ago, speaking in this Chamber, I called our last general rewrite of Federal farm programs a "blueprint for farm failures." Regrettably, I was all too prophetic with that remark. And today, with conditions much more deteriorated in the Farm Belt, we give final consideration to another multiyear farm bill.

The conference report on H.R. 2100 is the culmination of nearly 2 years of effort toward comprehensive legislation spelling out Federal farm policies and programs through 1990. It is the product of hundreds of hours of hearings before the House and Senate Agriculture Committees and months of committee markups. Dozens of alternatives were considered during floor debate.

These discussions were held at a time when there exists a severe depression in the farm economy in many parts of the Nation and a time when there are unprecedented budgetary constraints in Washington. Despite marked differences of opinions over which direction farm programs should take, the committee of conference agreed to a report on the 1985 farm bill after 8 days of negotiations.

Mr. President, this legislation is not all I would have liked to see in a new farm bill. At a time of severe financial problems in the Farm Belt, the bill does not do everything that is necessary to assure farmers of an adequate safety net of income protection. At best, this is a hold-the-line measure that will help buy time for agriculture to work its way out of its current crisis. Still, that is far better than the complete turnaround in farm programs sought by the administration.

Many of the things that would do the most to aid financially strapped farmers are, of course, beyond the scope of any farm bill. These include tax changes affecting the strength of the dollar, a reduction in the Federal deficit that will lead to a decrease in interest rates, and a more aggressive attitude on exports.

SALIENT PROVISIONS

The wheat and feed grains titles of the bill are of key importance to farmers in my area. They reflect a blend of the "market-oriented" approach to farm programs and the "safety net" concept of income protection. The commodities programs are established for 5 years.

Loan rates for 1986 are established initially at $3 a bushel for wheat and $2.40 for corn, with mechanisms in all years that would lower them further in order to provide competitive pricing. For 1987 through 1990, initial loan rates would decline by no more than 5 percent in each year, with the increased deficiency payments resulting from reductions in the initial loan rates for each year exempted from the $50,000 payment limitation.

Income protection is provided by what is in effect a 3-year freeze in target prices over the life of the bill. Target prices are established at $4.38 per bushel for wheat and $3.03 per bushel for corn through 1987, with a total reduction of 5 percentspread over 1988 and 1989. For 1990, target price levels would decline by 5 percent from the previous year's level. However, under the bill the target prices for wheat and feed grains would never be less than $4 and $2.75, respectively.

Without doubt, one of the most difficult conflicts to resolve in conference was the acreage reduction portion of the bill. The House and Senate bills contained different provisions. Specifically, the House provisions established a minimum level of acreage reduction, while the Senate bill provided a maximum level. The compromise was to establish statutory maximums and minimums between which the Secretary of Agriculture can adjust acreage reduction levels as he determines necessary. The lower limits will prevent the Secretary from moving toward a "full production" commodity program, while the upper limits will restrict authority to increase unpaid acreage reductions above established levels.

Specifically, to qualify for benefits in a year in which carryover wheat stocks exceed 1 billion bushels, wheat producers would be required to reduce acreage as follows: In 1986, a maximum diversion of 25 percent -- including a mandatory minimum reduction of 15 percent, a mandatory in-kind paid diversion of 2.5 percent, and a further reduction at secretarial discretion of 7.5 percent; in 1987, a maximum reduction of 27.5 percent -- including a mandatory minimum of 20 percent and a further 7.5 percent at the Secretary's discretion; and for 1988-90, a maximum of 30 percent -- including a mandatory minimum of 20 percent and 10 percent at the Secretary's discretion. For the 1986 wheat crop only, the Secretary would be required to offer growers who planted before announcement of the program a chance to idle an additional 10 percent of their base in return for payments.

For feed grains, if stocks exceed 2 billion bushels of corn, the 1986 reduction would be a maximum of 20 percent of which 12.5 percent would be a mandatory minimum, a mandatory paid-in-kind diversion of 2.5 percent, and a further reduction at secretarial discretion of 5 percent. For 1987-90, the maximum would be 20 percent -- including a mandatory minimum of 12.5 percent plus up to 7.5 percent at the Secretary's discretion. For all grains, the Secretary would have discretionary authority to offer producers a further voluntary paid diversion beyond the basic requirements of the bill. The bill also requires the Secretary to allow haying and grazing on diverted acres in 1986 and grazing in 1987-90 if State agricultural stabilization committees require it. The Secretary has discretionary authority for haying in 1987-90.

Mr. President, as I stated earlier, the 3-year freeze and the floors for target prices will provide critically important income protection for farmers as lower, market-oriented, loan rates make U.S. farm commodities more competitive in world markets.

Of particular interest to Midwestern farmers, this bill gives the Secretary of Agriculture discretionary authority to establish mandatory production controls on wheat, in favored in a farmer referendum. I fought hard for -- and would have much preferred -- language requiring the Secretary to hold a referendum among wheat growers on mandatory controls.

Personally, I am convinced that mandatory production controls offer the only real hope for bringing the supply of farm commodities in line with demand and keeping prices above the cost of production. However, the discretionary authority in this bill does give the Agriculture Department one more tool to use in shaping farm programs over the next few years.

The bill does require the Secretary to conduct -- by August 1, 1986 -- a survey of wheat farmers to see if they favor mandatory production controls on wheat as a means of adjusting production and increasing the price wheat farmers receive for their production. The parliamentary rules of the conference prevented us from requiring a similar survey of feed grain producers. However, the statement of the managers accompanying the conference report notes that the Secretary could, in his discretion, conduct a similar survey of feed grain producers, and I urge the Secretary to conduct that survey as well.

It is time we listened to farmers in fashioning farm programs and the surveys will be extremely important in the establishment of future production adjustment programs for wheat and feed grains.

Mr. President, at the outset of the conference, I indicated that possibly the one prerequisite for securing my vote for the bill would be the inclusion of authority in the legislation for the Secretary of Agriculture to proclaim marketing quotas and establish a mandatory production control program for wheat, subject to approval by wheat producers voting in a referendum.

There is a surplus of grain commodities in this Nation, together with many other agricultural commodities. That surplus places pressure on prices. Before the bottom of prices is reached, we must have supply management.

General Motors, Ford Motors -- any manufacturer -- will stop manufacturing when they create surpluses of a product above and beyond which they have no capability to sell. That is good business, because to oversupply a nation with new product depresses, the price of that product to the extent that the producer eventually goes broke or becomes bankrupt.

Condominium builders in this city, apartment builders, and home builders all know that when there is a glut on the market of whatever commodity, it depresses the price of that commodity. It is pure, basic economics. That is why I feel so strongly that production controls are necessary. We have attempted to do it voluntarily for many years and we have a supply of more agricultural products than we know what to do with. If I wanted to be in a business this coming year, it would be in the business of building places to store surplus commodities, because we are going to have plenty of them.

The conference report includes many other items I worked hard for through the Senate's many months of deliberations on a new farm bill. Some of them, I'm pleased to say, are taken from my omnibus farm bill, S. 1051, or from amendments I offered in committee or on the Senate floor.

Chief among these are, first, a 3-year, $490 million program to reduce interest rates on farm loans and, second, landmark conservation programs, including tough sodbuster and swampbuster provisions and a conservation reserve that would retire from production up to 45 million acres of highly erodible land.

The interest rate reduction program would aid hard-pressed farmers with loans guaranteed by the Farmers Home Administration. The Agriculture Department and private lenders would share equally in the cost of the reduction. The Government could pay for 2 percent of the overall "buy-down" or one-half of the total, whichever was less.

The sodbuster program denies price supports and other farm program benefits to farmers who plant on fragile land in violation of the terms of the program. A "grandfather clause" exempting land used for crops between 1981 and 1985 would terminate for most farmers by 1990. The companion swampbuster program would deny farm benefits to those who, in the future, convert wetlands to crop use.

The sodbuster and swampbuster provisions are extremely important to those of us interested in conserving our precious natural resources. Conversion of marginal grassland to cropland is more serious in the Great Plains but it is a problem all over the country. Nationwide, 45 million acres of highly erodible land have already been brought into production and another 247 million acres could be cultivated.

Loss of wetlands takes its toll on wildlife and recreation and is a serious problem in Nebraska. My State is one of the five in the Nation that have lost more than 90 percent of their natural wetlands, most of it through conversion to cropland. Nationwide, 14.7 million acres of wetlands were destroyed from 1955 to 1975, 80 percent of them drained or filled for farm use.

The sodbuster and swampbuster programs are needed for economic reasons as well as for conservation. It's time Government stopped subsidizing the cultivation of land not suitable for farming. It just adds to our surpluses and further depresses commodity prices.

The long-term conservation reserve has been called by Agriculture Secretary John Block the "largest single soil conservation initiative in the history of American agriculture." It would allow farmers to contract with USDA to return highly erodible soils already in crop use to less intensive uses such as grass or trees. Growers would receive cash or in kind land rental payments plus payments covering a part of the cost of land treatment measures. There would be a $50,000 limit on annual payments to farmers under reserve contracts.

OTHER PROVISIONS

Other provisions of the conference report I worked hard to see enacted include:

A nationwide "check-off" program to finance research, promotion and advertising of pork products. This provision, which results from an amendment I offered, should be a great benefit to pork producers. It is an excellent example of self-initiative and self-reliance on the part of hog producers, who desire to improve the viability of their industry.

Protections against further cuts for the grassroots Agricultural Stabilization and Conservation committees that for 50 years have provided farmers with timely information on Federal farm programs. The ASC county and community committees operate within the local communities to inform their neighbors about farm programs and help see that these programs are administered by fairness and equity. This provision maintains a viable committee system while making the program cost effective.

Authority to make certain surplus government grain available free or at reduced cost for processing into ethanol.

Discretionary authority for a strategic ethanol fuel reserve.

Extension of the Soil and Water Resources Conservation Act requiring the Agriculture Department to produce assessments of soil and water resources in 1995 and again in 2005.

Provisions assuring that sugar growers continue to receive Government support payments when sugar processors -- through whom the payments pass -- go bankrupt.

FOOD STAMP PROGRAM

The bill reauthorizes for 5 years the important Food Stamp Program. The bill includes changes in the program that will make the program more accessible to farmers in States like Nebraska that are experiencing extremely adverse economic conditions.

Under the current Food Stamp Program, eligibility of self-employed households is largely determined on the basis of the previous year's income and not on the basis of the circumstances of household at the time that an application for assistance is made. Therefore, a large number of farm households do not qualify for assistance even though they may have no money available to feed their families. This problem will be corrected by allowing a household's current circumstances to be considered in determining eligibility.

Another hinderance to the availability of the program to economically troubled farm families involves the deductibility of farm losses in determining eligibility. Under the current program, many farm families -- who are otherwise eligible and need immediate assistance -- do not qualify because income earned off the farm cannot be offset by losses in the farming operation. This is true even though the off-farm income must be used to pay for the losses from the farming operation and is not available to the family to meet their household needs. The bill will correct this situation by allowing farm losses to be offset against other income of the household.

CLEAR TITLE

The bill attempts to address the so-called double jeopardy problem whereby a purchaser of farm products may have to pay twice for commodities because of a financial dispute between the producer/borrower and lender.

Under the bill, a purchaser of farm products includes a buyer, commission merchant, or selling agent. The bill provides that a purchaser of farm products can take free of a security interest created by a seller, even though the security interest is perfected and even though the purchaser knows of the existence of such interest unless, First, within 1 year before the sale of the farm products, the purchaser has received from the secured party or the seller, written notice of the security interest; and second, the purchaser has failed to perform the payment obligations.

Similarly, in those States that choose to set up a central filing system rather than providing for prenotification, a purchaser buying farm products takes them subject to a lender's security interest if first, the purchaser agent did not register with the Secretary of State -- or a designee of the State whose duties include the making or keeping of records -- as a potential purchaser and the lender has filed an effective financing statement; or second, the purchaser (i) received written notice from the State that specifies the seller and farm products that are subject to an effective security interest, and (ii) did not obtain waiver or release of the security interest from the secured party.

Additional seller obligations are provided for under the bill as well as a provision that requires the Secretary of Agriculture to promulgate regulations within 90 days after the bill is signed in order to facilitate those States that have, or intend to, set up a central filing system. In providing the Secretary with the authority to certify State central filing systems, Congress also provided guidelines for the Secretary to follow in determining whether or not a system is in general compliance with the requirements. The Secretary should be fair and reasonable in making such determination for those States that have already or are in the process of implementing a central filing system.

I am most concerned with the clear title language that provides that what constitutes receipt of notification shall be determined on the basis of the buyer's resident State. I believe that such a determination is better left to the States.

I would like to see the clear title provision work and I urge purchasers, lenders, and States to make an effort toward making the concept successful.

CSFP AND TEFAP

Nebraska is one of several States that has a Commodity Supplemental Food Program [CSFP] under which low-income women, infants, and children are provided with certain commodities. Under the bill, Nebraska's CSFP agencies, with the approval of the Secretary and under certain conditions, will be permitted to provide commodities to low-income elderly.

The Temporary Emergency Food Assistance Program [TEFAP] is reauthorized for 2 years. Under this program, the Secretary releases CCC commodities to States allowing for disposal of government-held surplus commodities to prevent waste as well as providing food assistance to low-income households. In addition to authorizing appropriations of $50 million for each of the fiscal years, effective January 1, 1987, the bill will, among other things, First, require State matching on a dollar for dollar basis, except for States that have no regular session of their State legislature by that time, the deadline would be October 1, 1987; second, limit the matching requirement to those funds that a State retains at the State level and devotes to State-level activities (to the extent the State pays for the direct expenses of local distribution, the matching requirement would not apply); and third, in determining whether the State match has been met, allow in-kind contributions by a State to be counted according to procedures approved by the Secretary for certifying these contributions.

CONCLUSION

Mr. President, this bill is hardly a cure-all for farmers. In no way will this bill resolve the very serious problems facing agriculture today. Rather, as I said earlier, it is at best a hold-the-line measure. It should help buy time for agriculture to work its way out of its current economic dilemma. And, as I also indicated earlier, it is far better than the wholesale dismantling of government farm programs favored by the administration.

It should be pointed out that any additional delay in acting on this bill will serve no useful purpose. Not enacting a bill will only further the decline in Farm Belt land values and worsen the problems of the Farm Credit System.

Also, while this measure is a 5-year farm bill, conditions in the farm economy will undoubtedly require us to revise these programs in another year or two. In the meantime, the freeze on target prices represents the maximum income protection we could negotiate for farmers this year.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I again want to compliment the chairman, Senator Helms, and the ranking Democrat on the committee, Senator Zorinsky. I also want to repeat in case Members do not know what the vote was in the House. It was 325 for the bill, 96 against, and 14 not voting. From a party standpoint, voting yea, 131 Republicans and 194 Democrats. Voting nay, 47 Republicans and 49 Democrats. Not voting, 4 and 10. The message of that vote, I believe, is fairly clear. Having been in the House 8 years and having been here for some time and having been involved in a lot of farm bills, I cannot recall a vote as lopsided as this one on a farm bill.

I cannot speculate why each Member voted for or against the bill, but I can indicate that it has broad bipartisan support.

We have come to the moment of making a judgment. We know for certain that not every farmer in our States will like the bill, so we have to decide whether we want to vote for something that I believe offers income protection, market orientation, flexibility, and contains a lot of good provisions that are never mentioned in the media, whether it is Food for Peace, whether it is export programs, research and development, or other programs that play a very important role in agriculture.

We find ourselves getting hung up around here on how high is the target price. Is it going to be 1 cent higher, 2 cents higher, or 3 cents higher? Many times we lose sight of good policy in farm legislation that may mean more to the farmer than whether it is 1, 2, 3, 4, or 5 cents more in target price or loan rates, whatever it may be.

I am very pleased to support this bill. I believe it will provide protection for the American farmer. I believe that farmers in the past in many areas have been in distress. If you go back and look at the speeches made in 1981 and 1977, with some changes you could just about use the same speech. Every time we pass a farm bill we know that there are farmers out there who are in difficulty, and who have real problems. It is more significant now than ever. Our responsibility is greater now than ever.

By voting on the farm credit bill last night and the farm bill today, it seems to me that we have again demonstrated our concern for American agriculture in a bipartisan way.

I assume there will be a rollcall vote on the conference report. If not, that is something else. But if there is, I hope it is unanimous. It may not be unanimous. There may be some who represent large urban areas who feel that it will cost too much.

I am advised that the final tally, and it is sort of a moving tally, the latest final tally is $51.95 billion.

I am also advised that the bill weighs 13 pounds. That figures out to about $4 billion a pound.

If you want to read it, you may want to know how many hundreds and hundreds of pages it is. It is a very lengthy document.

The Chairman now has it in his hand. In any event, it is heavy.

Mr. President, it is with great satisfaction that I now join my colleagues in considering and hopefully passing the conference report on the 1985 farm bill. This legislation was just passed by the other body at about 1:45 p.m. This afternoon by a bipartisan majority of 325 to 96. I hope we can now follow suit and send it to the President who, I understand, is favorably disposed to sign it into law.

There have been many difficulties and obstacles overcome in developing and reaching a working consensus on this bill. The critical problems in our agricultural economy, which have been increasing in severity over the past 5 years, cannot be reversed so quickly, nor can legislation alone provide answers to our concerns with the international trading system, the strength of the dollar, and the impact of Federal deficits on the dollar and on commercial interest rates.

The problems of American farmers and ranchers are real, and they are present even as we are considering this legislation. I would only say that there are a number of very positive features in this farm bill that should not be ignored, either by farmers, by the general public, or by the national press which is covering this deliberation.

LONG-TERM CONSERVATION RESERVE

I would cite the landmark establishment of a 40-million acre conservation reserve as a major contribution toward long-term land management and toward conserving our rich inheritance of natural resources for posterity. The conservation reserve could well become the foundation of future efforts to balance our agriculural productivity with world demand for farm products.

FLEXIBLE LOAN RATES TO RESTORE EXPORTS

Another single achievement in this bill is the establishment of flexible loan rates that can respond fully to variations in the international prices of our principal agricultural commodities. Under the 1981 farm bill, we have watched almost helplessly as the strong dollar and price cutting by our major competitors have virtually cut U.S. farm exports in half. We have, in effect, had the worst of both worlds -- holding prices at below our production costs while failing to attain price levels that can reduce heavy, price-depressing stocks.

Using the tools available in this bill, the administration can now respond to these conditions and make clear the intention of the United States to be fully competitive for world markets over the long-term. This message is of key importance, both to our competitors and to our customers abroad. We simply cannot afford past policies in which sometimes we sought out export markets and other times slammed the door on them.

A STABLE INCOME SUPPORT PROGRAM

And the key to sustaining this long-term commitment to exports, Mr. President, is to assure our producers a stable base of income support. There has been great concern expressed over the course of this debate over whether we can afford to maintain the current level of target prices to grain and cotton farmers, and for how long. The focus of discussion and, occasionally, disagreement in the Agriculture Committee, on the Senate floor, and in conference was whether we would have a 1, a 2, or a 4 year freeze on target prices.

Like most issues that become tied to numbers, we were able to resolve the so-called target price "freeze" question by splitting the difference. So we have what amounts to a 2 1/2-year freeze in the bill. The level will remain at the 1985 level for 1986 and 1987, decline 2 percent in 1988, 3 percent in 1989, and 5 percent in 1990. What is really important, however, is that Government support for farm income will be held relatively constant while we make a determined effort to get demand back into our supply-demand relationship.

OTHER POSITIVE BENEFITS

I could cite numerous other positive features in this legislation, Mr. President. They include an additional $8 billion in funding for export credits and credit guarantee programs, renewal of the Food for Peace Program, continued support for the Food Stamp Program, a compromise on the clear title issue, and a major resolution of the animal welfare differences.

I would take exception with those critics who argue that this legislation is just "more of the same" with regard to noncompetitive prices and inadequate income support for farmers. The administration costed this bill out on the assumption that the competitive prices under the so-called Findley amendment and the marketing loan would be fully achieved. I anticipate that the program details for 1986 crops, which should be forthcoming by the end of the week for wheat, will reflect these provisions.

So I believe, Mr. President, that those of us who are aware of the serious difficulties in the farm economy, and who share responsibility for developing farm policy that responds to them, can take some degree of pride in having wrested a fair and balanced package through the legislative process this year. In so doing, I want to give particular praise to the distinguished chairman of the Agriculture Committee, Senator Helms, and the distinguished ranking member, Senator Zorinsky. Without their daily dedication to moving the process forward through months of hearings, mark-ups, and floor debates, I know that none of us would be ready to vote on this bill today.

Let me also thank the other members of the committee, its professional staff on both sides, and the personal staff for members both on and off the committee for their almost tireless efforts.

I also want to comment on the Food Stamp Program reauthorization.

Mr. President, most of the focus in the debate thus far this year has been on the agriculture section of the 1985 farm bill. However, S. 1714, the Agriculture, Food, Trade and Conservation Act of 1985 also contains a 5-year reauthorization of the Food Stamp Program, as well as extensions of the Commodity Supplemental Food Program and the Temporary Emergency Food Assistance Program. As chairman of the Subcommittee on Nutrition, the Senator from Kansas has a great interest in all of the Federal nutrition programs.

FOOD STAMP PROGRAM BACKGROUND

Mr. President, unlike previous years, when we were dealing with significant program changes and budget reductions of about $2 billion in 1981, and nearly $900 million in 1982, budget issues no longer dominate the policy debate for the Food Stamp Program. By improving the targeting of benefits, implementing administrative reforms and going after fraud, waste, and abuse, we were able to achieve about 7 billion dollars' worth of savings for the fiscal period 1982-85.

This year's reauthorization process mainly focused on fine-tuning the program and making certain that it is working effectively -- that low-income Americans who depend upon this program for food assistance are being reached, and that benefits are adequate. By adequate, it is important to clarify that food stamps were intended to provide a minimum diet, based upon the so-called thrifty food plan.

According to the Director of the Center on Budget and Policy Priorities:

For some time, there was a fair amount of debate between those who argued that cuts in the food programs had caused a large upsurge in hunger and those who denied that a hunger problem existed. I think the evidence increasingly indicates that both of these positions were mistaken. The problem of hunger is real, but it is caused by many factors. Federal budget cuts in food programs were not the principal cause here.

FOOD STAMP PROVISIONS OF FARM BILL

Mr. President, as I have stated, the 1985 farm bill contains a 5-year reauthorization of the Food Stamp Program. The major provisions include an employment and training program, and modest benefit increases targeted to the working poor. There are also some program reforms in the administrative area, as well as a further strengthening of existing tools to eliminate fraud, waste, and abuse. An enhanced computerization provision, added as a floor amendment sponsored by the distinguished Senator from Minnesota [Mr. Boschwitz], and myself, will encourage States to develop and implement a plan to automate their administration of the Food Stamp Program. This should help States reduce their error rates through the use of computerized issuance and eligibility determination systems.

EMPLOYMENT AND TRAINING PROGRAM

One area of the Food Stamp Program which has always been weak is that of work requirements for able-bodied recipients. Under current law, able-bodied food stamp recipients between the ages of 18 and 60 who do not have dependent children under age 6 are merely required to register for work and participate in job search. During the conference, the gentleman from Missouri [Mr. Emerson], the ranking minority member of the House Nutrition Subcommittee, and I offered a compromise on the Employment and Training Program contained in the Senate bill, which was accepted by the conferees.

The provision contained in the 1985 farm bill would provide a "mini-block grant" to the States to implement a work program for able-bodied food stamp recipients. States must now initiate some kind of work program tailored to the needs of their food stamp population. This program may be structured from a variety of options, including job search, job clubs, and workfare. The Secretary of Agriculture has the authority to approve or disapprove State work plans. Also, the Federal Government will now provide $40, $50, $60, $75, and $75 million for fiscal year 1986 through fiscal year

1990, to help pay for the administrative cost of such State-designed programs. If a State chooses to spend more on this effort, there will be a Federal match.

BENEFIT INCREASES FOR WORKING POOR

Mr. President, during previous budget cycles in 1981 and 1982, the working poor were the group most affected by many of the changes in the Food Stamp Program. Therefore, the 1985 farm bill contains some modest benefit increases targeted to the working poor. The conferees adopted a proposal to increase the earned-income deduction from 18 to 20 percent -- a provision contained in both the 1984 and 1985 Domestic Food Assistance Acts which I introduced along with many of my colleagues on both sides of the aisle. The Domestic Food Assistance Act of 1984 also contained proposals similar to those adopted by the farm bill conferees. Just about all of these provisions were recommendations of the President's Task Force on Food Assistance.

For quite some time, the assets provisions have needed to be adjusted to accommodate the modern realities of inflation. Therefore, the 1985 food stamp reauthorization would increase the liquid assets limit from $1,500 to $2,000 for nonelderly participants, and the assets limit for a single elderly household would be increased to $3,000, the current limit for a household containing two elderly individuals.

Recent poverty studies have shown that single women with children are the group that is the most vulnerable and has the most serious economic problems. Under current law, the shelter and dependent care deduction are combined. This legislation would create separate shelter and dependent care deductions, imposing a limit of $160 and $147 per month, respectively.

Further, self-employed farmers would be able to deduct their losses in order to be eligible to receive food stamps. In the past, this had been a barrier to their program participation in these tough economic times.

Since 1981, the Food Stamp Program in Puerto Rico has consisted of an $825 million block grant. This bill would provide for a 1-year freeze, and three-fourths of an inflation increase for the next 4 years.

FRAUD PROVISIONS AND ADMINISTRATIVE IMPROVEMENTS

Mr. President, there are many provisions in this conference report designed to help eliminate fraud. One of these provisions would allow the Secretary of Agriculture to require photo identification cards where necessary to protect program integrity, provided the measure is cost effective. Further, fraud detection units would be established in large metropolitan areas to prevent, detect, investigate, and assist in the prosecution of fraud.

In areas prone to high error rates, the Secretary of Agriculture would be permitted to require a State to carry out new or modified certification procedures, including the use of automatic data-processing systems. Further, every adult household member must sign a food stamp application under penalty of perjury, stating that all the information in the application is true; each adult member of a food stamp household would be jointly and severally liable for the value of any overissuance of food stamps, based on intentional misrepresentation.

OTHER PROVISIONS

Other provisions of interest would prohibit banks from charging retail grocery stores a fee for handling food stamps. This was a proposal originally introduced as a separate bill by both of the distinguished Senators from Minnesota.

A floor amendment introduced by the Senator from Washington, [Mr. Evans], and accepted by the Senate, providing for a 2-year moratorium on the collection of error rate sanctions owed by the States to the Federal Government was reduced to a 6-month moratorium, but the provision for a study of the underlying food stamp quality control system was retained.

There is another provision that would increase the purchasing power of food stamp recipients in States that charge a sales tax on food. States that engage in this practice will not be allowed to participate in the Food Stamp Program if they continue to charge a sales tax to food purchased by recipients after October 1, 1987. This concept was contained in both of the Domestic Food Assistance Acts, which the Senator from Kansas introduced in the last 2 years.

CONCLUDING REMARKS

Mr. President, deliberations on the Agriculture, Food, Trade, and Conservation Act of 1985, have continued over a period of many months, beginning late in the spring of this year. We are now on the last day of the first session of the 99th Congress, and the Senator from Kansas is pleased to see that this conference report will be brought to a vote on final passage today. This legislation will benefit farmers and food stamp recipients alike. It is the result of many compromises along the way, and the final product is one that no member of this body is probably completely satisfied with. Yet it contains something of interest to all those actively involved and concerned with these issues.

I would like to commend the distinguished chairman of the Agriculture Committee and the ranking minority member for their untiring patience throughout this lengthy process. It is also appropriate to thank the distinguished Senator from Minnesota [Mr. Boschwitz], for his leadership in the nutrition program area. We have spent many months working on the 1985 farm bill and food stamp reauthorization, and a special thanks should go to the staff of members of the Agriculture Committee.

I urge my colleagues to vote in favor of this conference report on the Agriculture, Food, Trade and Conservation Act of 1985. This 5-year reauthorization will be one of the most significant accomplishments of the 99th Congress.

The Food Stamp Program is another important part of the farm bill, a very important part of the farm bill. It is very important to many people in urban areas. I hope some of my urban colleagues will take a look at some of these provisions that will affect their States even though they may not be particularly concerned about cotton, rice, soybeans, honey, wool, or some other price-supported commodity.

We believe that we should have done more on the spending reduction side in food stamps, but again, there were some good policy changes made. The work requirements were tightened up in accordance with the suggestions of the Representative from Missouri, Bill Emerson. There were a number of other changes made in the food stamp section which, I believe on balance are sound. Many were recommended by the Presidential task force a couple of years ago. Again, it was a give-and-take proposition.

I happen to share the view of the chairman. I think we need some block grant pilot projects going into some of these States to see if we can save on the cost of the program and give the States more flexibility. About 17 States have claimed they would like to do that. There is not even any discretionary authority in this bill for that kind of approach, but sooner or later, it will come.

Mr. President, there has been some discussion that somebody might raise a point of order on this bill. I hope that is not the case, but if it is, I hope we have the votes to do whatever we need to do -- either to waive the point of order or reverse the ruling of the Chair. If that comes, it will come under some new technical problem caused by Gramm-Rudman. We are ready to address that.

If somebody wants to try to kill the farm bill, we are here to protect it. If somebody wants to reduce the cost, make that point of order, we are here to debate it. But I would say on balance that we believe this represents, as it has many times in the past, the best efforts of Democrats and Republicans working together under the leadership of Senator Helms of North Carolina and Senator Zorinsky of Nebraska for the last several months.

We have had a lot of heated debates on this floor. A lot of fingers were pointed on both sides about who was holding it up, who was not letting us meet, why we did not do it before the recess. We have a chance to do it now before adjournment. It is not very early. It is a little late for wheat farmers, but they would rather have it now than not at all.

I join my colleagues in urging support for the conference report and hopefully, very soon.

Mr. MELCHER. Mr. President, the bill before us is a minimal bill. I want to include such happy remarks about, well, we have passed a great farm bill, for instance, in my Christmas card to farmers. I want to say in that Christmas card with Happy New Year salutations to farmer friends, but I would not say, that 1986 promises to be a grand and glorious year.

No, I would not do that. I would not do that based on this bill, because what we have done is sort of said, well, we have kind of reversed the concept that was put forward, passage of this bill will reverse the concept that was put forward by the administration early this year when they unfolded their proposal and presented to Congress a bill that was designed to eliminate farmers.

In fact, the Secretary of Agriculture was very candid. He said, in response to questioning by media reports, "Yes, there are too many farmers and market conditions and such may result in 18 to 20 percent of them being eliminated over the next 2 or 3 years."

Mr. President, that is pretty sad, that sort of statistic, if you want to look at it that way, a rather dry, narrow way of looking at it, that sort of statistical reporting by the Secretary of Agriculture. But if you are one of those 15 to 20 percent of the farmers that might be eliminated over the next 2 or 3 years, it is your way of life, it is your livelihood, it is the place where your family lives, it may have been in the family for generations before you. It is a sort of signature on a huge report card of your entire life. It says "F" for failure.

Yet the administration did present a bill that would not only recognize the elimination of farmers, it would help eliminate them -- I said "help," help eliminate them. So, in some respects, over the past year, this bill could be viewed as a sort of turning point -- a turning point away from where we have the Department of Agriculture statistically sort of figuring out what happens when you eliminate 15 to 20 or 25 percent of the existing farmers and ranchers of this country over the next 2 or 3 years.

So we have in this bill simply a framework for the rescue of the remaining American agricultural industry. I said, "industry." That is a little bit more than just farmers and ranchers. Within that framework, it is obvious that much remains to be done. I am speaking about a 5-year farm program, the whole kit-and-caboodle of all those farm programs, as a framework. If we are going to help this most basic industry survive, we must, first of all, recognize that this bill, this framework bill, is just the opening round, granted that this round lasted all this year. I think it is fair to say that we have drawn the line now; we retreat no farther, and we must fight. We must fight it out on this line no matter how long it takes us in 1986 and 1987 and 1988 -- whatever it takes.

The reason we must do that is not just to keep those farmers and ranchers on the land, it is also because we have been seeing the landscape of America changing. All across the rural countryside of the United States, we see community after community invariably shrinking and it shrinks as farmer after farmer or rancher after rancher leaves the land.

It is a social change that is not desirable and it is a type of social change that, if it goes on unchecked, will change America forever. That I cannot countenance. I cannot believe it would be good for the United States. And I do not believe that we can allow it to happen. Despite whatever Gramm-Rudman means for American agriculture in 1986, or 1987, and however long Gramm-Rudman lasts in its present form, there may be special steps -- I believe there will be required special steps to take on behalf of American agriculture. I say that again in its broader form on behalf of rural America.

Despite how bad the credit situation is for the survival of both the producers on the land and the businesses that serve them in rural America, I believe it will be absolutely essential that we take whatever steps are necessary for their reasonable survival.

And so I repeat, our work is just starting for American agriculture and we will see a lot of it necessary in 1986. While we have drawn the line now, we will have to continue to fight it out in this Chamber and in the House Chamber through 1986 and 1987 and as long as it takes to resuscitate the agricultural endeavors of this country.

Now, Mr. President, I am not going to take long to make my comments. I want to conclude by drawing to the attention of the Senate some of the things you might not have noticed in this bill. Some made remarks about how long it is and how much it weighs, and that is true but nobody is ever going to know everything in detail. But some of the things you might miss I would now like to draw to your attention.

First of all, there is in the bill about six different ways to export surplus commodities from the United States that are additions, enlargements, or new export programs either through donations or commercial sales or a blending of the two. I must note in particular that Public Law 480 is endorsed and broadened with more minimum tonnages than we have had in the past. Section 416, the other donation program, is very greatly broadened with more commodities that can be used for these donations.

A very significant point that should be noted about 416 is that we allow the Secretary of Agriculture to utilize it as a donation program along with a commercial sale -- in other words, tying the two together. That is something which could be very beneficial in the years to come for American agriculture and the development of markets as well as helping friendly countries with their nutritional needs.

Another point that might be missed in perusal of the bill is that we have provided for a special assistant to the President to both expedite and coordinate the agricultural food aid programs as well as agricultural trade in general. A point you might miss is that that special assistant will be given full cabinet rank. He will not be advised and consented to by the Senate, which is unusual for a person of that rank but, believe me, that is the way the bill calls for it. He will have a pay equal to any of the other secretaries.

Another point that is perhaps overlooked because it is not expected to be found in a farm bill is the sodbuster provisions. It is something we have sought to enact in this Chamber for 2 years. I trust this bill, when it clears the Senate, will be signed by the President. The sodbuster provisions will prevent those who break up highly erodable land from participating in the farm program.

But added to that is also what we call the swamp-buster provisions which provide the same limitations on anybody who is breaking up swamp land to be put into agricultural production. They, too, will not be able to participate in the farm programs under the terms of the bill.

Fourth, and not the most insignificant point but unless you look carefully for it you will not be aware of it, is that in the animal welfare amendments included in the farm bill we require research institutions which use primates in their experimentation to provide for their psychological well-being. You might wonder, Mr. President, what does "psychological well-being" mean. Let me tell you what is in the report. The report says that the psychological well-being of primates means they will have adequate space. That is vitally needed. If you look at where some of these institutions keep the chimps or monkeys or the apes which they use in research, you will see that they are often confined to very small quarters. But also the report states that the psychological well-being of primates means they not only have the space but they have interesting things to do, so they are not bored to death just waiting to be part of man's quest through true research for better lives for all of us.

Lastly, a point you might miss is on the whole-herd buyout plan. If you do not know what the whole-herd buyout plan is, I will explain to you that that authorizes the Secretary of Agriculture to buy entire herds of dairy cows in order to get them out of production and reduce the dairy surplus. It is a new concept.

I am not sure how well it will work, but an interesting point made twice, if not thrice, during the conference committee negotiation by one of the Assistant Secretaries of Agriculture was that when the Secretary of Agriculture buys out the whole herd from a dairy farmer, it also means he cannot remove the dairy barn and the milking parlor from the premises but neither can the dairy farmer continue to utilize that dairy barn or milking parlor. I do not know exactly what they are going to do in the dairy barn or the milking parlor after the herd is gone. I suppose they could use it for barn dances, if it is the right kind, or they could use the milking parlor for sort of a family room away from the house. Kids could use it for their parties. I do not know. I hope that would be acceptable to the Secretary of Agriculture as he buys out these whole herds from dairy farmers. I hate to think that the Secretary of Agriculture would have to review and examine and inspect periodically the use of those dairy barns or milking parlors to make sure they fit whatever regulations the Secretary of Agriculture is going to draw up for their future use.

Mr. President, with that I conclude my remarks. I will support the conference report. I hope it is adopted, and I assume with quite a degree of confidence that the President will sign it.

Mr. COCHRAN. Mr. President, I hope Senators will vote for this conference report. It offers the best hope we can provide to farmers throughout America that they will be able to operate at a profit. It is a very strong effort to put profit back into farming.

The centerpiece of the effort is market enhancement, to make America more competitive in the international marketplace but not at the expense of farm profits.That is hard to do. But there has been developed a strategy of a marketing loan that is found throughout this legislation which authorizes the Secretary of Agriculture to permit the repayment of nonrecourse loans by farmers at rates that are equal to the market, the market value of the commodities, rather than the loan rate which was originally set in the legislation for the harvest loan. This is new. The only crop for which it is mandated for the 1985 crop year is rice. In the other commodities, it is authorized for the 1986 crop year and later.

In my judgment, this is going to permit America to become competitive again in the international marketplace, but there will be a sharing of the financial burden to become competitive. Farmers will not have to bear the entire financial burden themselves. Our Government will continue to assist by making up the difference between the loan rate and the market price at the time the loan is redeemed.

This does two things. It lowers the effective price of U.S. commodities at the market. It forces the sale of those commodities in the international marketplace and does not require their forfeiture to the Government. The Government saves money because it does not have to pay storage costs; it does not have to pay interest. It moves these commodities into the international marketplace.

I think it also sends a very strong signal around the world that America is going to stay in the farming business. There were some who were arguing at the beginning of this debate last year that America ought to limit production so severely that prices are forced upward because of reduced supplies. Most felt, however, that this would take us out of the international market. It would require the idling of huge amounts of acreage. Some said that if we are not going to sell at all in the international marketplace, we would have to idle as much as 40 percent of all cropland throughout the country.

There is another key feature of this bill, and it is that we continue to make a commitment to agriculture that there will be income support and a structure for maintaining a reasonable supply of food for our domestic consumption, at reasonable prices. I think everybody realizes that the consumer has an important stake in the outcome of this farm bill, too, and this bill recognizes that, and is sensitive to those interests as well. But it also sends a very strong signal to farmers in this country that we in Congress recognize that if the American farmer goes down the drain, America goes down the drain, too, and we are not going to permit that to happen.

There are some miscellaneous provisions in the conference report that I think are significant. There is a solution at last to the dispute between the maritime industry and the agriculture industry over cargo preference.

There is a compromise reflected in this conference report that ought to put an end to the litigation that has been going on for the last few years over the applicability of cargo preference to certain commercial type shipments. We basically have provided in this bill that cargo preference will not apply to commercial type transactions and the shipment of commodities under those transactions, but it will apply to the extent of 75 percent of the shipments in concessional type transactions, such as Public Law 480 and the like.

We hope that this provision will be funded by additional appropriations to the Department of Transportation to pay for that extra 25 percent of the concessional-type shipments. If that funding is not forthcoming, then these provisions and these changes will be a nullity.

There is another provision of the conference report that I think Senators should notice, and that is the clear title provision, which puts to an end the continuing disagreements and concerns that have been expressed over the preference that is given in domestic transactions involving agricultural commodities as among lenders and purchasers and farmers.

We have established in this conference report that a purchaser of agricultural commodities takes title clear of any lien interest, unless that lien interest has been disclosed to the purchaser in writing by the lender, or unless the lender has sent in his notice and filed it with a central filing system that can be created under the authority of this legislation by the States. Many States already have moved in this direction and find that it is a more satisfactory wayto protect the interests of lenders, farmers, and purchasers than the old uniform commercial code.

The fact is that section 9 of the Uniform Code had become ununiform. Some 21 States opted to change the provisions, and no one can know what they are from one State to another without doing exhaustive research, trying to find who has liens on which growing crops or on whose livestock. It was a mess.

I think that by the adoption of this conference report, we will have improved that area of the law for all concerned. It had the support in conference of the representatives of the Banking Committee, those who were involved in developing the legislation here in the Senate. We were trying to protect the interests of buyers, lenders, and farmers, and I think we succeeded.

Mr. President, before I yield the floor, I want to thank, in a most sincere way, the staff members who have worked harder than any group of staff members I have ever observed in the development of this legislation, in the passage of it, in the drafting of language, in the conference, and in getting this all together in the proper form to present it to the House and the Senate today. It has been a massive undertaking by the staff of our committee, led by George Dunlop and Bob Franks, the legal counsel; also, our personal staff members, such as David Graves, who is on my staff; and Carl Rose, who is the staff director on the minority side.

They have all done a magnificent piece of work. I commend them and thank them and congratulate them for the work they have done and the professional way in which the work was done.

I also have to say that none of this would have been possible without the very skillful and brilliant leadership of the leaders of our committee -- the chairman, Senator Helms; Senator Dole; and Senator Zorinsky. They had to put together from a disparate group of suggestions and ideas provisions that have been sifted through, analyzed, and have now come together in the form of this conference report to the Senate. I think it is a brilliant piece of legislative work, and I congratulate and compliment them.

Mr. PRYOR. Mr. President, after almost a year's work, we are finally about to take final action on the 1985 farm bill. For over 11 months, the Senate Agriculture Committee has listened to economists, administration officials, representatives of farm groups, and, most important of all, farmers themselves. We have tried to ascertain their thoughts on what a new farm program should contain. These thoughts were at best conflicting, and it was rare for more than one or two groups to agree on any one specific approach to a new farm program.

Maybe what made this process even more difficult is that we were operating in a crisis atmosphere. Farmers are going bankrupt, rural banks -- and the Farm Credit System -- all find themselves struggling for survival. And the country itself is facing a debt of trillions of dollars.

It has been an emotional experience for me to travel through Arkansas meeting with thousands of farmers, many of whom are losing their farms. However, the reality of our great budget deficit and what it is doing to our economy dictates that all decisions have to be made within the realm of a limited budget.

As a member of the Senate Agriculture Committee, and this year a conferee on the farm bill, I have had an opportunity to be involved in the development of this year's legislation. I have never taken part in a more difficult or complicated exercise in my political career. Although I may change my mind by this time next year, at this point I would say that rewriting the complex Tax Code looks easier now than the "push and pull" gymnastics involved in the farm bill rewrite.

Mr. President, I represent an agricultural State that is almost completely dependent on the farm economy for its own financial health. I have tried to be as effective an advocate and spokesman for the agriculture community as I could be during the months of discussion and debate.

Because of our overall budget restraints, from the very beginning of our consideration of the 1985 farm bill, we were forced in our discussions to deal not with raising the farm safety net for our farmers, but on just how low we could take this net without having wholesale bankruptcies and foreclosures. We had to try to determine why the American farmer, the most efficient in the world, cannot compete with foreign agriculture and why our farmers, as well as their lenders and suppliers, are facing such disastrous problems.

During the last 11 months we have all looked for some avenues to make our farmers more competitive. We have examined several new concepts to allow our farmers to get a price for their goods.

Both the Senate and House Agriculture Committees and the resulting conference looked at scores of alternatives to solve this puzzle, trying always to fit the pieces together within the budget framework.

I am quick to say that this is not the bill I wanted. But under the circumstances, it is much better than it might have been. I believe it falls short in providing the kind of safety net income protection for farmers that I think is needed. But it does offer some new approaches for making American agriculture more competitive and to return a fair price to our farmers.

I am proud that the marketing loan concept that Senator Cochran and I proposed has become a part of the price program. I believe this experiment will prove successful and that it will eventually become an integral part of other commodity programs. It will increase exports and provide a fairer price to the farmer, while reducing the drain on the Federal Treasury.

The inclusion of this program is one of the reasons I will vote for this bill today. It doesn't contain all the solutions, and for sure we will be working on farm legislation again next year. But to merely extend the current farm programs would have been even worse. That bill, which I voted against in 1981, helped mire agriculture in its present crisis and provided no new tools for farmers to start regaining lost markets.

Writing farm legislation is a lot like climbing a ladder. We must take it one rung at a time. I look at this bill as the first step. To vote it down runs the risk that farmers would end up with a much worse program. And with Gramm-Rudman looming over our shoulders and a Congress that is becoming less and less rural oriented, we can't put off approaching that first rung of the ladder any longer.

The survival and the economic vitality of the farm community -- and, Mr. President, of the country as a whole -- depend now on how we continue the process of taking it one rung at a time.

Mr. President, we have a little town up in the mountains of north Arkansas, in Marion County, named Yellville.

One Saturday each year, usually during the fall, Yellville, AR, does a unique thing, and I must say that it is very controversial. Yellville, AR, has become the scene of the annual turkey drop. They have a big parade, and they fly an airplane over the town -- it is a small town -- and they start dropping turkeys out of the airplane, about 500 feet over the town.

All the townspeople go out there and wait for the turkeys to drop. On the wing or the leg of each turkey is a little certificate. It might be for a free lawnmower from Joe's Lawnmower Shop, or a free homemade pie from Mary's Pie Shop, or it might be a sofa from Joe and Bill's Furniture Store.

But whatever the case may be, as to these turkeys that drop from the sky and these people who stand under them and try to catch a 25-pound turkey, dropped from 500 feet up in the airplane, sometimes the recipients of these turkeys made out a lot worse, I might say, than the turkeys themselves do.

Mr. President, a lot of people today are going to refer to this bill as a turkey and they are going to say that we have flown low and we have thrown this turkey out, and now the farmers are supposed to stand there and catch the turkey.

Mr. President, I wish to say that I also, as my colleague from Mississippi, as the distinguished chairman from North Carolina, and the ranking member of the Agriculture Committee from Nebraska, and those other Members of the Senate who have spoken this afternoon for and against this farm bill and those who will definitely follow my brief remarks, must say that I understand the threat of a Presidential veto after 11 1/2 months of a gestation period which has now presented us with that 13-pound baby which sits over there in its crib, that with the parameters of a budget resolution which have constrained and restrained us working very closely and tightly within a budget that is extremely severe, I must say to my colleagues that I believe that our system has produced the best farm bill under the circumstances that we could produce at this time.

I also wish to say that if I wanted to make myself very popular back home and maybe across America with a lot of farmers, I would vote against this bill. I would vote against this bill because all of us know that this farm crisis that we are in today is a crisis that is not going to improve dramatically because of this bill; nor are we going to see dramatic changes take place in the agricultural community across America for possibly the next 12 months. We are in serious times and we have produced a farm bill to the best of the ability of the members of the Agriculture Committee of the Senate, and the conferees who worked 8 days and 8 nights, and the members of the staff, without whom we could not have completed and laid this bill on the desk today. This bill would not even be here today except for an exceptional and dedicated staff. I truly believe, Mr. President, that we have produced the best program and the best document humanly possible under our restraints.

When we started this bill back in January, a lot of people said, "Well, wait a minute. Maybe we do not need to make any changes. Let us reenact the farm bill that we now have on the books and extend it for another 2 years or possibly another 4 years."

There was one train of thought that was going through the Senate and the House of Representatives at that time. It said let us just have mandatory controls. Well, that provision was discussed and it did not prevail in our democratic system.

Another train of thought said something like this: let us just not do anything. Let us just get the U.S. Government totally out of agriculture and let the farmers sink or swim on their own.

Mr. President, we have chosen to do none of those particular two examples. We have chosen a bill which I truly believe is an attempt to move back into the export markets and to retrieve many of the export customers that we have lost over the last several years.

I, and I speak as a Senator from Arkansas, have been one of those severe critics of this administration when it comes to agriculture policy. I have from time to time been a severe critic, not personally but professionally, of the policy that our present Secretary of Agriculture espouses, but that is behind us, and on Saturday night at 7 p.m., when the conference finally adjourned after days and nights, and months of discussion, and almost a year of debate, and I think it might be noted, Mr. President, that every member of that conference, Democrat and conservative, Republican and liberal, whoever, chose to vote affirmatively to send this conference report to the floor of the Senate.

Finally, Mr. President, if we were all magicians or if we were inspired or maybe crowned with a divine right theory, or whatever, if we had some extra perception or even some extra money, maybe we could have done a better job. But our system is one that has to work within the parameters that are given us. We can do no more; we can do no less.

I say, also, to the distinguished Senator from Mississippi, Senator Cochran, with whom I had the honor of coauthoring something known in the committee as the "Cochran-Pryor marketing loan provision," when Senator Cochran and I introduced this concept last spring, I studied what it did and we both thought it would work. We introduced it and it got a lot of flak and people would call me on the phone and say, "What about that marketing loan bill?" I said, "Oh, that is Senator Cochran's bill. I just kind of tagged along, and, you know, by typographical error or something I had my name on there."

But the longer I loooked at that bill, and the longer I looked at Senator Cochran's proposal on the marketing loan, I truly believed that our rice industry, our cotton industry, and ultimately those other commodities such as wheat, corn, and maybe soybeans, down the line, were going to see what this concept will be able to do in expanding our exports and retrieving those customers we have lost and, by using supply and demand, ultimately increasing commodity prices to the extent that maybe someday we can get out of the area of setting loan rates and target prices.

So, Mr. President, it has been a great honor and privilege for me to have worked with my colleagues on the committee, with the chairman, with the ranking minority member. Members on both sides of the aisle, and with the members of the conference, who once again supported this proposal unanimously to send it, all 13 pounds of it, to the floor at this time.

Mr. President, in conclusion, I might note that after we had adjourned the conference on Saturday night, that on Sunday morning the members of our staff came back and for over a 40-hour period, nonstop, began putting this bill together and trying to assemble this huge proposal that will affect our agriculture policy for the next 5 years.

Mr. President, I yield the floor.

Mr. STENNIS. Mr. President, will the Senator yield for just 1 minute?

Mr. PRYOR. I yield.

Mr. STENNIS. Mr. President, I compliment the Senator. I am very glad I got to come here just at this time for a chance to hear the Senator's speech.

I believe he has been speaking so truthfully and correctly about the difficult situation in passing this bill this year on the subject of agricultural products.

I believe that of the years that I have been here, this was the most difficult year that I have known to pass a comprehensive farm bill that had real meaning and possibilities of success.

I wish to commend and thank all of the members who worked so hard, so diligently, from the East, the South, the West, the Far West, everywhere. A lot of hard work went into this bill trying to meet problems and situations. I feel mighty thankful we have the bill. I have supported virtually all phases of the measure.

I commend the Senators highly who have worked on the bill, including my own colleague from Mississippi. Senator Cochran, who has been diligent and effective in covering parts of the bill. I commend him for his work.

Mr. PRYOR. I thank my colleagues from Mississippi.

The PRESIDING OFFICER (Mr. Abdnor). The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, this is an extremely important bill that is going to have extreme effects on rural America. So I hope that we understand what we are doing on this bill when the vote comes.

Yesterday I was in this Chamber and indicated the rapidly deteriorating situation in Nebraska, and that is for the record.

As we approach the vote on this bill I have two or three questions that I wish to ask the managers of the bill and anyone else who would care to respond. But before doing so I today cite another reason for the crisis situation that we are in in agriculture today and not only agriculture but the businesses and the people who live in rural America.

It is summed up basically by an excellent article that appeared recently in the Sioux City Journal. It is about a very knowledgeable farmer and farm-banker in Nebraska whose name is Vince Rossiter.

Mr. President, I ask unanimous consent that, at the conclusion of my remarks and when I yield that floor, the full article be printed in the Record, including the article entitled "Banker Blames Government Inaction, Debt," along with an article subtitled, "Nebraskans Seek Parity."

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. EXON. Mr. President, I first want to compliment the managers of the bill. I am not a member of the Agriculture Committee, but I have been working very closely with them. I was in and out of the conference with the House of Representatives. I know that our Members and especially our staff worked extremely hard on this, and particularly staff continued into the wee hours of the 3 days following the conclusion of the conference to get the bill in a form that it could be considered first by the House of Representatives and now by the U.S. Senate.

In reviewing the vote in the House of Representatives, I noticed that a rather high number of those who opposed that bill in the House of Representatives were from farm States. So, while it is true that there was bipartisan support for this in the House of Representatives, a major portion of the opposition over there came from Members of the House of Representatives that represented farm States.

Let me first say that my colleague from Nebraska, Ed Zorinsky, fought very hard in that conference and tried to get some things done that were not accomplished. I compliment Ed Zorinsky and the other Members for holding fast for what they thought was proper.

Unfortunately, they did not get as much done as I think would have made this bill acceptable. But, nevertheless, they worked extremely hard. If we could just have gotten some give on some points. If we could have recognized, for example, that if we could get to some kind of a mechanism to mandatory control of production or at least steps significantly in that direcition, rather than the watered-down appoach to even the referendum by wheat growers as to whether or not they want to go to mandatory controls, I could have been more enthusiastic about this bill.

But I reference again the item by Vince Rossiter in the Sioux City paper. Again, it comes home to roost that there is no way out of this situation. There is no way out of it with extended credit. There is no way out of the thing by simply bailing out the Farm Credit System. The only way out of the difficulties of rural America today is to get some profitability into the hands of the food producers.

I believe the key question about this bill, therefore, is not to what extent it busts the budget or does not bust the budget. I think the key question is whether or not this bill before us, which we will be voting on sometime today, as I understand it, raises farm income for any one of the following years: 1986, 1987, 1988, 1989, and 1990.

My first question of anyone who is in a position to answer: Will this bill improve farm income in any of those years?

Mr. President, I pose the question once again because obviously no one heard me: Will this bill improve farm income in 1986, 1987, 1988, 1989, and 1990?

Mr. ZORINSKY. I would like to answer my distinguished colleague from Nebraska. If properly administered by the administration, this bill has the potential for increasing profit. Based on past history, the odds might be against that. however, the discretionary authority that is vested in the Secretary of Agriculture and the Department of Agriculture gives numerous options to make that happen. As a matter of fact, this bill, for instance, would give him the discretionary authority to implement mandatory production controls on wheat, which my colleague from Nebraska has just indicated he would like to have included in the bill. The Secretary does have that option under the bill. Were he to use that, I would say that I would be able to answer the Senator's question affirmatively. Obviously, the choice of those discretionary options has a great deal to do with the profitability of agriculture in the future.

Mr. EXON. Let me ask another question of my colleague, then. I appreciate his frank and forthright answer. During his discussions, or any discussions that he knew of between the present Secretary of Agriculture, who is the only one that we have had under this administration, during the discussions around the measure before us, which the Secretary of Agriculture was intimately involved in, or previously, has there been any indication whatsoever, has there been one iota of hope expressed directly or indirectly by the Secretary of Agriculture that he might use some of the tools at his disposal that my friend from Nebraska has just cited?

Mr. ZORINSKY. Well, the Secretary has indicated to me, I might relate to my good colleague from Nebraska, that he is hopeful agriculture will turn the corner and farmers will be able to earn a profit in the marketplace. However, he did not indicate in which manner. He did not indicate how; he did not delineate any plans in the near future.

However, the results of the wheat poll -- the mandatory requirement that the Secretary conduct a survey of wheat farmers to see if they favor mandatory production controls -- may change the Secretary's mental attitude toward implementing production controls and help the profitability of agriculture.

But, in answer to the Senator's question, I have found throughout the entire evolution of this farm bill that everybody wants to increase the prices for commodities for farmers. Many people are on different tracks on how to get there. Unfortunately, my differences with the administration and Secretary Block were on how to get there. I felt we have to have new innovative ways to do that, whereas it appears he is satisfied to let the failed practices of the past control the future.

Mr. EXON. I thank my friend from Nebraska. I would simply comment that, from his answer, I only took it that the answer to my question as to whether or not the Secretary of Agriculture had ever indicated in any fashion that he was prepared, ready, anxious, or would move to production controls to raise prices, I think the answer to that is no. Because I do not believe that he has ever indicated that he thinks that is the proper course of action. To the contrary, this administration has always taken the position that they did not want any kind of controls; that they were for fence-row to fence-row production as much as they could because that would eventually lead the price of grains down to a point where we could -- and I use their words -- "be competitive in the international marketplace."

What they are really saying is that the farmers of the United States should be able to produce grain as cheaply as they do by hand in mainland China, where the average wage is something around 18 or 19 cents, and they do it all by hand and they have no equipment and no costs therewith.

I also say this is the same Secretary of Agriculture -- and that is why I object to this measure that allows too much flexibility, and too much control for the Secretary of Agriculture -- who not more than 2 years ago was in the room over there suggesting that we cut target prices on wheat so that he would not have to pay out as much money, and that he could reduce the loan price of wheat if we would simply put the target price which unfortunately and over my objections we did.

There is one other question that I think we have to keep in mind as we look to the future. This is my last question, Mr. President. When I get the answer to this one, I will yield the floor.

It is not just what is in this farm bill and how much money we are going to spend. But it is tremendously important, for the planning for not only 1986 but in future years, to the farmers who have to work with their lenders to see what they can do, and what their budgets are. It seems to me that whatever this bill does or does not do we will be facing a near-term reduction in whatever amount of money we appropriate for this bill because of Gramm-Rudman. I suspect that at least will happen in the February to March 15 period of next year when Gramm-Rudman triggers about a $11 billion-plus decrease in the budget for 1986, a reconciliation, if you will.

When you knock out -- and eliminate, if you can, and as Gramm-Rudman does -- over 50 percent of the budget and say that is sacrosanct, it cannot be touched, then you come with under 50 percent of the budget, and you start whacking out $11 billion there, it appears to me from rough calculations that would require maybe a 5-percent reduction in all budgets including agriculture in the spring of next year.

At the very same time we will be tied up with the message from the President of the United States that Gramm-Rudman requires, to cut another $35 billion out of the next fiscal year. What I am saying is I think it is fair that we level with the American farmer, and have an understanding as to what this bill does or does not do.

I do not think we can argue with the fact that Gramm-Rudman, good, bad, or indifferent, hangs like a meat ax or a meat cleaver over all appropriations including agriculture.

So whatever we outline here, whatever we do, whenever we come to figuring cash flow as to if I raise so many bushels on so many acres how much money will I have to meet my debts and retire my loan payments, and if I am going to have anything left, it seems to me there is no way that figuring cannot be done on a realistic basis given the uncertainty of Gramm-Rudman.

My question is, Is it not possible or is it not probable that Gramm-Rudman and its budget approach in the spring and in outyears is going to do great harm to whatever amount of moneys we are attempting to appropriate here with regard to a 5-year Farm Program?

That is my question. Can anyone answer it for me?

Mr. ZORINSKY. I would like to say to my colleagues from Nebraska that quite obviously any cut in any budget severely constrains its effectiveness, and its ability to operate. If we had the guts a long time ago to start reducing the deficits and the budget, maybe today's farmers would be paying 5 percent interest which would certainly more than offset any 5-percent cut in the budget next year. It is a hypothetical question. Obviously any cut in anyone's budget can terminate programs, can hurt budgets and can hurt the effect of any program -- quite obviously.

The ultimate responsibility for making budget cuts rests with Congress. Gramm-Rudman did not repeal the Constitution.

I would hope that come next year we do not have to trigger Gramm-Rudman, and have the ability ourselves to face what I have heard the American people tell me time and time again; that is, Mr. Zorinsky, we are not overtaxed. We are overspent in Washington.

So I just feel at this point it is difficult to describe what problems would be created by Gramm-Rudman.

Mr. EXON. Can anyone else answer the question for me as to whether or not Gramm-Rudman with its automatic triggering action is going to have an effect on the agricultural community? I did not come here to argue that we should not cut spending. What I am arguing, and what I argued for yesterday, was the fact that Gramm-Rudman and the whole process that we are going about did not make an even cut. As I said yesterday, there is great joy in most of America today -- merry, merry Christmas and all that good cheer. There is no good cheer in the Farm Belt today. How many people in America today would be having a merry Christmas if they felt that their total assets had deteriorated by 50 percent in the last 4 years?

I am trying to get across to the U.S. Senate that we are going about this in an uneven manner. I do not buy the fact that we have to make some reductions as we go through this overall process.

What I am trying to get at is this bill we are passing today is generally understood, I think, in rural America as doing this when in fact we are misleading them by not coming up front and saying whatever we do in this bill it is going to be something less.

I agree with my colleague from Nebraska. I hope we do not have to make $11 billion in cuts in February. But we have already been told that we are going to have to do that. We have already had outlined in Gramm-Rudman that we are going to have to cut spending by $35 billion a year for 5 years. It seems to me, Mr. President, that Gramm-Rudman hangs like a meat cleaver over the agricultural budget, in what it is going to do to a sector of our economy that has already been devastated.

Since I cannot get the answer to the question, at least I tried.

I yield the floor.

EXHIBIT 1

BANKER BLAMES GOVERNMENT INACTION, DEBT

(By Joan Burney)

Hartington, Neb. -- V.E. Rossiter Sr., chief executive officer of the Bank of Hartington, has been an activist for the cause of the family farm all his banking life.

He has served as president of the National Organization for Raw Materials, has also given numerous speeches and participated in a number of meetings in Washington, including a recent one with Paul A. Volcker, chairman of the Federal Reserve Board.

Rossiter said "What Governor Branstad has done to correct this problem will be lost in history and soon forgotten in the economic chaos that is just ahead of us -- unless we restore the primary income created in monetizing farm and other raw materials to 100 percent of parity immediately."

He said he didn't care to speak directly on Branstad's action. "I'm sure he has done as much as he can do...to persuade President Reagan to release his stranglehold on the throat of American agriculture.

"On the other hand I am painfully conscious of the fact that the midwestern governors have had three or four years to consider 'mininmum pricing' legislation where the several midwestern states would be permitted to supplant the federal government in a farm-price-support program. When it passed the legislature of South Dakota three or four years ago, Governor Janklow vetoed it. Of all the midwestern governors, Governor Perpich of Minnesota was the only governor to actively support state level 'minimum farm pricing' legislation.

"The Nebraska state legislature has prepared a bill and the agricultural committee has approved it, but it has found no support from the Nebraska governor nor members of the legislature in the last two sessions.

"You would think that if the midwestern governors really wanted to deal with underpriced farm raw material, the primary source of state tax revenues, then they would do something in the way of minimum pricing and legislation at the state level."

Rossiter said midwestern governors appear to be insincere in their political efforts to help the ailing agricultural economy within their states, and they are dishonest if they criticize President Reagan for doing nothing for the farm economy, if they are not willing to supplant mismanaged and ineffective farm programs at the federal level with carefully managed and effective, state-administered farm programs which will support our farm economy, and the national economy.

He says, "I personally anticipate tragic economic consequences for rural America, and metropolitan America as well, by the unconscionable delays in dealing with the pricing problem of the farm economy. Agriculture's share of national income has declined 85 percent from the 1943-52 average. The share of national income earned by small unincorporated businesses and professional people has declined 59.1 percent. The share earned by individual owners of rental property has declined 25.7 percent. And the share earned by corporations before taxes has declined 23.2 percent from the average share of each national income dollar earned from 1943-52" Rossiter says he feels these figures are significant and show that everybody should be concerned. He said, "The point here is that agriculture earned 100 percent of parity farm prices on the average during the 1943-52 period and all sectors for the economy prospered.

"Today we have the greatest distortion of individual sector share of national income that has prevailed since records have been kept. This distortion was created by the dislocation of income due the private enterprise sectors, which was siphoned off by the increasing interest costs on an unprecedented public and private debt injection into the economy. The purpose was to 'stabilize' the economy over the past 32 years, but the effect has been rampant destabilization."

Rossiter said, "The result is an increase in public and private debt in the United States from $550 billion in 1952, to $7.1 trillion at the close of 1984. An increase of 46.5 trillion of debt in 32 years. The net result because of this dislocation is that with all private enterprise sectors losing income to service debt, interest income to individuals share of national income has risen 661.9 percent from the average from 1943.52.

"This in an unprecedented example of gross mismanagement of our national economy by the Republicans and Democrats alike. The debt incurred must be paid out of future income or it will cause economic collapse and it will be abrogated, cancelled and charged off against the capital assets of the nation."

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NEBRASKAN SEEKS PARITY

Hartington, Neb. -- V.E. Rossiter Sr., chief executive officer of the Bank of Hartington, said "What Governor Bradstad has done to correct this problem will be lost in history and soon forgotten in the economic chaos that is just ahead of us, unless we restore the primary income created in monetizing farm and other raw materials to 100 percent of parity immediately."

He said he didn't care to speak directly on Branstad's action. "I'm sure he has done as much as he can do ... to persuade President Reagan to release his stranglehold on the throat of American agriculture."

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, the peanut title, as reported out by the Senate-House Committee conferees, reauthorizes and improves upon the Peanut Program provided in the 1981 farm bill. These improvements are considered necessary by experts in the peanut industry. Since the provisions of the peanut title of the conference report, the Senate bill and the House bill are almost identical to the peanut title of the bill I introduced, I feel I am the proper Member of

Congress to explain the provisions of the final bill which includes the improvements of the existing law.

Mr. President, I would like to briefly outline these improvements or modifications for clarification.

First, the bill seeks to be more flexible in regard to meeting increased market demand, by giving the Secretary of Agriculture discretionary authority to adjust the national poundage quota by the amount he estimates that domestic edible, seed, and related uses of peanuts would exceed the statutory level of 1.1 million tons. Increases in the national quota are required to be apportioned among the States so that each State's poundage quota is equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

It is the intent of the conferees that the State Agriculture Stabilization and Conservation Committees shall determine the basis for allocation of such poundage quota released. The State Agriculture Stabilization and Conservation Committee is more aware of the situations and conditions that exist in their respective States and are, therefore, in the best position to determine how the quota reallocation should be made on a basis of fairness, equity, and need. There may be some conditions prevailing in some States and not in others that should be taken in account in making allocations of poundage quotas.

Second, the bill further expands provisions that establish poundage quota for farms that currently do not have a farm poundage quota. Under the bill, a farm poundage quota for the 1985 crop and for each farm on which peanuts were produced in at least 2 out of the last 3 crop years. In addition, if the national poundage quota is increased by the Secretary, poundage quota would be allocated equally to both quota and nonquota growers.

The bill also provides for reduction of a farm poundage quota if the quota was not produced in 2 of the last 3 years. Voluntary release of quota is also permitted. Quota that is reduced for failure to produce or voluntarily released would be allocated to all farms that produced peanuts in 2 out of the 3 last years.

Third, the bill increases the marketing penalties to 140 percent of the support price for producers and handlers. Previously, handler penalties were 120 percent of the support price. Also, penalties of 140 percent of the support price are imposed on importers of additional peanuts which have been exported from the United States.

Fourth, some physical requirements for exported additional peanuts have been relaxed to improve overseas sales potential.

Fifth, the deadline for contracting for the export or crushing of peanuts has been changed from April 15 to August 1 to allow growers more time to assess their planting and marketing objectives before making commitments on contracts.

Sixth, the bill gives the Secretary authority to adjust the support rate for 1986, based on changes in the index of prices paid by farmers over the past 5 years.

The national average quota support rate for the 1986 crop of quota peanuts shall be the same as the national average quota support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary by a percentage equal to the percentage increase in the index of prices paid by farmers for commodities and services, interest, taxes, and farm wage rates, 1977 equals 100, for the calendar year beginning January 1, 1981, through calendar year ending December 31, 1985. This adjustment shall be made by adding any increase determined by the percentage of any increase for the 1981-85 calendar years to the quota support rate, $559 per ton for 1985. The index, 1977 equals 100, of prices paid by farmers is compiled and published on a monthly and annual basis by the Crop Reporting Board, Statistical Reporting Service of the U.S. Department of Agriculture.

The Secretary of Agriculture has already gone through the formula outlined in the farm bill and has determined that the quota support for the 1986 crop will be $615 per ton. In a letter to the House of Representatives, dated September 18, 1985, the Department of Agriculture outlined its position on six aspects of the farm bill. In writing about peanuts, this letter specifically stated among other things:

The Committee Bill would set the 1986 quota price support level for domestic use equal to the 1985 level (559 per ton) adjusted by the change on the cost of production. This price is currently estimated at $615 per ton -- well above the estimated 1984 farm price of $506 per ton.

After the Senate Agriculture Committee reported its bill, Senator Jesse Helms, chairman of the Committee on Agriculture, Nutrition, and Forestry of the U.S. Senate, requested the Department of Agriculture's position on the committee-approved bill. John R. Block, Secretary of Agriculture, responded to this request by a letter addressed to Senator Helms dated September 26, 1985. On page 4 of that letter, under the heading "Peanuts," the Secretary wrote, among other things, the following:

PEANUTS -- The Committee-approved bill would extend the present peanut program with some modifications. The legislation would set the national poundage quota at estimated domestic edible, seed, and related uses, but in no case could the quota be less than 1.1 million tons. The legislation would set the 1986 quota price support level for domestic use equal to the 1985 level ($559 per ton) adjusted by the change in the costs of production. This price is currently estimated at $615 per ton -- well above the estimated 1984 farm price of $506 per ton. The 1987-89 quota price support level is tied to changes in cost of production. As a result, the legislation would substantially increase both the national poundage quota and the quota support level...

In writing that the 1986 quota support level is currently estimated at $615 per ton, the Secretary was expressing displeasure with the committee-approved bill on peanuts and, obviously, the purpose was to try to influence the Senate to change the Senate committee-approved bill. In making this evaluation, the Secretary had to adjust the support price from the 1985 level of $559 a ton upward to reflect the percentage increase in the index of prices paid by farmers for commodities and services, interest, taxes, and farm wage rates for the period beginning January 1, 1981, through December 31, 1985. It is assumed that the estimation was made around August 1, 1985, or September 1, 1985. The reason for the use of the words "currently estimated" was that the year 1985 was not completed at the time the Secretary made his review. Thus, it would appear that if a different review of the period from January 1,1981 through to-wit: September 1, 1985, were to produce a different figure for the final program figure, then the Department would be guilty of making one estimate for political expediency to support its political position and a different one for program purposes. I trust the Department would not desire its integrity to be so questioned.

For each of the crops years 1987 through 1990, the national average quota support rate shall be the same as the preceding year, adjusted to reflect any change in the national average cost of production of peanuts, excluding any change in the cost of land, for the calendar year immediately preceding the crop year for which the quota support rate is being determined. However, in no event may the national average quota support rate for any of the 1987 through 1989 crops (a) exceed by more than 6 percent of the national average quota support rate for the preceding crop.

Annual adjustments in the national average quota support rate shall be based on the national average cost of production of peanuts calculated by the Economic Research Service and reported annually in the publication, "Economic Indicators of the Farm Sector." The committee is aware that the Economic Research Service considerably changed its cost of production formula as it pertained to peanuts in 1983. This action by the Department affected the determination of the quota support rate contrary to the intent of Congress in the Agriculture and Food Act of 1981. It is the intent of the committee that the Department of Agriculture use the same formula and the same reporting format, as used to calculate the quota support rate for 1985, in determining the cost of production of peanuts, as it pertains to adjustments in the quota support rate, throughout the life of this act.

Seventh, the bill modifies the provision of law relating to area pools and the buy-back from the pools. Currently, farmers may place additional or quota peanuts in the areas pool and allow them to be redeemed by shellers into domestic markets within 72 hours. The provision sometimes allows additional peanuts in one pool to displace quota peanuts in another pool. Higher priced quota peanuts remaining in the pool may be crushed, at Government expense. In the past, three separate pools -- Southwest, VC, and GFA -- operated independently regarding the buy-back provision even though redemptions in one area could affect other pool profits. The bill provides that the buy-back will remain intact, but a loss sharing requirement will exist among the three pools. Losses sustained from quota peanuts in a pool must be offset by profits from additional peanuts in that pool first. If there is inadequate profit from additionals, profits from segregation 2 and 3 pools must be used to offset losses in the quota pool. If a deficit still remains, then income from the other two pools will be used to offset the losses. This pool arrangement is designed to reduce Government cost exposure.

The conferees have improved upon this position by including a technical amendment that would further insure that the Peanut Program does not result in substantial cost to the Commodity Credit Corporation.

Under current law and regulations, and the provisions of the conference approved bill, "additional" peanuts that Commodity Credit Corporation has acquired at additional peanut loan rates can be sold for domestic edible use instead of export or crushing uses. This eligibility of additional peanuts for the domestic edible market occurs under a practice known as buy back. Under current law and regulations, additional peanuts can be bought back from CCC by the producer or his assignee. After the buy back occurs, these additional peanuts become eligible to be sold into the domestic edible market. Since the domestic edible market is limited, then quota peanuts which CCC has acquired can be displaced from the domestic edible market, because of the sale of additional peanuts for domestic edible use under buy-back procedures. When such displacement occurs, CCC has to sell quota peanuts for export or crushing at a much lower price -- additional peanut price. In other words, CCC may be forced to sell quota peanuts for export or crushing at approximately the additional peanut support price, that is, $148 a ton, where normally quota peanuts would have sold for approximately $559, thus causing a loss to CCC.

The purpose of this amendment is to prevent loss to the CCC and, thus direct that the regulations promulgated by the Secretary of Agriculture be written or changed in a manner to prevent any substantial increased cost to the CCC which could result under buy-back practices. This amendment also goes further than just directing regulation promulgation for it requires the Secretary of Agriculture to operate the buy-back provisions in a manner so that they do not result in substantially increased cost to the Commodity Credit Corporation.

This buy-back practice is practically the only form of Government cost associated with the Peanut Program. The House and Senate both have taken steps to reduce any possible losses to the Commodity Credit Corporation by establishing area pools for distribution of marketing gains and losses. This provision commonly called national compliance will provide that losses in area quota pools will first be offset by gains in the same area additional pool. If there remains a loss in any area quota pool. Any gains in other area pools must be applied to this loss. However, if the Secretary promulgates proper regulations and/or operates the buy-back procedure in a manner where there is no increased cost to the CCC, then there may not be a need for pool offsetting.

The amendment in no way interferes with the Secretary's authority to implement and administer the Peanut Loan Program. It does, however, provide the Secretary authority to prohibit or curb all practices dealing with the storage or disposition of any peanuts owned or controlled by the Commodity Credit Corporation that result in substantially increased cost to the Government.

Thank you, Mr. President.

Mr. President, I also ask unanimous consent that a letter dated September 26, 1985, addressed to the Honorable Jesse Helms, chairman of the Committee on Agriculture, Nutrition, and Forestry of the U.S. Senate, Washington, DC, signed by John Block, the Secretary of Agriculture, which is referred to in the statement that I made on the change of the peanut title be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of Agriculture,
Washington, DC, September 26, 1985.

Hon. Jesse Helms,
Chairman, Committee on Agriculture, Nutrition, and Forestry, Washington, DC.

Dear Mr. Chairman: Thank you for your request regarding the Department's position on the Committee-approved bill entitled, "The Agriculture, Food, and Conservation Act of 1985", which was reported out of Committee last week.

As we both know, the development of a 1985 Farm Bill has been a long and arduous process. I have been encouraging the debate beginning with the Agricultural Summit in July 1983. At that time, I stated that agricultural policy had reached a critical point -- a watershed period. I also stated that if appropriate agricultural policy is not developed in the 1985 Farm Bill, there could be irreparable damage to our farm and agribusiness economies, and thus the total economic standing of the U.S. Given the recent situation of bumper crops, low commodity prices and the overall depressed rural economy, I am convinced of that premise now more than ever.

Earlier this year, I forwarded to the Congress the Administration's farm legislation. That legislation contained the following objectives:

A long-term consistent agricultural policy which will allow farmers to make realistic investment and production decisions.

Increase U.S. competitiveness which allows farmers to effectively compete in international markets.

Movement towards market orientation that allows farmers to respond to market signals, rather then responding to artificial support rates set by Government programs.

Provides for a compassionate transition from our current programs to a policy of less government in the agricultural sector.

Exercise fiscal restraint by providing income benefits to those most in need to reduce the budget deficit.

While the bill does contain some provisions that are market-oriented and contain sound policy principles, the current version of the bill violates many of the Administration's objectives.

Specifically, I would like to address the major provisions of the Committee-approved bill and provide you with the Administration's position and their potential economic impacts.

MAJOR PROVISIONS

Loan Rates -- The legislation does provide for authority to reduce loan rates by establishing them at 75-85 percent of the most recent 5-year average, but not more than 5 percent from the previous year's level. In addition, it provides discretionary authority for the Secretary to lower loan rates an additional 20 percent (the so-called Findley amendment) if the average market price is less than 110 percent of the loan rate. The Administration supports these provisions and commends the Committee in recognizing the need for U.S. agriculture to become more competitive in international markets.

Marketing Loans -- The Secretary is required to permit repayment of loans at the lower of the loan rate determined for the crop (prior to Findley amendment) and the higher of 70 percent of the loan rate or prevailing world market price. The Administration opposes mandating this authority but would not object to its provisions on a discretionary basis. Large budget outlays would be incurred if the loan contracts are paid back at less than the loan rate, despite the fact that a floor is placed on the marketing loan. In addition, payments resulting from the lower loan repayment level are exempt from the current $50,000 payment limitation. Together, with the portion of payments resulting from the Findley Amendment, almost 30 percent of all producer payments will be exempt from the payment limit for the 1986 crop.

Target Prices -- The Committee-approved bill freezes target prices for wheat, feedgrains, cotton and rice for four years. In addition, due to the tiering of the wheat target price, the effective target price is actually 12 cents above the current level of $4.38 per bushel. The Administration is adamantly opposed to these provisions. Freezing target prices at current levels for the 1986-90 crops is a perpetuation of past failed policies that will have serious consequences on the size of acreage reduction programs, farmers' production decisions both in the U.S. and abroad, foreign governments' interpretations of U.S. policies, and Government costs.

The prevailing argument used by some members of the Committee and others is that it is necessary to have high target prices in order to maintain farm income. In other words, there are some who believe that high target prices will address both the farm income and farm credit situation. There is a serious misconception that much of agriculture benefits from income supports. About 90 percent of all direct Government payments for the 1984 programs went to wheat, feedgrains, cotton, rice, and dairy farms. Yet, these farms account for less than a third of total farm marketings. And, considering that overall only about 50 to 60 percent of these producers participated in the program, 90 percent of farm program payments went to producers that account for less than 20 percent of farm marketings.

More importantly, of all producers who are experiencing both debt to asset ratios of 0.4 or more and have negative cash flow, only 47 percent actually participated in farm programs. As a result, only 17 percent out of each dollar spent for 1984 commodity programs went to producers who were under financial stress and therefore directly benefited from farm income support assistance payments. Other more targeted approaches are far more appropriate to aid this group.

Acreage Reduction Programs -- Because target prices are frozen at high levels, incentives to expand production capacity will continue unabated. To contain this growth in production and stocks, extensive annual acreage reduction programs would be required. The magnitude of these reductions would be similar to those under a continuation of current programs, meaning that at least 45 million acres of grain, cotton and rice would likely be idled annually. This approach has had the effect in the past of openly inviting our competitors to expand production and take away our markets.

Marketing Quotas and Referendums -- The proposed legislation contains provisions to poll producers to determine support for a referendum and national marketing quota for wheat. The Administration is opposed to any form of mandatory supply controls. Mandatory controls will result in higher prices of wheat and render U.S. exports noncompetitive without large subsidies. Wheat acreage would have to be reduced about 50 percent to achieve desired trigger carryover levels. Import restrictions would have to be applied to processed products such as flour and bakery products in order to prevent cheaper foreign products from undercutting those made from expensive U.S. wheat. Expenditures for inputs -- seed, energy, fertilizer, pesticides and machinery -- would drop about $10 billion during the 1987-89 period.

Diary -- The bill contains provisions which would allow the current support price ($11.60 per cwt.) to remain in effect until January 1, 1987. On that date, the support price must be reduced 50 cents per cwt. if the Secretary estimates that surplus removals of dairy products are projected to be 5 billion pounds or more in the next 12 months. On January 1, 1988, and thereafter, the support price must again be reduced if removals are at or in excess of 5 billion pounds. In addition, if the Secretary estimates surplus removals on January 1, 1988 and thereafter to be 10 billion pounds or more, the support price must be reduced $1.00 per cwt.

The Administration is supportive of this approach, but believes it is necessary that the legislation provide authority to reduce the support price in 1986 if surpluses continue to exist.

Presently, the combination of increased cow numbers, increased feeding, higher productivity, and lower feed costs are driving a strong expansion in milk production. U.S. milk production for the 1984/85 marketing year ending September 30 is projected at 139.0 billion pounds, exceeding the record level of 138.8 billion pounds in the 1982/83 marketing year. CCC purchases are projected to exceed $2 billion. More importantly, preliminary estimates for the 1985/86 marketing year indicate milk production will increase to 143.0 billion pounds and CCC purchases exceeding 13 billion pounds. This projection is based on maintaining the current support price of $11.60 per hundredweight throughout the 1985/86 marketing year. It is clear that with no adjustment in the support price during 1986, there will continue to be increased production, continued high levels of CCC purchases and excessive government costs.

Sugar -- The legislation extends the current program and would set the minimum loan rate for raw cane sugar at 18 cents per pound, the current level with upward adjustments for inflation and rising production costs. The Administration is opposed to an extension of current law for sugar.

This legislation would perpetuate a heavy burden on U.S. sugar consumers, industrial uses, and refiners of raw sugar and would further penalize foreign exporters to the United States. High sugar prices also encourage the shift to lower-cost rival sweeteners and provide manufacturers of sugar-containing products with a major incentive to relocate outside the United States taking the jobs with them.

Domestic market prices for raw sugar are currently about 21 cents a pound, far in excess of the world price of approximately 5 cents a pound. Even if the world price reflected the 1984 estimated average global production cost of 14 to 16 cents a pound for raw sugar, the current U.S. market price would still be 5 to 8 cents (24 to 38 percent) higher.

The Administration would support lowering the sugar support price each year over the next three years. This would provide sugar cane and beet producers with income support, while at the same time, addressing the concerns of sugar users.

Peanuts -- The Committee approved bill would extend the present peanut program with some modifications. The legislation would set the national poundage quota at estimated domestic edible, seed, and related uses, but in no case could the quota be less than 1.1 million ton. The legislation would set the 1986 quota price support level for domestic use equal to the 1985 level ($559 per ton) adjusted by the change in the costs of production. This price is currently estimated at $615 per ton -- well above the estimated 1984 farm price of $506 per ton. The 1987-89 quota price support level is tied to changes in cost of production.

As a result, the legislation would substantially increase both the national poundage quota and the quota support level. Because total edible supplies are not considered in setting the national poundage quota, quota supplies would likely exceed demand in years with larger than normal year-end stocks. The bill would require forecasts of domestic edible use each year; if over-estimated, this would result in program costs to the Commodity Credit Corporation (CCC). The proposal would halt the marginal progress made toward market orientation through annual quota reductions under the 1981 Act by imposing a floor on the national poundage quota.

Finally, the proposal continues to penalize U.S. consumers of roasted and salted peanuts, and peanuts used in domestic products such as peanut butter and peanut candy. It has been estimated that the price premium on quota peanuts, compared with additional peanuts for export use, caused consumers to pay an additional $170-$200 million for peanuts used in domestic products during 1982-84. Moreover, this premium caused an estimated 14 percent increase in the price of peanut butter. As the spread between quota and additional peanut prices continues to grow larger than 1981-83, U.S. consumers will be penalized even further.

Wool -- The bill extends the current provisions for the wool and mohair program. In addition, it establishes a payment limit of $50,000 per person on the total amount of wool and mohair payments. The Administration supports the latter provision. In 1984, 0.6 percent of the total payees received more than $25,000 each, which accounted for one-third of all payments. A large number of these payees received more than $50,000.

Wool production continues to decline as support prices have increased faster than market prices, making the wool industry noncompetitive. The result is continued growth in budget outlays as price supports continue to exceed market-clearing levels. Thus, the Administration supports efforts to set the wool support price level based on past market prices.

Honey -- The legislation freezes the honey price support at the 1985 level of 65.3 cents per pound. For the 1987-91 crop years, the loan rate is established at 85 percent of the most recent 5-year average of farm prices or 50 cents per pound whichever is higher. In addition, the Secretary would be required to permit loans to be repaid at levels below the loan rate. Finally, the Secretary may provide deficiency payments to producers who forgo obtaining a loan in return for payment.

While the Administration is supportive of establishing price supports based on past market prices, we are opposed to mandating the use of marketing loans or providing deficiency payments to honey producers.

High price supports for honey have resulted in large takeovers of domestic honey by the CCC at a current cost of around $100 million annually. U.S. honey is no longer price competitive in world markets and can only become competitive in domestic and world markets if price supports are phased down to market-clearing levels.

Conservation Reserve -- The Committee-approved bill requires the implementation of a 25-30 million acre reserve which would retire erodible cropland. Contracts would range from 7-15 years and payments would be made with either cash or in-kind commodities. In addition, the legislation contains sodbuster and swampbuster provisions to prevent cultivation of highly erodible land and converted wetlands.

The Administration is very supportive of this provision but would prefer a program level of 20 million acres as originally proposed by the Administration.

Food Assistance Reserve -- A food assistance reserve is created which may have up to 500 million bushels of wheat and feedgrains, but not less than 200 million bushels of wheat for humanitarian needs. The current Farmer-Owned and Food Security Reserves would be repealed. The Administration supports these provisions.

$50,000 Payment Limitation -- The bill contains provisions that exempt the portion of payments made to producers due to a reduction in the loan level under the so-called Findley Amendment. It would also not include any gain realized by the lower loan repayment level at 70 percent of such loan rate. The Administration is opposed to these provisions. In 1984, 95 percent of all program payees received less than $25,000. However, 5 percent of all program payees received more than $25,000 and accounted for almost 40 percent of the total payments. As a result of these provisions, almost 30 percent of all producer payments would be exempt from the payment limit for the 1986 crop. The Government would incur potentially large budget exposure and provide additional income support to a very small group who already receive a disproportionate share of the total payments. We favor instead applying the $50,000 payment limitation to all payments.

Export Provisions -- In the area of commercial export activities, the mandatory authorization of various levels, including $1 billion for intermediate credits in FY 86-89, are inappropriate because they preclude the Department's ability to respond to changing market conditions. Furthermore, we believe that the present export credit authorities are adequate to meet our export objectives when coupled with price competitive commodities.

No new authority is needed for export bonus programs. The Department is currently implementing such a program over a three-year period using existing authority under the CCC Charter Act. At the minimum, Section 106(a)(1) should be amended to make the authority for export bonus programs discretionary.

In the area of overseas food aid, we continue to strongly believe that we can best achieve our goals for the P.L. 480 Title I private sector local currency initiative by using the existing Title I staff and procedures rather than by reinstating local currency sales under this authority. This will save delays and costly duplication. The targets, such as those in this provision, often slow the process of signing Title I agreements and exporting commodities.

The Administration continues to strongly support the Food for Progress concept. However, we strongly believe it should be carried out through the existing P.L. 480 program structure.

Our final major concern is the establishment of a Special Assistant to the President for Agricultural Trade and Food

Aid. Such a position is duplicative and will, inevitably, lead to confusion and unnecessary expense.

Food Stamps -- The Food Stamp and Commodity Distribution provisions will enhance the operation of the food stamp and commodity distribution programs. In particular, the employment and training provisions adopted by the Committee will aid food stamp recipients in more quickly finding gainful employment. While the Department would have preferred a more extensive program, we regard the Committee's employment and training proposal as solid progress. Similarly, the strengthened error rate provisions will be a valuable mechanism to help reduce high food stamp error rates. Although we support the improvements in the error rate system in the final Committee bill, we prefer the error rate provisions passed by the House in H.R. 5151 and initially agreed to by the Committee, as a more positive approach to reducing food stamp errors. We also support the provision to simplify current procedures regarding State's standard utility allowances. The Committee bill is more equitable than current law since it will recognize the receipt of Low Income Energy Assistance payments in determining shelter expenses deductions.

The Administration does not favor continuation of $50 million in administrative funding for the Temporary Emergency Food Assistance Program (TEFAP). However, we recognize the Committee's requirement that States share TEFAP administrative costs as a reasonable compromise that will promote prudent management of the program.

FARM CREDIT -- The Administration proposes that all farm loans, except disaster emergency, be consolidated into a single program that would be phased into an all-guarantee program by fiscal year 1989. The transition would be made as follows: Fiscal year 1986: $2 billion insured, $2 billion guaranteed, fiscal year 1987: $1.5 billion insured, $2.5 billion guaranteed, fiscal year 1988: $1 billion insured, $3 billion guaranteed, and fiscal year 1989: $4 billion guaranteed.

We believe that insured loans should not be made to refinance long-term real estate debt and that new borrowers to the Farmers Home Administration (FmHA) will be better served by utilizing the guarantee program. The changes being made in the guaranteed loan regulations have the enthusiastic support of the private sector lending community, and the program will be used much more widely than in previous years.

In keeping with FmHA's mission as lender of last resort, the exception to this policy should be farmers whose current loans are with banks or Production Credit Associations (PCA's) that fail and who are "credit homeless".

Emergency loans should be made only in counties where crop insurance is not available and should be capped at $200 million a year for each of the four years.

COMMODITY PROGRAM COSTS

The commodity program provisions in the bill reported by the Committee has been estimated by USDA analysts to cost about $55 billion over the FY 86-88 period covered by the Congressional Budget Resolution and $85-$90 billion over the life of the bill FY 86-90. Mr. Chairman, I am grateful to you for your leadership in attempts to reduce government costs, though it is clear that virtually no attempt was made on the part of some Members to meet the budget mark of $35 billion. Rather, in the final actions prior to reporting the bill, additions to outlays were mandated through a four year target price freeze. Thus, the bill would be more costly than current law if it were enacted and allowed to operate unchanged through the 1989 crop year. The current law has averaged about $12 billion per year in price support spending and it was projected to average about $16 billion per year over the next four crop years. The bill reported by the Senate Agriculture Committee is projected to average $17-$18 billion over the same period.

PROPOSED ADMINISTRATION AMENDMENTS

In an effort to establish long-term sound agricultural policy that meets the objectives of the Administration, I will forward to the Senate the following amendments for consideration on the Senate floor:

Target Prices -- This amendment would freeze target prices for the 1986 crop year and provide for a 5 percent decline each year thereafter. This amendment will provide for a gradual transition to farmers to a more market-oriented farm program. The gradual reduction in target prices will reduce incentives for increased production and reduce the need for acreage reduction programs. As target prices are reduced, acreage reduction programs could be phased out over a short period of time. Lower target prices would also reduce incentives for foreign producers to maintain or expand production in competition with U.S. producers. Finally, this amendment would result in significantly lower budget outlays. Some $2.3 billion could be saved over the life of the bill if this amendment were adopted.

Wheat Referendum and Quotas -- This amendment would strike the language requiring the Secretary to conduct a producer poll to determine support for a referendum and national marketing quotas for wheat.

Dairy -- This amendment would require that on January 1, 1986, the support price must be reduced 50 cents per cwt. if the Secretary estimates that surplus removals of dairy products are projected to be 5 billion pounds or more in the next 12 months. The existing provisions of the dairy legislation would remain intact. With adoption of this proposal, CCC outlays would be more than $950 million less over the FY 86-90 period. Consequently, CCC purchases of dairy products would be 6 billion pounds less over the same period. Commercial use would expand by 3 billion pounds. Most importantly, it will send dairy producers and processors the necessary signal in 1986 that the surplus capacity needs to be reduced and milk production moved toward supply-demand balance.

Peanuts -- This amendment would phase out the current two-price peanut program -- quota and additional price supports. During this phase-out, the quota for domestic edible peanuts would be set at 800,000 tons in 1986, 600,000 tons in 1987, 400,000 tons in 1988, and eliminated for the 1989 crop. Correspondingly, price supports for quota peanuts would be reduced to $500 per ton in 1986, $480 per ton in 1987, and $460 per ton in 1988. The price for additional peanuts would be set at the discretion of the Secretary of Agriculture at a level not to result in any cost to the Government. After 1989, the Secretary of Agriculture would set one support price for all peanuts that would result in no Government losses.

This program would virtually eliminate CCC outlays compared with the average of $40 million per year over the past 10 years, reduce production cost since quota rent accounts for about 30 percent of the cost of production, and save peanut consumers over $200 million per year.

Sugar -- This amendment is aimed at a rational lowering of sugar support levels to bring them more in line with competitive world market conditions. The amendment would accomplish this by keeping the loan level for the 1985 crop at 18 cents a pound for raw sugar, then reduce the loan gradually by 1 cent per year through the 1988 crop, and holding the loan level constant for the duration of the bill. Thus, the loan level would be 18 cents a pound for the 1985 crop, 17 cents for the 1986 crop, 16 cents for the 1987 crop, and 15 cents for the 1988 and subsequent crops. In addition, it would put the sugar program on the same basis as other crops by eliminating transportation charges from the calculation of the market stabilization price. This amendment would require processors (borrowers) to pay the Government the transportation cost on raw sugar forfeited to the CCC, thereby reducing the effective market price by around 2.5 cents a pound.

With sugar consumption at 7 to 8 million tons a year, savings to sugar users and consumers would total $4.2 to $4.8 billion for the period 1985/86 through 1990/91. The 30 percent of U.S. households with the lowest incomes would benefit the most under this amendment as they spend about 35 percent of their gross income on food. Also, manufacturers of sugar-containing products would have less incentive to relocate abroad, particularly to Canada where tariffs are minimal and there is not quota on sugar imports, and U.S. employment would benefit.

Lower support levels would also correct imbalance in U.S. sugar imports which have dropped to only 26 percent of total U.S. sugar use as a result of the growing isolation of the U.S. sugar market from international competition. Historically, U.S. imports have averaged 40 to 50 percent of our sugar needs. In addition, foreign exhange earnings from sugar exports are critical to the economic stability of many less developed countries, especially those in Latin America and the Caribbean that are highly dependent on revenues from sugar exports to the United States.

$50,000 Payment Limitation -- This amendment would place a $50,000 payment limitation on ALL direct payments made by the Commodity Credit Corporation to producers including payments due to lower loan rates or lower loan repayment levels. The number of producers affected by imposing this payment limitation on all direct payments is relatively small. Only 1 percent of the corn producers would be affected; 2 percent of the wheat producers; 20 percent of the cotton farmers; and 42 percent of the rice producers. However, over the period FY 86-88, nearly $1 billion could be saved through this proposal.

Reduced Farm Payment Acreage -- This amendment will reduce the acreage on which deficiency payments are made so that it does not exceed that acreage needed to meet demand and maintain reasonable carryover stocks. Deficiency payments will not be made on acreage used to produce surpluses. If farm payment acreage is reduced in this manner, about $6 billion could be saved from the deficiency payments in the Senate Committee bill as currently written. With the combination of a 1-year target price freeze, a total of $7.3 billion could be saved from the two amendments.

Wool -- This amendment would provide for authority to phase down price supports to market clearing levels over the life of the Bill.

Honey -- This amendment would also provide for authority to reduce the price support level to market clearing prices over time.

Mr. Chairman, with the adoption of these amendments, we will be able to formulate sound agricultural policy that will also exercise the necessary fiscal restraint.

In summary, if agriculture is to share in the economic recovery, we have an obligation to provide sound, long term agricultural policy. That means agriculture must regain its competitiveness in international markets and have policy tools that do not encourage excess production when the market place indicates otherwise. It also means providing income benefits but targeting them to most in need. Finally, the Federal government must, once and for all, reduce our budget deficits to provide relief to agriculture through lower interest rates, continued low inflation, and a moderation of the value of the dollar. Farmers deserve no less. Indeed, We have an obligation to them to accomplish that.

It is my sencere hope that we can work together towards an acceptable solution. I urge you and other members of the Committee and the Senate to complete action on the bill as soon as possible so that our Nation's farmers will be able to adequately plan for the 1986 crop.

Sincerely,
John R. Block,
Secretary.

Mr. HEFLIN. Mr. President, I would like to take a moment to express my disappointment with the soybean title of this farm bill. The American soybean farmer has been devastated by the House-Senate conference committee on the 1985 farm bill.

I noted in the morning press the attitude expressed by the soybean farmers in Alabama. Ted Johnson, the president of the Alabama Soybean Growers Association said, "Soybean growers in Alabama will be a thing of the past." One of my State's leading soybean farmers, Bill Dixon, said the program approved by the conferees will be a double blow to soybean farmers and those who rely on them. "This will have an adverse effect not only on soybean producers, but on all agriculture-related businesses. He also said, "It's the first time in my life that I'm wondering just where do I go from here."

The acreage payment included in the Senate-passed bill generated some hope for the financially-stressed soybean farmers. I was informed at one time that the Secretary of Agriculture stated that the FAIR Program, which included the payment of $35 per acre, was cost-neutral. If a farmer accepted the acreage payment, he bypassed the opportunity to place his soybeans in the CCC loan. With fewer soybeans stockpiling in the Commodity Credit Corporation, the USDA would not be subject to storage cost or the risk of soybeans being forfeited to repay the loan.

There is a great deal of evidence that the State Department, Treasury Department, and the international bankers undermined the Soybean Program because they were worried the plan threatened loans made to Brazil and Argentina.

Mr. President, I cannot speak for every Member of Congress, but I was elected to protect the farmers of Alabama, not the farmers of Brazil and Argentina.

I was also very disappointed to learn that the conference committee dropped an amendment I offered on the floor and was approved by the Senate, which would have prevented the U.S. Government from funding grants or loans to foreign countries to enhance production of foreign soybeans in competition with American soybean producers.

The conference committee also modified another Heflin amendment which established a marketing loan program without lowering soybean loan rates. This provision would havegiven the Secretary of Agriculture authority to implement a plan to make U.S. soybeans competitive in world markets without lowering loan rates to the farmer. The conference version, however, effectively legislates lower soybean prices for the farmer.

The Soybean Program, as adopted by the conference committee at the urging of the U.S. State Department and the international bankers, lowers the loan rate and produces an atmosphere that will result in the soybean farmer receiving less and less for a bushel of soybeans in the world market.

Mr. President, I think the statement of George Fluegel, president of the American Soybean Association, best sums up my feelings on the soybean program contained in this bill. It represents an "outright disaster in many parts of the United States. Congress totally ignored America's soybean farmers."

Mr. BOSCHWITZ. Mr. President, I rise in support of the farm bill conference report.

The farm bill sure is not everything I had wanted it to be but it is certainly much better than reverting to preexisting law and also it can be truly said that in farming -- where decisions of farmers and their lenders are quite long range -- having a policy in place is very important.

The bill is expensive, but there was no reasonable way to avoid that. The bill will allow us to be competitive in world markets and that is a great plus.

Perhaps most of all the farm bill is behind us and not looming ahead in an election year. Maybe Gramm-Rudman will cause us to revisit it, but at least that will occur with a policy in place and that policy as incorporated in the 1985 farm bill is better than what we have even if it is not everything that we want. Changing farm policy is not easy but the 1985 bill is certainly a step in a longer policy.

I will vote for the bill and recommend that you do so, too.

POLICY GOALS: WHAT HAPPENED TO THEM

The following policy goals were in the Boschwitz-Boren bill and not shared by everyone, but they will give you a better sense of the overall bill.

Protect farm income. The bill does this very well. In virtually every commodity there is not 100 percent protection at present levels, but very close -- closer than I thought we could get and stay within budgetary constraints.

Be competitive on world markets. The bill certainly authorizes -- but does not mandate -- the tools to make us market competitive, and the Secretary says he is going to use them. Since the alternatives of not using those tools is for the Federal Government to buy just tons of grain, I am satisfied that they will be used.

Full production. Senator Dave Boren and I were almost alone in our concern for the infrastructure of agriculture -- the truckers, rails, barges, exporters, fertilizer and seed people, the grain elevators, processors, et cetera -- which employs an enormous number of people who rely more on the volume of agricultural production than on the price. The theory is that if you "set aside" -- take out of production -- enough land, you will reduce the supply, increase prices to farmers, and reduce the cost of the farm program to the Government. That is what they have been doing for the last 4 years and you can judge the success for yourself -- huge costs. Nevertheless, that theory was continued in the new farm bill. I just plain lost -- though the Secretary has a lot of discretion on this issue and he says he opposes large acreage reduction programs -- his four predecessors who served from 1960-80 said set asides were "futile" and all we do is give away world markets. Well, if the Secretary carries through, we may have a chance here. But you have to score this as unlikely.

Free up planting. Now so much is planted for Government programs, rather than for the market. We actually did as well as could be expected here and a full-scale abandonment of planting requirements without a parallel abandonment of the program itself was perhaps an unreasonable, and may have been an undesirable, goal.

Freezing bases and yields. Increasing acreage bases and crop yields to take advantage of program payments have been a large element in spiraling costs of farm programs. We froze yields and gave the Secretary the authority to freeze bases. This is a very significant accomplishment.

Returning agriculture to the free market. Not as much was achieved in this area as I hoped for -- but a slow transition was indeed begun, and it sure is necessary. Four to five years ago about 20 percent of production was enrolled in farm programs. We expect it to be up around 90 percent in 1986. A transition -- that is too slow in my judgment -- to reverse this was begun. My efforts to let the farmer benefit from the market as prices rise didn't meet with success.

Meeting budget goals. We did a fairly reasonable job here -- but who is to know. Budget outlays in agriculture are based on predictions about the weather, economic conditions, currency values, commodity prices, plus crops and yields throughout the world all for the next 5 years. That is a lot of variables over a long period. We did as well as could be expected and if the rains favor us -- well, who knows.

SPECIFIC COMMODITY GROUPS

Target prices and loan rates. Target prices on all major commodities were kept at the same level for 1986 and 1987 -- except rice which was frozen for only one year -- reduced by 2 percent in 1988, an additional 3 percent in 1989 and an additional 5 percent in 1990. Loans -- which establish the market floor -- were reduced 5-10 percent in 1986 (see specifics below) plus an additional 10 percent in wheat and feed grains in 1986 only. For the purpose of figuring the loan, that 10 percent would "snap back" in 1987. Then there would be a 5-percent reduction in 1987 and 5 percent each year thereafter -- on a formula reflecting market prices. There is considerable authority to lower loans much further, though the farmer's income -- the space between the target and the loan -- would be fully protected. It is not quite as complicated as it sounds.

Corn, the target remains at $3.03 in 1986 and 1987, $2.97 in 1988, $2.88 in 1989 and $2.73 in 1990 -- per bushel. In 1986, the loan goes to $2.16 -- from $2.55 presently -- and then down 5 percent each year thereafter -- the 5-percent reduction figured on a $2.40 level -- with considerable authority to lower it still further to market clearing levels if necessary. On the basis of targets and loans, farm income is well protected in corn, but the set asides are raised as follows:

	Percent
Minimum:	
1986	12.5
1987-90	12.5
Triggered:	

1986	5.0
1987-90	7.5
Paid:	
1986	2.5
1987	....

There is no payment for set aside acres except the initial 2.5 percent. The triggered set aside comes into effect if the carryover stocks exceed 2 billion bushels. Since there is presently a $3.03 target and a 10-percent set-aside, leaving the target the same and increasing the set-aside reduces farm income -- albeit slightly if the trigger is not reached. In 1986 the trigger will be reached and per bushel income effectively reduced 17 cents a bushel.

Wheat, the target is $4.38-$4.38-$4.29-$4.16-$3.95 per bushel over the next 5 years. In 1986, the loan goes to $2.70 -- from $3.30 presently -- and then down 5 percent each year thereafter, the 5-percent reduction figured on a $3.00 level with considerable authority to lower it still further to market clearing levels if necessary. Farm income is well protected above the loan to the target prices. The set aside program is:

Minimum:	
1986	15.0
1987	20.0
1988-90	20.0
Triggered:	
1986	7.5
1987	7.5
1988-90	10.0
Paid:	
1986	2.5
1987	
1988-90	

Nothing is paid except the 2.5 percent. The triggered set aside comes in if the carryover stocks equal 1.0 billion bushels. Since this year there is 20 percent unpaid set aside and next year there will be 22.5 percent -- more thereafter -- wheat growers also take a small income cut.

Soybeans have no target or set aside, only a loan. The official loan will be $5.02-$4.77-$4.52-$4.50 -- per bushel -- but the Secretary has a 5-percent discretion below those figures (but not below $4.50) if necessary to maintain market competitiveness. Next year the loan will surely be $4.77. Below that a marketing loan is authorized which allows a farmer to repay a loan at the market price -- so if he borrows $5.02 and the market is $4.60 he can repay and satisfy the $5.02 loan for $4.60 with the interest forgiven. It will make our soybeans competitive on world markets.

Cotton, the target price -- per pound -- is $.81-$.81-$.79-$.77-$.73 from 1986-90. The loan starts at $.55 and can't go below $.50. Then there are mandatory provisions that make cotton competitive on the market again, and farm income is protected. Set asides for cotton -- triggered by carryover stocks -- are 20 percent and 7.5 percent is discretionary. We did the right thing for cotton, too, though cotton took its full share of adjustments.

Rice, the target price -- per hundred pounds -- is (approximately -- $11.90-$11.66-$11.30-$11.06-$10.70 from 1986-90. The loan rate goes down to $7.20 and then 5 percent a year with a $6.50 minimum. We made rice competitive in 1985 by changing its program immediately which was smart in my judgment, as there is no use just putting the darn stuff in storage. We should have done it for all crops but USDA hit the ceiling. Rice took its full share of adjustments with other crops. The rice set aside is 30 percent and a discretionary 5 percent is available.

Dairy, the 1986 support price -- per hundred pounds -- is $11.60. In 1987 the support level is $11.35 until October 1 when it drops to $11.10. There is a $.40 assessment -- paid by the farmer -- in 1986 and $.25 until October 1, 1987. The assessment pays for a whole-herd buyout -- a dairyman may bid his whole herd out of production -- which will reduce production -- and hopefully raise the price at least as much as the assessment. In 1988 and beyond the Secretary has the discretion to lower prices $.50 a year if there is still overproduction -- and if the CCC is buying more than 5 billion pounds of milk a year. Unfortunately, the price of fluid milk may rise -- even in 1986 due to ill-advised changes in the marketing orders!

Honey, loan rates were reduced by $.64-$.63-$.60-$.57-$.54 (per pound) from 1986-90. A marketing loan was authorized which will cut the cost of the program in half, make our honey price competitive, and end the need for imports.

Sugar, we froze the loan rate for the life of the bill. The 1986 import quotas were extended for 3 months, and in years after that the Secretary is directed to continue operating the program at no cost to the Government. Frankly, if you have voted against the sugar program in the past, we have not given you any reason to vote for it in the future.

Tobacco, is not covered by the farm bill, though most people think it is. However, in the reconciliation bill tobacco loan rates were dropped 16 percent and the program continues at no cost to the Government.

Peanuts, the program is unchanged and operates at probably no cost to the Government -- except for the administration of the program at USDA.

EXPORT PROGRAMS AND PUBLIC LAW 480

EXPORT CREDITS

First, $5 billion of short-term (6 months to 3 years) export credit guarantees (GSM-102) are mandated in each year, fiscal year 1986-fiscal year 1990.

Second, $500 million of intermediate term (3-10 years) export credit guarantees (GSM-201 and GSM-301) are mandated in each of fiscal year 1986-fiscal year 1988, with up to $1 billion in fiscal year 1989 and fiscal year 1990.

Third, mandates $325 million in direct credit funds (GSM-5) or commodities in fiscal year 1986-fiscal year 1988 to combat competitor subsidies. (These funds could be used in the blended credit program.)

Export Subsidy (PIK), $2 billion in commodities owned by the CCC are mandated to be used over 3 years to combat foreign subsidies. The Secretary must seek to use 15 percent of the commodities on meat and poultry exports.

Public Law 480 (food for peace), there are presently three titles. Title I covers concessional sales made at market prices but at very low -- or no -- interest and long -- up to 40 years -- terms. Title II covers donations. Title III is a concessional sale where repayment is forgiven if the money received by the recipient county in selling the grain -- within its own borders -- is used to fund development projects. The total outlay is about $2 billion with nearly one-half in title I and nearly one-half in title II -- perhaps 5 to 7 percent in title III. Adjustments to the program were modest and aimed at raising minimum levels and allowing title I repayments to be used for private sector developments in the country that we are helping. It is an excellent program, it does a lot of good and should make us all proud.

Section 416 (surplus commodity donations), has been greatly increased both in the required tonnage -- 650,000 annually -- and by including all surplus commodities owned by the CCC. At least 150,000 must be dairy, 500,000 must be grains, and 75,000 tons of those amounts must be used in the new Food for Progress Program which will encourage agricultural policy reform in the recipient countries. It is another program that brings great credit to our country.

Cargo preference rules did require 50 percent of all shipments "generated" by the Federal Government to go on U.S.-flag ships. U.S.-flag ship rates are often three times as high as international rates. This was always thought to apply to Public Law 480 and other donations only. In February of this year a Federal judge decided that cargo preference applied to export credit and subsidy programs. In conference we increased the 50 percent to 75 percent on Public Law 480 and donation programs, but exempted from cargo preference export credit and subsidy programs. Our effort on the Senate floor to protect the Great Lakes was weakened by the farm bill is still worth voting for.

CONSERVATION

The conservation provisions will be very popular with environmentalists and hunters because for the first time we have included both the necessary incentives to get erodible land into a conservation reserve, and the teeth to deny any Federal farm aid to those who persist in plowing up erodible land. The reserve will be 40-45 million acres within 5 years. In 1990 the so-called sodbuster provision becomes effective. This means that after January 1, 1990, a farmer must use an approved conservation plan on his erodible acres, or he will be ineligible for any Federal program benefits on all his acres -- a good provision.

AGRICULTURAL CREDIT

We made two well-intentioned efforts in this bill to improve the situation facing farmers and their lenders. One was to sweeten the current FmHA debt adjustment program by providing a Federal interest rate buydown of up to 2 percent if the lender agrees to match it. Commercial banks and Production Credit Associations could qualify if they also agreed to write down some principal or further lower interest rates in order to make the farmer cash flow. Loans under this program would then be eligible for up to 90 percent guarantees by the FmHA. Unfortunately, the program is not large enough.

Our second effort was to make some changes in the FmHA's internal procedures, in an effort to make them a more accountable agency, as well as more efficient. Time will tell if we were successful here.

FOOD STAMPS

The House had been $1.4 billion over current services. The Senate bill was $600 million under current services. We settled at $350 million over current services. We went up $950 million. The House came down $1,050 million. These figures are not per year -- the Washington Post story was wrong -- but a total over 4 years.

The major reforms made in the Food Stamp Program by the conference committee include: An employment and training program; enhanced computerization; modest benefit increases targeted to the working poor; and, additional provisions to eliminate fraud.

The employment and training program would be a "mini-block grant" to the States to institute a work program for food stamp recipients. Under current law, able-bodied recipients between 18 and 60 who do not have dependent children under six are required to register for work and participate in job search. States will now be allowed to structure their own employment and training program. The Federal Government will provide $40-$50-$60-$75-$75 million in the next 5 years to aid the States, plus a match if the State spends more on its work program.

The enhanced computerization provision will encourage states to develop and implement a plan to automate their administration of the Food Stamp Program.

Benefit increases targeted at working poor. Food stamp eligibility and benefit levels are based on gross income substracing a number of set deductions. To be eligible for food stamps your gross income cannot exceed 130 percent of the poverty level and you net income -- less the deductions -- cannot exceed 100 percent of poverty. The deductions include a standard deduction -- $95 per month -- excess shelter and dependent care deduction -- $139 per month -- 18 percent of earned income, and a medical deduction for the elderly and disabled.

The benefit increases targeted to the working poor included: Making the dependent care deduction a separate deduction up to a limit of $160 per month, increasing the shelter deduction to $147, and increasing the earned income deduction to 20 percent. In addition, the asset limit of $1,500 was increased to $2,000. The asset limit for the elderly of $3,000 was extended to single elderly. A list of the benefit increases and their budget impact follows.

Elimination of fraud. The provisions designed to help eliminate fraud include: allowing the Secretary of Agriculture to require photo identification cards where needed to protect program integrity and where cost effective; fraud detection units would be established in large metropolitan areas for detection, investigation, and assistance in prosecution of fraud; in areas where payment error rates impair the integrity of the program the Secretary of Agriculture would be permitted to require a State to carry out new or modified certification procedures; an adult household member must sign under penalty of perjury that everything in a food stamp application or report is true; each adult member of a food stamp household would be jointly and severeally liable for the value of any overissuance of food stamps.

Senator Durenberger's provision to prohibit banks from charging grocery stores for handling food stamps was included in the bill.

Senator Evans' 2-year moratorium on the collection of error rate sanctions owed by the States to the Federal Government was shortened to 6 months. The study of the error rate and quality control system suggested by Senator Evans will be done.

Sales tax on food stamp purchases. States that charge a sales tax on food stamp purchases will not be eligible to participate in the Food Stamp Program if they continue the practice after October 1, 1987.

Puerto Rico has a block grant of $825 million for food stamps. That figure has been frozen since 1982. It would remain frozen in 1986, and then go up at three-fourths of the rate of inflation. We show a savings on the following chart because CBO scored it assuming a full inflation increase.

Job Training Partnership Act income is presently exempt in figuring whether a person's income qualifies for food stamps. A good deal of JTPA income will be included. This saves $112 million over 4 years.

On balance this is a fair compromise that improves the integrity of the food stamp program while protecting the benefits of those most in need.

I again urge my colleagues to support this conference report. It is not everything I wanted, but it is better than reverting to existing law and it will allow our farmers to make their plans, which is very important.

Mr. President, I ask unanimous consent that the following chart be printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

FOOD STAMP COMPROMISE

[Budget impact -- millions over current services]

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

	Fiscal year --	
	1986	1987
Disability definition	$1	$1

Deduction losses of self-employed farmers n1	0	1
Job Training Partnership Act income	-27	-28
Increase earned income deduction n2	21	51
Increase shelter deduction to 147 n2	14	36
Separate child care deduction n2	7	16
Increase asset limit to $2,000; $3,000 for single elderly n2	22	77
Employment and training	4	4
Speed up collection	0	-45
Puerto Rico (1 year freeze, then three-fourths of inflation)	-38	-49
Provide information at SSI officess n1	0	1
Total	4	65

	Fiscal year --	
	1988	1989
Disability definition	$1	$1
Deduction losses of self-employed farmers n1	2	2
Job Training Partnership Act income	-28	-29
Increase earned income deduction n2	53	55
Increase shelter deduction to 147 n2	37	39
Separate child care deduction n2	16	16
Increase asset limit	115	121

to $2,000; $3,000 for single elderly n2		
Employment and training	4	4
Speed up collection	3	0
Puerto Rico (1 year freeze, then three-fourths of inflation)	-60	-70
Provide information at SSI officess n1	1	1
Total	144	140

	Fiscal year -- Total
Disability definition	$1
Deduction losses of self-employed farmers n1	5
Job Training Partnership Act income	-112
Increase earned income deduction n2	180
Increase shelter deduction to 147 n2	126
Separate child care deduction n2	55
Increase asset limit to $2,000; $3,000 for single elderly n2	335
Employment and training	16
Speed up collection	-42
Puerto Rico (1 year freeze, then three-fourths of inflation)	-217
Provide information at SSI officess n1	3
Total	353

n1 Effective October 1, 1986.

n2 Effective May 1, 1986.

Mr. MATSUNAGA. Mr. President, I rise to speak in support of the conference report on the farm bill, H.R. 2100, and to congratulate and commend the conferees for accomplishing an almost impossible task. As a consequence, we are enacting today a historic farm bill which will set the course for American agriculture for the next 5 years. This legislation is being enacted at a time of almost unprecedented depression in our Nation's agricultural community. While the measure demonstrates congressional concern, I am aware that many of the problems in agriculture are beyond the powers of this Congress to resolve during a period of falling farm prices and burgeoning Federal deficits.

Mr. President, I am especially pleased to note that the bill, as finally agreed upon by the conferees, provides assurance to the most economically important agricultural producers of my State, our Hawaiian sugarcane farmers, on two critical points: First, that they will have a basic support program continued at the current level and, second, that this program will be operated without cost to the Government -- an assurance as important to them as it is to the American taxpayer.

In this connection, I wish to compliment the Senate conferees for standing firm on the Senate provision that the sugar program continue to be operated at no cost to the taxpayer. This is vital, not only to avoid an increased burden on the taxpayers of our country, but to assure our domestic sugar producers as well that they will receive the price support level intended by Congress.

During the first years of the current program, the Department of Agriculture operated the sugar program with a net gain to the Government and with a price to our sugar producers equal to or higher than the loan rate. Unfortunately, however, the administration failed to administer the program in a like manner in 1985, with a result that the Department ran up a loss of more than $100 million while our domestic industry sustained a loss of many more millions of dollars.

In setting the 1986 quota the administration actually increased the quota from the 2.2 million tons which were imported in fiscal year 1985, to 2.33 million tons for 1986, despite the fact that domestic consumption declined with the shift by soft drink makers from sugar to 100 percent high fructose corn sweetener, except in Hawaii where consumers are sophisticated enough to demand "the real thing." In taking such action, the administration also disregarded the anticipated increase in domestic production due to improved yields. That increased import quota brought about a sharp reduction in price which has seriously injured the earning prospects for our domestic sugar industry.

The language adopted in the Senate version of the farm bill, which is retained in the conference report, and which mandates an extension of the current quota for an additional 3 months, plus a no-cost operation of the program beginning at the end of this current quota year, is, therefore, of the most crucial importance. The sugar industry in my State of Hawaii will lose many millions of dollars this year, despite record yields of more than 12 tons of sugar per acre and despite strenuous cost cutting efforts that have reduced costs by some 12 1/2 percent since passage of the 1981 Farm Act. The Hawaii sugar industry, despite its world-renowned efficiency, is expected to lose money again in 1986, althoiugh its losses will be sharply reduced by the extension of the current quota. However, the farm bill, as agreed upon in conference, offers hope for the future, thanks to the retention of the Senate no-cost language. That language should assure that our Nation's sugar farmers will receive the 18 cents per pound which Congress intends, and, what is more important, they will get that price from the market, not from being forced to forfeit sugar to the U.S. Government.

Mr. President, I want to thank those responsible for achieving this important legislative victory for our sugar producers and, indeed, for taxpayers and over the long haul for consumers as well. I particularly wish to thank our distinguished majority leader, the senior Senator from Kansas, Mr. Dole, for his active role in securing this happy result. It offers very real hope for the future of our domestic sugar industry.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

SUBJECT: BUDGET (79%); LEGISLATIVE BODIES (79%); AGRICULTURAL MARKETING (79%); FOOD STAMPS (79%); LEGISLATION (79%); CONFERENCES & CONVENTIONS (79%); INTERNATIONAL TRADE (59%); AGRICULTURAL PRICES (59%); PUBLIC POLICY (59%); FARMERS & RANCHERS (59%); PUBLIC FINANCE (59%); APPROPRIATIONS (59%); AGRICULTURAL LAW (59%); AGRICULTURE REGULATION & POLICY (59%); APPROVALS (59%); EXPORT TRADE (59%); LEGISLATORS (59%); AGRICULTURE DEPARTMENTS (59%); TAXES & TAXATION (59%);