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*131 Cong Rec S 15699*

**REFERENCE:** Vol. 131 No. 158

**TITLE:** AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

**SPEAKER:** Mr. BYRD; Mr. COCHRAN; Mr. DOLE; Mr. EXON; Mr. HELMS; Mr. MATTINGLY; Mr. MELCHER; Mr. THURMOND; Mr. ZORINSKY

**TEXT:** The PRESIDING OFFICER. The Senate will resume consideration of S. 1714, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 1714) to expand export markets for United States agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Dole motion to recommit the bill, with instructions to report back forthwith, with Dole Amendment No. 939, dealing with intermediate export credits.

Dole Amendment No. 940 (to Amendment No. 939), of a perfecting nature.

Mr. HELMS. Mr. President, will the Chair state the pending business?

The PRESIDING OFFICER. The pending business is amendment No. 940, offered by the majority leader.

Mr. HELMS. I thank the Chair. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

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Mr. MELCHER. Mr. President, the lament of those who make their living from crops or livestock is heard across the land:

The times are tough, the prices are rough; But save us our pride, while we fight the tide.

Today, the crumbling status of rural America provides a backdrop of ironic parallel and paradoxes for President Reagan's summit meeting with Soviet General Secretary Gorbachev. The failure of Russian agriculture to meet production goals forces the Soviets to import large quantities of food. Because of this, their Secretary of Agriculture is rumored to be on his way out. The situation in our country is reversed. Our Secretary of Agriculture is rumored to be on his way out because he has failed to export enough of the farm commodity surplus that presents such a problem here. Thus, the two countries at the summit provide a sharp contrast -- the Soviets showing weakness in agricultural production and the United States showing great strength in production while seemingly unable to put the strength of abundant food supplies to most effective use.

The land and those who work the land are bonded by an understanding that the good earth will sustain those who work and care for it. All life starts and renews itself with a fertile seed. Between the seed and the soil, life is sustained, and an annual promise renewed.

That separates Earth -- in the cosmos that we know -- from the other planets which, as far as we have been able to observe, do not provide such life-sustaining properties.

For the people of the world there is a universal common need -- the producing of life-sustaining amounts of food. Fortunate regions of the world -- the United States, for example -- have an abundance of food, much more than is required for our people. And, surely, it is one of the great marvels of the world that here in the United States so few produce so much.

Developed countries produce the world's surplus of foods, and of these countries we outproduce all others both in per capita food for ourselves and in an abundance of food surplus supplies that can be made available for others.

The World Food Organization tabulates total world need for food; and, according to the WFO, all of the food needs of people around the world would be barely met if all of the surplus food were distributed to those regions where people hunger. There is not too much food in the world; there is only a seemingly perverse reluctance to do what must be done in order to get it to those in need. Those basic needs are dramatically evident for millions in Africa and Asia. In addition, however, upgrading nutritional levels will require that more and more grain be used for dairy, poultry, and livestock production. In short, food production will have to be increased if we hope to meet the needs of a burgeoning world population and improve their nutritional levels.

Food is the oldest and most vital medium of exchange between people. Thus, food production is the basis of all societies in all countries.

Here in the United States, we have succeeded so well we have become blase about food abundance and pay little heed to the mounting problems of those who produce it. Our basic commodities of grains and cereals, cotton and wool, milk, sugar, and soybeans have price support programs, but prices have been so low for several years -- both here and abroad -- that Federal price support programs are costing the Treasury much more than ever before. Three years of low world prices and the resulting buildup of unsold commodities in Federal granaries and warehouses have triggered demands to reduce supply and further reduce the prices that farmers receive in order to discourage production. The administration's request for new legislation this year is built on that premise -- reduce supply by reducing the price and thus eliminate the production of a significant number of farmers. Today there are approximately 2.4 million U.S. farm or ranch operators, but of that number, at least a third earn most of their income from another business or a job separate from farming or ranching. In other words, agriculture is a sideline for them, and the low commodity prices, while unwelcome, do not force them into bankruptcy. These part-time farmers are financially more secure. What is more, their total production is insignificant compared to the production of the other two-thirds of farmers and ranchers.

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So, it is the approximately 1 1/2 million full-time farm and ranch operators who produce approximately 90 percent of the food and fiber that concern us in our battle to prevent the administration from forcing, through lower prices, the liquidation of many of these producers. They are vulnerable. They have large investments in land and machinery which have generally declined in value. Their credit is stretched now and, if their cash flow is further reduced in the coming years, their survival will become more and more questionable. Of the 1 1/2 million farm and ranch operators producing 85 to 90 percent of the food and fiber commodities, it appears that fully 20 percent now have their loans classified and another 20 percent are borderline. After the cumulative effect of the past 3 years of sagging farm prices, 3 more years of declining prices, coupled with a cut in target prices, would force liquidation of nearly half of them.

The Senate Agriculture Committee has reported a farm bill that provides only the minimum safety net. There is not much in this bill to stop the downward slide in farm prices, so what there is must be preserved to save as many agricultural producers as possible.

The bill allows the market-oriented lowering of market prices for grain, cotton, milk, and cereal, an action the administration considers essential to increasing foreign exports. What the bill does not allow -- and on which the administration must not prevail -- is lowering the safety net of target price deficiency payments. These are frozen at present levels for the 4-year life of the bill. Holding prices at the current levels is the minimum safety net that Congress can provide, and administration efforts to lower the amounts or reduce the number of years of safety net protection must be met with all-out resistance.

It is, after all, target prices that provide a measure of farmers' cash flow. Moreover, for those whose credit line is now critical, the target price may be their only lifeline. Creditors, be they bankers, production credit associations, or the Department of Agriculture's own Farmers Home Administration, can only calculate cash flow from the stability of the target price deficiency payments over the next 4 years and in this way determine the survivability of these farmers and ranchers.

And that process of calculation of cash flow is critical, too, for those operators who, while solvent now, will slide lower in credit rating if commodity prices continue to decline and target prices are lowered.

The administration is wrong in its attitude about this feature of the farm bill. It is wrong to try to reduce the number of farmers by lowering the target price safety net and forcing liquidations. The Secretary of Agriculture, the Office of Management and Budget, and the White House cite the need to reduce Federal costs as the reason for opposing this feature of the farm bill. They are also wrong to make target prices their target.

The farm bill is a 4-year bill and the projected cost of the target prices freeze for those 4 years is approximately \$4 billion. However, there are other places to reduce the costs of farm programs without tearing up this safety net.

When we are allowed the opportunity to offer an amendment -- and this is not the case now because the majority leader's combination of pending amendments prevents that -- we shall present a budget-cutting amendment calling for an \$8 billion reduction in costs during the 3-year budget cycle, thus bringing the farm bill under budget and providing an additional \$2 billion cost reduction for the fourth year of the bill.

We meet our responsibility to be within the budget by this amendment to reduce the farm bill's costs. Yet a deep sense of responsibility admonishes us not to reduce the target prices.

But this savings does not satisfy those who do the bidding of the administration, echoing the administration's farm policy are statements that a market-oriented policy requires lower target prices. However, that is not the case. The market-oriented lower grain, rice, and cotton prices that the administration seeks are not affected by target prices. Deficiency payments are separate. They do not prevent the lower market prices. Rather, target prices only provide a buffer for producers while the market-oriented policies are tested to increase exports and thus, in theory, to stabilize prices.

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Increasing exports to stabilize prices is sound, but I have strong objection to the administration's deliberate muddling of immediate opportunities to increase exports to countries that are consistent customers.

To correct these misguided policies of both the State Department and the Department of Agriculture, the export title of the farm bill mandates change. Amendments are necessary to strengthen it further, and I urge the Senate to support them when we have the opportunity to consider them.

Mr. President, there are other amendments, many other amendments, that will be offered to the farm bill when the opportunity for amendments is available. There will be, undoubtedly, Senators who have been waiting to offer cuts in the Dairy Program to reduce the support price of the milk; the same, I am led to believe, is true of the Sugar Program and the Peanut Program. Senators are certainly entitled to offer these amendments. I hope they are defeated. The farm bill comes to us after many months of deliberation in the Senate Agriculture Committee. It comes to us with the opportunity for members of the committee and for all others to consider both the administration program and the various programs and proposals offered by the 17 Members among those of us who serve on the Agriculture Committee.

It is my considered judgment that what we have before us, while not a particularly good bill, is probably the best bill that could be enacted at this time. We have what is known as a farm coalition, those commodity groups and people who produce those commodities on the farms and ranches of this country, who attempt to generate the thought and the momentum to carry through a farm bill every time it comes up for reenactment. It is not that there has not been enough thought or enough discussion put into this bill. There has been.

It is not that there is not a desire to do much more in this bill to correct the programs or to help the producers provide the investment and the work and the dedication, most generally their lifelong dedication, to producing these crops.

But the situation is one where the condition of low prices for these commodities has created not only a mountain of problems for the producers, it has also created a mountain of surplus commodities.

There is another amendment that could be offered. It deals with payment limitations. For 10 years and longer we have had payment limitations on the basic commodities of wheat, corn, feed grains, rice and cotton. It is a \$50,000 payment limitation per farm operator. It has stood in that amount since the the last farm bill was enacted in 1981 and since the farm bill that was enacted previous to that, the 1977 farm bill. I do not believe that the \$50,000 payment limitation should be tinkered with on the floor of the Senate in this particular bill, and I will tell you why, Mr. President.

If there was great interest by the administration or others to change the payment limitation figure, there was plenty of time to give it adequate consideration in the committee while we had the bill before us. If an amendment is now offered on that here on the Senate floor, I am sure we would want to take adequate time to consider it and to debate it, and when would that be? First of all, the payment limitation of \$50,000 is one that was carved out so many years ago, as I have previously mentioned, for wheat, feedgrains, corn, cotton and rice. Payment limitation does not apply to other commodities. But if the thought is, by a payment limitation amendment now offered, to reduce the cost of the bill, we would certainly want the opportunity to consider payment limitations for other commodities that are not covered under present law. There is no payment limitation on tobacco. There is no payment limitation on peanuts. There is no payment limitation on milk. We have in this bill a modest payment limitation on wool. And there is no payment limitation on sugar. Granted, these are different types of programs but in the understanding and knowledge of the various programs, whether it is dairy, sugar, peanuts, wool or tobacco, there are plenty of ideas I suppose that would be speculated about on the Senate floor.

For example, how would you apply it to peanuts, since that is a crop that is entirely different? Some people have been heard to remark they did not want to understand any more than they had already misunderstood about the Peanut Program. They apply that to a great number of programs. A lot of people who do not want to understand any more than

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they have already misunderstood about these programs, because they are difficult and involved, think they should be properly unraveled so you can get a thorough understanding. But nevertheless, an amendment to reduce payment limitations, could have been thoroughly discussed, adequately debated, the language reviewed from all directions and provided to the public, particularly to these commodity groups, these producers and warehouses and all that are involved in agribusiness -- cooperatives also -- all that are involved in the production and marketing chain of these particular commodity groups could have looked at the language to see what was workable and not workable.

Now, that type of draftsmanship on the Senate floor I strongly recommend against. I hope the payment limitation amendment is not even offered because the 5 days of this week, when it is thought we might stay on this bill and vote on these amendments and finally enact a bill before the week is out, would be taken up principally just talking about payment limitations.

I do not think there is anything perfect in the mass of farm law that we have in the United States. I do not think there is anything perfect in that whole mass that could not be improved upon, and I am certain, as surely as I am standing here, that payment limitation law could be improved upon. But I do not believe the outcome on this Senate floor would be good.

I hope I am not wrong on this, but I will make this statement and somebody who is now on the floor or perhaps listening somewhere else can correct me. I would be honored if they would correct me -- it is my understanding that the administration has not, during this whole year, recommended any serious changes in the payment limitation on these four basic commodities, nor applying payment limitations to these other commodities that are not now covered. They may have had some changes in the bill sent up by the administration -- but we all recognize that that bill was stillborn. It never was considered serious.

So I do not believe this is really the time to tie up this floor with endless discussion on the pros and cons of payment limitations. I certainly want it clearly understood that any Senator, of course, surely has the right -- and I would advocate protection of that right -- to offer any amendment that he or she might care to offer regarding payment limitations.

I just express the hope and the recommendation that unless we want to spend a long period of time in discussion consideration of all the various aspects of payment limitations on those commodities that are now covered and on those commodities which are not covered, it might be a very long, tedious job. I doubt the language that would be drafted on the Senate floor would be all that erudite or satisfactory.

Mr. President, I believe basically there is a rather broad coalition of commodity groups and farm organizations that are in favor of the passage of this act. I know it requires time to go to conference with the House. If my memory is correct, I believe most conference committees on farm bills require 2 to 3 weeks before conferees agree on the final package. That requires the completion of this bill by the Senate to allow at least 2 or 3 weeks for conferees to meet.

The completion of this bill in the Senate would have to come by the end of the week or very early next week. Even then, it would probably entail conferees meeting rather assiduously, with diligent effort, for another 2 weeks after that, which would put us very close to the middle of December. I believe it can be done, but it is going to take more of a concerted effort here on this floor than we have addressed to this bill over the past several weeks.

References were made to me as delaying the bill in committee. I do not believe that is accurate. Over the many weeks -- more accurately, over the many months -- that this bill was before the committee for markup, I attended the meetings and attempted to have some input into the decisions that were made on various sections of the bill and the various titles of the bill.

I was very interested in making sure that a 4-year target price freeze would be the final outcome of the bill that was reported to the Senate. That happened to be the case, but it was by a very narrow margin -- 9 votes to 8. It was either in by a vote margin of 9 to 8 or it was taken out by a vote margin of 9 to 8. If my memory is correct, we put it in once, it

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was taken out, and then put back in again. That would be 3 votes, by 9 to 8. So that particular provision in this bill comes to the floor on a very narrow margin vote in the Senate committee.

Perhaps a major reason for the 165-page amendment that is now pending before us, which was offered by the majority leader, is a test vote as to whether or not the 4-year target price freeze will remain in the bill. In 165 pages of amendments, there is a great deal of other language. Only one feature in that amendment addresses that particular issue.

The amendment would freeze the target prices for the 1986 crop but not for the 1987, 1988, and 1989 crops. They would be reduced by 5 percent per year.

Much of the amendment deals with the different approach to wheat, the so-called flexible parity formula for wheat producers. A portion of the amendment deals with the phasing out of the Acreage Reduction Program and removing that discretionary authority from the Secretary of Agriculture at the end of 3 years. These points need to be debated, and I am sure will be.

If the amendment should carry, and I hope it does not -- I hope the amendment fails -- but if it should carry, we would seek to do two things. We would like to have the opportunity -- and this would be true if the amendment carried or failed -- to offer an amendment to reduce the cost of the bill by \$8 billion for the 3 budget years of this budget cycle, and that would carry along with it some saving for the fourth year of the bill, some additional savings, about \$2 billion. We would like to offer the amendment and have it voted upon, and I believe it would be a satisfactory proposal to the Senate, because it carries in it many of the savings of the majority leader's amendment. This is a reduction in cost of \$7.6 billion; and \$5.3 billion of that \$7.6 billion is very similar to provisions in our budget-reduction, cost-cutting amendment.

The other \$2.3 billion of savings in the amendment offered by the majority leader, of course, could be credited to the reduction in the target prices over the 1987 and 1988 crop, which is all that would be counted in the budget cycle; but of course it would carry over into the 1989 crop, and the target price reductions would go into effect for that crop. So there would be additional savings in his amendment over and above the \$7.6 billion.

Second, if the majority leader's amendment prevails, we would still, of course, appreciate and expect to have the opportunity, and I am sure the opportunity would be afforded at some point in the debate, to offer a 4-year target price freeze separate from his amendment. That is one feature we would like to have cranked into his amendment.

Mr. President, we would like to get on with this process. We understand the circumstances that confront the Senate this afternoon, with numerous Senators, out and with the funeral of a former colleague, Senator John Sparkman of Alabama; and I can readily understand why there would not be votes of consequence this afternoon.

However, I understand that perhaps amendments that would not be controversial and would not require a vote might be offered if unanimous consent is asked to set aside the pending amendment, so that other amendments can be considered. I believe that is expeditious and worthwhile, and I should like to cooperate in that endeavor.

Mr. President, I yield the floor.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER (Mr. (Durenberger). The Senator from North Carolina.

Mr. HELMS. Mr. President, here we are on November 18, many, many months after deliberation began on this farm bill.

While the distinguished Senator from Montana was speaking, I reflected upon what has gone on in the period from when we began to this date.

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I recall the seemingly endless days when I sat -- sometimes alone, sometimes with a few others -- waiting for a quorum. The distinguished Senator from Montana was almost always there, as was the distinguished ranking minority member of the Agriculture Committee, Mr. Zorinsky.

But somewhere along the line early in the game, I had the staff begin to make a note of how long it required us to get a quorum. And 2 or 3 days after the bill was reported, the staff informed me that I had sat more than 40 hours total waiting for a quorum. On top of that, day after day objections were raised to the committee even meeting after the Senate had been in session 2 hours. As the distinguished occupant of the Chair knows, the Senate rules on that are quite clear and precise. But objection after objection was raised to our even meeting. So that meant we could meet only on very few afternoons. We could have, and we would have, completed action in September except for the inordinate delays that occurred in this way during the markup.

In any case, over a period of 4 months we muddled through as best we could and we now have a bill with, as I recall, 19 titles and some 2,200 provisions.

Just examining the report, it is almost as thick as the "Tale of Two Cities." It is 914 pages long, which is a measurement of the enormity of the piece of legislation.

The distinguished Senator from Nebraska and I have been doing a little wishful thinking here and we engaged in the fantasy of waiting a little while for Senators to appear and offer their amendments and if no Senator appears moving that we go to third reading. Of course, we will not do that. But the thought is enticing.

In any case, if we buckle down here and move along and restrain the inclination that is so prevalent among Senators to go on and on like Tennyson's brook, we could finish this bill this week and we could go to conference the week after Thanksgiving. Whether we will do that remains to be seen.

Mr. President, I am not going to take very much time, but let me review the situation from my own standpoint as just one Senator who happens to be chairman of the Committee on Agriculture, Nutrition, and Forestry.

Way back when, early this year when we began deliberations on the farm bill, I did my best to urge the committee to report a bill that would correct the mistakes in current farm policy and to set our sights toward bringing about a recovery in the agricultural economy.

From what developed thereafter, largely as a result of very close votes in the Committee on Agriculture, Nutrition, and Forestry, that did not happen. It was with considerable regret and absolutely no satisfaction that I felt obliged to become the first chairman of the Agriculture Committee in history to vote against reporting a farm bill. I did not like to do that and I wish I had not felt obligated to do it, but I was convinced that the bill as it was reported by the committee is not sound farm policy and it offers scant hope for recovery in the agriculture sector.

There is a lot good about this bill in terms of policy and I do hope that we can remedy the other parts so that we can pass a bill that has a chance of not being vetoed. This means that we have to decide this week, and pretty quickly now, whether we want a bill reflecting our political desires or whether we want a bill that will be enacted into law, not vetoed.

Why did I vote against reporting this particular bill? There is an easy answer to that. This bill exceeds the budget resolution by \$9.2 billion. That is the calculation of the Congressional Budget Office. Senators may argue about the conclusions of CBO, but that happens to be the organization that we use in the Senate for our budget figures. The USDA, which has a later estimate of the budget-busting aspects of this bill, says that it will exceed the budget by \$25 billion.

Obviously, this bill in its present form is not satisfactory to anyone believing, as this Senator does, that Congress had a duty to restore fiscal sanity to the cost of operating the Federal Government.

While my greatest objection is, first, failure of the policy instruments and, second, the counterproductive impact they will have on the agricultural sector, it will be perilous to the Nation if we ignore the damage that will be done to the entire economy if the Senate does not agree to make this farm bill conform to the budget resolution.

Every authorizing committee reports bills. I have to look at it from the standpoint of my own stewardship, of what would happen to the entire budget process if every committee were to exceed the budget by \$25 billion, of what would happen to the general economy if Federal deficits are permitted to grow by such breathtaking amounts.

Moreover, I think it needs to be borne in mind that less than 20 percent of the \$54 billion in benefits and subsidies provided in this farm bill are directed to farmers who are experiencing financial distress. Yet, it is the relatively high degree of financial distress that is the only justification offered by the proponents of these tremendous outlays for farm subsidies. With all due respect to them, and I do respect them, such justification borders on falling into the category of false pretense.

So the point, Mr. President, is that the Senate can, if it will and should approve a farm bill that is sound farm policy, one that does conform to the budget resolution. And as we proceed, when we proceed, it is my hope that Senators will consider carefully various amendments that will be offered to attempt to correct the mistakes in this bill. If efforts to reform the failed policies of the past, and to conform the bill to the budget resolution, are successful, the recovery that is so desperately needed by farmers can get underway. If we fail to do our duty, and if the 1985 farm bill ends up continuing the mistakes of the past, then the farm economy is certain to continue a downward spiral.

Mr. President, I ran across just a few minutes ago two columns which, it seems to me, pretty well analyze the situation we are in. The first one was written by Robert J. Samuelson, in Newsweek, of November 18, the latest issue, and it is entitled "The Farm Mess Forever." The other written by Jonathan Rauch, of the National Journal of November 16, and it is entitled "Agriculture Focus."

I ask unanimous consent that each of these columns be printed in the Record.

There being no objection, the columns were ordered to be printed in the Record, as follows:

#### THE FARM MESS FOREVER

(By Robert J. Samuelson)

Anyone who doesn't feel the pain of American farmers must have a soul of stone. For more than a year, the images have floated from television, magazines and newspapers: of foreclosures, shattered lives and families losing their land. Their anguish affects us, because our romance with the land remains strong. Farmers do honest work and produce something of value. These emotions are powerful. They're part of our Jeffersonian heritage. We may always have a "farm problem" simply because we think about farming with our hearts, not our heads.

Otherwise, you must conclude that something is drastically wrong. For half a century we have subsidized and pampered farming. By any test, these policies have failed. They have not saved "family farmers"; since 1940, the number of farms has dropped by roughly two-thirds. They have not stabilized farm incomes. And they have not expanded food exports; indeed, in recent years, they've done the opposite. Yet our farm policies survive as if none of this mattered. The versions of the new farm bill being debated in Congress would be enormously expensive; rough estimates put the costs through fiscal 1988 between \$40 billion and \$60 billion.

We recoil from the basic questions. Do farm programs serve any public purpose? Since 1979 the government has spent more than \$11 billion to buy surplus dairy products. If we stockpiled beer or toothpaste, people would be outraged. But somehow, mounds of excess cheese, butter and powdered milk are considered normal and acceptable. Farming inspires a lot of sentimental nonsense. In the Farm Aid concert's theme song, singer Merle Haggard asks: "If the amber waves of grain should disappear ... would we buy our bread and butter from the Toyota man?" Hold it, Merle.

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Even if all distressed farmers went bankrupt, the land wouldn't disappear. Most of it would be bought at lower prices and farmed by others. And Japan's wheat production is about a hundredth of ours.

**Inflation's Backlash:** True, many distressed farmers are victims -- some of their own mistakes, others of erratic economic policies. In the 1970s farmers borrowed against land values, as they always have (land constitutes about three-quarters of farm assets). Farmers' debt-to-asset ratio was 16 percent throughout the 1970s. But the debt became excessive when the inflationary policies of the '70s -- which tripled land values -- were reversed. Farmers with big debts got caught in the downdraft of global recession. Interest rates rose, crop prices dropped and land values plunged. Economist Emanuel Melichar of the Federal Reserve estimates about a fifth of commercial farmers are in financial trouble; others put the proportion somewhat higher.

But farmers aren't alone in being victims. The basic premise of farm policy -- that farmers are more economically vulnerable than others -- is increasingly untenable. A world of large trade flows and wild swings of interest rates and exchange rates makes instability the rule, not the exception. Try telling auto or textile workers that they're snug and secure. Farm programs don't even rescue farmers in trouble. A large part of the subsidies (which also cover wheat, corn, soybeans and cotton) go to healthy farmers. Consequently, the financial strains on rural bankers or the federally sponsored Farm Credit System won't be significantly eased. The Farm Credit System says it may face losses up to \$6 billion on its \$73 billion loan portfolio.

Government's proper role in agriculture is limited: it is to ensure adequate food supplies, not to prop up farmers' incomes. As the world's largest food exporter, we need to maintain some grain reserves to guard against bad harvests. Government should also support soil conservation, agricultural research and data collection. Otherwise, farming should be treated like any other business because, in fact, most commercial farms are sizable businesses. In 1980 the 287,000 farms with more than \$100,000 in annual sales accounted for about two-thirds of the nation's total agricultural output.

The abiding lesson of farm policy is that government can't easily anticipate or override basic changes in economic conditions or technology. For example, in 1981 when the last farm bill was passed, everyone wrongly assumed that the trends of the 1970s -- rising exports, high prices -- would continue. The mistake left crop support prices too high. Consequently, our farm policies have hurt our exports. Our overseas competitors can win sales by pricing their exports near American crop support levels. At those levels, our farmers effectively sell their grain into the government's bloated reserves. By setting subsidies too high, we stimulate excess production here and abroad. The oversupply then prolongs the depression in farmers' incomes or requires even greater subsidies.

**Imperfect Solutions:** Getting out of this mess is tougher than getting into it. A sensible case can be made for a gradual end to subsidies. After all, farmers are addicted to them. A case can even be made for debt relief -- a simple bailout -- because inflationary government policies fostered farmers' excessive debt. At the end of 1984, farm debt totaled \$212 billion. Suppose the government bought or canceled (if the debt is owed to the government) about a fifth of that, or \$42 billion. The initial cost would be huge, but, if it were tied to a rapid end to annual subsidies, this solution would be relatively cheap and efficient. Any transition is bound to be imperfect. If we help farmers in trouble, we aid the most inefficient or the biggest risk takers. If we help everyone, many prosperous farmers get undeserved windfalls.

But the worst choice is what Congress is doing: continuing current policies, which create windfalls without providing relief. The details, not the philosophy, of farm policy are being changed. You can blame Congress or farm groups for this, but the real reason lies in all of us. The status quo survives because it reflects popular attitudes. Our images of farming remain fixed, even though farming is forever changing. We share farmers' distress because they represent values that, as a nation, we prize. Our nostalgic sympathy is understandable, but its practical consequence is expensive foolishness.

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(By Jonathan Rauch)

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Consider a couple of propositions. One, the government's farm subsidy program is first and foremost income maintenance -- welfare for farmers. Two, as such, it is among the most brutally inefficient welfare programs in the government -- welfare, in many cases, for the wealthy.

Although the first statement is somewhat controversial politically, it seems to have become noticeably less so during the course of this year's debate on the 1985 farm bill. When you grant the first statement, the second becomes difficult to deny.

"Maintain farmers' income": That has emerged this year as the battle cry for many Members of Congress in both political parties. From an economist's point of view, maintaining farmers' income may not be such a good idea, any more than maintaining auto workers' income or textile workers' income or anyone else's is a good idea.

But the drumbeat of farm disaster stories has created a political imperative: Save the family farmer. "They're trying to make it [the farm bill] into a program that maintains a social structure," Gene Moos, an aide to House Majority Whip Thomas S. Foley, D-Wash., said of many Members, "I guess it's all a social program."

It may be that farm programs have always been intended, underneath the rhetoric, as income maintenance programs. During the current debate, however, the welfare goal of farm programs has become explicit. For many years, the programs were primarily thought of as market regulators. Because farmers were selling to a domestic market, the government could set minimum prices and make adjustments in supply to reduce the riskiness inherent in farming, and it could do it without spending vast sums of money. Government programs' explicit aim -- although perhaps not their implicit one -- was to give farmers a stable market rather than government-guaranteed incomes.

Today's world is very different. U.S. farmers are competing in an international marketplace over which any single government can exert only marginal control. The U.S. government can throw vast sums of money into the domestic agricultural market and do little more than spit into the wind. So the old rationale that pegged farm subsidies to market forces looks to economists more and more anachronistic.

Most income-support programs work by providing income based on need. That's the one thing that farm programs do not do; instead, they are based on production -- a simple dollars-per-bushel formula. The more you produce, the more you get. Necessarily, big producers get more than little producers. The farmers under financial stress are a minority -- 20-30 percent of the total -- and they much more often run small farms than large ones.

According to the Agriculture Department, the 80 percent of farmers with sales of less than \$100,000 a year -- the class in which financial stress is the most serious -- receive less than a third of government payments. The 99,000 farms with sales of more than \$250,000 a year, which account for almost half of all production but only about 5 percent of all farms, got almost a third of government payments. Those farmers aren't poor: Their average annual family income is \$97,000 and their average equity, \$900,000. Half of all farmers are getting payments of less than \$1,000 a year; only about 10 percent get more than \$10,000 a year.

In short, a small proportion of the nation's farmers -- many of them demonstrably the least needy -- are getting the great bulk of cash supports. Farming today is big business, and it is big businesses that are raking in the most money. "This is a continuing source of frustration to me -- we never seem to be able to get through with that message," Robert L. Thompson, assistant Agriculture secretary for economics, said: "What they [farm income subsidies] are really doing is transferring significant amounts of income to larger growers."

And they are doing it, many farm economists say, counterproductively: Pegging income aid to production inevitably encourages production, they say, driving prices down and ultimately worsening the farm income problem.

If the goal is to help needy farmers survive, clearly the current program leaves a lot to be desired. This year's farm debate seems to be making that somewhat clearer to people on Capitol Hill. Senate Majority Leader Robert Dole, R-Kan., and Senate Agriculture, Nutrition and Forestry Committee chairman Jesse A. Helms, R-N.C., have been

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pounding away at the point that aid is not going where it is needed.

Helm's committee took a baby step toward change by approving income support levels for wheat that are lower per bushel for production in excess of 20,000 bushels. Taking more than a baby step toward focusing aid on the farmers who need it requires decoupling income supports from production levels. Sen. Rudy Boschwitz, R-Minn., proposed that, but his plan was rejected.

In any case, the Boschwitz plan was expensive. The only cheap way to aim aid to the needy is to do what is today the politically unthinkable: link farm income supports directly to need -- which is to say, turn an implicit welfare program into an explicit one.

"If what we're really concerned with is low income, I'm convinced it [a means test for farm aid] could be done." Thompson said. "But farmers don't want to be on the dole. They don't want it to be perceived that they're on welfare."

No one in Congress has proposed a means test for farm subsidies this year; the idea has yet to appear over the horizon of political practicability. But people are beginning to talk about farm income aid as it relates to need. "Those who produce the most ... get the most, and they need it least." Rep. Byron L. Dorgan, D-N.D., complained in House debate; Rep. Dan Glickman, D-Kan., said of federal aid, "More of it ought to be targeted to those farmers who are in trouble, small and medium-sized farmers."

That kind of talk wasn't much in evidence during the 1981 farm debate; look for more of it as current policy piles up the bills.

Mr. HELMS. Mr. President, I thank the Chair and I yield the floor.

Mr. ZORINSKY. Mr. President, the pending amendment, the one offered by Senators Dole and Lugar, is well intentioned -- it would reduce the costs of the committee reported farm bill. However, there is more than one method of balancing budgets and reducing the costs of legislation.

The historic debate on the Gramm-Rudman-Hollings deficit reduction and balanced budget amendment illustrates that point.

In my judgment, there are three ways to balance the budget or reduce deficits: No. 1, increase taxes; No. 2, reduce spending; and, No. 3, increase the number of taxpayers who pay into the taxing system, which would in turn increase the amount of taxes paid to the Treasury of the United States.

Now there are many ways to reduce spending. Having been a businessman for 35 years, I could lay off people. I could go to a shorter work week. I could reduce benefits. I could reduce inventory. I could reduce credit terms. I could use many methods to reduce costs and balance a budget, and so can the Federal Government.

The Senator from Montana, myself, and other Senators have drafted an amendment that would reduce the cost of the committee-reported farm bill in a responsible manner. However, the authors of the pending amendment have created a mechanism for reducing net farm income, thereby compounding the economic chaos that presently exists in agriculture.

We would like the opportunity -- and eventually we will -- to offer an amendment that would reduce the costs of the committee-reported bill, while retaining the 4-year freeze on target prices for wheat, feed grains, upland cotton, and rice.

The Dole-Lugar amendment freezes feed grain, cotton, and rice target prices for 1 year and then reduces them 5 percent annually for the next 3 years. The amendment attempts to achieve a 1-year freeze for wheat through a "flexible parity" approach. A 1-year target price freeze would be devastating to the "safety net" concept of income protection for

farmers and lead to increased farm failures.

Let me point out that perception plays a great role in the economics and the future of farming in this country, as does the participation of the two leaders of the superpowers at the current summit meeting in Geneva. The perception, the psychological effect of the occurrence itself, maybe as important as the outcome of that meeting.

The Dole-Lugar amendment would inevitably increase the amount of Federal assistance that would be required for farm credit assistance. Furthermore, the Senate has already rejected the 1-year freeze aspect of the amendment. The flexible parity portion of the amendment would result in reduced cash flow as acreage reduction increases. And this would bestow the least benefit on those farmers who are suffering financial hardship. This is inconsistent with statements by many critics of the committee-reported bill that target prices should benefit those producers who need them most.

Just let me point this out as to the perception of a farm bill. If we freeze target prices for 4 years -- as proposed in the bill reported from the Senate Agriculture Committee -- and we adopt the Melcher amendment reducing the cost of the bill to the Treasury to bring it within the budget -- we would doubtlessly revisit this farm bill after 2 years in any event, as we did in the case of the 1981 farm bill. But the perception in 1981 was we had a long-range farm bill and this helped stabilize the economy. Once again, we have to look at passing a farm bill in this body, independent of the administration's wishes.

Now we are past wishing things to happen around here. We are just going to have to make them happen. The bottomline of any farm bill coming out of here -- the bottomline has to be whether it strengthens the economy of agriculture to the extent farmers have a better opportunity to make a profit above their cost of production.

Ideologically and philosophically, a farm bill should pass the test of transferring the responsibility of cost to the consumers in eliminating the cheap food mentality that several administrations have fostered. Representatives of the farm credit system have told me that their No. 1 priority is to pass a farm bill that will help stabilize the economy of agriculture. The alternative to that will be the continuance of eroding land values, and the continued failure of small, rural, independent banks.

I supported the flexible parity proposal when it was introduced in 1978. However, the flexible parity proposal offered here differs markedly from the original. For example, the 1978 plan achieved full parity at the maximum acreage reduction level. For the current proposal to reach a comparable level, a target price of around \$7 would be required.

In other words, the target price levels provided in the current proposal are insufficient to induce the cutbacks in production that were contemplated under the 1978 version.

This has led to the uncertainty and confusion among wheat farmers as they attempt to assess this proposal in the short period of time since it was offered.

In addition, no national standard for the production adjustment of wheat would be established by the flexible parity proposal. If it was enacted, depending upon the participation levels chosen by individual producers, we could experience great surpluses or, conceivably, shortages. The Secretary of Agriculture would have a difficult time in anticipating participation and production levels as well as its budget effect on the Treasury.

It is apparent from the amendment that the distinguished Senators from Kansas and Indiana intend to eliminate the authority in the committee-reported bill for mandatory production controls on wheat, subject to a producer referendum.

The flexible parity provisions of this amendment, if agreed to, should -- I think -- be submitted to producers for their approval or disapproval as well.

In addition, the amendment requires the Secretary of Agriculture to make advance deficiency payments for the 1986 crop with 15 percent of the payments in the form of Commodity Credit Corporation commodities. PIK payments of this magnitude with no concurrent decrease in production would further depress market prices.

The amendment further provides for the total elimination of acreage limitations or set-asides beginning with the 1989 crop year for wheat, feed grains, cotton, and rice.

This could stimulate production and increase surpluses, placing more downward pressure on market prices. The combined effect would be to increase both loan forfeitures and deficiency payments.

Mr. President, nothing in this amendment would increase net farm income. That is the important factor; that is, in order for any farm bill to help the economy of agriculture, it has to help stabilize net farm income. And this amendment is deficient in that regard.

Mr. President we should not strive to construct a farm bill that will be acceptable only to the administration. We have to have a farm bill that is acceptable to the farmers of America, to the agricultural industry, and a bill that will strengthen the Nation's ability to feed its own people at reasonable prices.

Our Constitution provides for the balance of powers. In this body, we are going to have to set aside any partisanship that exists. We are going to have to work together to pass a farm bill that does not penalize the farmer, so that the consumer of America will continue to have a reliable supply of food at reasonable costs. Nor is it in the best interests of the Nation to fashion a bill predicated on being its veto proof.

The threat of a veto has hung over the farm bill ever since we started talking about it. As a matter of fact, I believe it was the third day of markup when we were threatened in the Agriculture Committee with a veto by a representative of the administration.

I say this: Republicans, Democrats, Farm Belt Senators or urban Senators -- the one common denominator that we have is that all citizens of this Nation are going to have to eat in order to survive. That should be as high a priority as defense in this country.

We must set aside veto threats and devise a bill that is good for agriculture, then try to resolve it in conference because that is where a great deal of this bill is going to be resolved, and then present it to the administration for their approval or disapproval.

They are going to have to make that independent judgment, and this body I believe, according to our Constitution, is not only empowered but mandated to make an independent judgment on the merits of the farm bill.

When the time comes for the administration to make its judgment as to veto or not to veto, that is its right. But, as I stated earlier, we showed pass a farm bill that will enable farmers to stay in business so that they can continue to produce commodities, and not end up like farmers in the Soviet Union. They have a lot of farmers but no profit motive, no incentive to produce more food. That is why historically they have been very dependent on importing their food.

I would hate to see the farmers of America drawn into the same economic circumstances as farmers in the Soviet Union, where there is no profit motive.

Mr. President, I submit that the disturbing record of last year and this year as to rural bank failures, as to chapter 11's, as to bankruptcies is not a figment of anybody's imagination; it is out there -- there are crisis hot lines and suicide hot lines, with many radio stations broadcasting call ins. The incidents of suicide have increased in the rural farm belts. This is not imagination. It is historical fact.

I think we have the ability to take the "D" after our name or that "R" after our name and set them aside, and pass a

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farm bill that will be good for the Nation, good for farming, and good for agriculture in general.

I join with my colleague from North Carolina, the chairman of the Agriculture Committee, in fantasizing about wanting to go to third reading if no Senators appear in this Chamber to offer amendments.

I just glanced at the amendments that the chairman has on his list. I think that there are approximating 90 amendments on his list. I have a list of about 80 amendments. With all these amendments you would think there would be lines forming at the doors to present those amendments.

I would say to my colleagues, I would appreciate it, as ranking minority member of this committee, if any of those within earshot of my voice, if you are a sponsor of one of those 90 amendments, listed as the author or cosponsor, I am sure the chairman and I would appreciate your coming to the floor. It is now after 3 o'clock in the afternoon. We are ready to do business. We want to do business. We want to have a farm program. Why wait until Thursday at 2 in the morning to start offering amendments? I think if we start doing this now, we can establish voting patterns.

That is another matter I would like to have resolved, too. I think we should have votes. We got here with up and down votes. If you had enough votes to be elected to the Senate, you became a Senator. I think, likewise, that these amendments should be judged on the same basis.

We are not going to decide this by rhetoric and wishing it to happen. We are going to decide it by Senators coming to the floor and offering those amendments and then voting on them in an expeditious manner.

The chairman of the committee and I will most sincerely appreciate the appearance of our colleagues if, indeed, we are to finish this farm bill this week.

Mr. President, I suggest --

Mr. MELCHER. Will the Senator yield?

Mr. ZORINSKY. I yield the floor to my colleague.

Mr. MELCHER. Will the Senator yield just for a comment on his remarks?

First of all, I commend my colleague from Nebraska for his fine work on the committee. He has presented very profound and very correct statements regarding the situation on the farms and the need for bipartisan support for moving the farm bill to bring income stability to farm producers and better days for them.

It is my understanding, and I want to be sure that it is correct, that it would take unanimous consent to offer an amendment at this time.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MELCHER. It would take unanimous consent to set aside the pending amendment to offer another amendment, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. MELCHER. If Senators are listening to us in their offices, if they have an amendment which could be accepted, which would not be controversial, perhaps the amendment of the majority leader could be set aside. We would have to have unanimous consent to set this amendment aside.

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It that the understanding of the Senator from Nebraska?

Mr. ZORINSKY. That is my understanding. Again, I will check that with the chairman of the committee. But the Senator is correct, it would take unanimous consent to set the pending amendment temporarily aside.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Symms). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, in the coming days, we shall address an issue which is obviously very, very important to those of us who represent agricultural States. Likewise it is very, very important to those of us who represent agricultural States. Likewise it is very, very important to America as a whole. But in coming days, I hope that we shall think of this legislation not just as a farm bill but as a food bill. That name, I believe, puts this legislation into proper perspective for all of us to understand. I have a few items I would like to call to the attention of my colleagues.

First, I hope all of the Members have had an opportunity to read from last Saturday's Washington Post an op-ed letter written by my good friends from Arkansas and Oklahoma. Mr. Boren and Mr. Pryor, responding to previous statements made by the chairman of the Agriculture Committee, discount several myths. Among them is the myth that farmers are unfairly subsidized. I quote, "the fact is that, in the larger sense, it is the farmer who is subsidizing the rest of the U.S. economy." The farmer is subsidizing the rest of us with cheap food.

I urge all my colleagues to read and maybe even to reread the entire piece if they have not done so already. I submit that article from the Washington Post by the two Senators I have just mentioned and ask unanimous consent that it be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. We have been given immense public trust as U.S. Senators by the people of this country. I would hope that we can see beyond the inherent controversies of forming legislation. We must realize that we cannot allow our farmers to subsidize the rest of the country, indeed a good portion of the world, by producing food so cheaply that it drives our farmers out of business.

Second, I would like to talk about exports, which is the justification some Members use to promote "cheap food" and "farm failure" legislation. How many times have we heard on this floor that our price support levels are putting us out of world markets?

I offer, instead, that there are other important reasons for our decline in export markets. If we want to blame the strong U.S. dollar for our lost exports, then we will be partly correct because certainly the high value of our dollar is causing interruption to the shipment of our grain overseas. If we blame our inferior commercial grain cleanliness, we are getting closer. If we want to admit that foreign policy has gotten in the way of agriculture exports which have resulted in ill will and reduced overseas sales, we will be more correct. However, we are a party to a fraudulent hoax if we put undue blame on our price support levels.

Those who attack price support levels have transparent motives. If the truth were known, they actually favor letting America's farmers indirectly subsidize the rest of us with some of the cheapest food in the world. I would hope every

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other Member of those body with a sense of fairness would oppose efforts to weaken our price supports.

That is not often said, Mr. President, but it should be said more often. Those who are fighting the 4-year freeze of target prices are doing just that. I hope that every other Member of this body with an ounce of fairness would oppose every effort to weaken our price support program.

Mr. President, there are negotiations going on all around the Senate but not on the Senate floor right now. There is meeting after meeting after meeting and there have been for the past 2 weeks, where deals are trying to be cut to eliminate the 4-year freeze of target prices as passed out by the Senate Agriculture Committee. Those who are seeking to do that simply do not have an understanding of the depressing, the calamity, that has hit the Farm Belt today.

Oh, I know of the good reports that flow out of Washington as if they came out of a computer daily, how wonderful things are. Things are not wonderful in Nebraska, Mr. President. Our economy is down. The tax receipts at all levels of government are a disaster. The legislature is in special session right at this time to meet a financial calamity in the State caused primarily by the depression in agriculture.

Mr. President, I do not use this word, "depression," lightly. I know what it means. I have been through a depression. We are having one right now again in Nebraska and the adjoining farm States that is going to come rippling and rumbling like a flood into the rest of the economy unless we have the courage to do something about it.

The administration's farm bill and efforts by some Senators on the floor of the Senate and in the secret rooms now, trying to make deals, show they do not understand that there is a calamity, that is there is a depression out there.

One thing above everything else we must have is a 4-year freeze in target prices for grains.

Mr. President, that is not going to solve the problem, but that is going to give the family farmers and their bankers an opportunity to plan to know that even the relatively low levels expressed in the present target and loan prices are not going to cure the ills, but at least, it is going to give them a chance to know what prices will generally be for the next 4 years so they can plan their financing, they can plan their restructuring accordingly. Without something like that, all hope is lost. As I talk here this afternoon, there are those who are losing hope out there right now and who will never return to produce food for America and for the world.

My third and final topic relates more directly to the specific legislation that we are now talking about. There are those who attempt to make the Senate believe that farmers are with the administration on its antifarm legislation. This is not the case. There may be some farm organizations that, in my opinion, do not represent the grassroots family-size farmers, who sit around in board-like rooms and make pronouncements.

But the facts are that the family-sized farmers in America today are wondering whether or not we care about what we have done in the past 4 or 5 years and what we are planning or not planning to do in the next 4 or 5.

I would like to call attention to a family farm survey that was just recently published in the Kansas Farmers magazine. A few of the results of that survey were interesting. This was not a random pole. This was an indepth sampling of farmers by a farming magazine that knows and cares about what is happening in the Farm Belt today. I hope that my colleagues become aware of it. Eighty-one percent of the farmers in that survey said that they should be allowed to vote on a referendum for or against a specific piece of farm legislation. As the Presiding Officer knows, there are all kinds of suggestions that have been made along this line in the House of Representatives and all kinds of referendum proposals made in the Senate, including the bill that came out of the Senate Agriculture Committee which is now before our body. Eighty-one percent of the Kansas farmers thought they should have the right to vote on some kind of a referendum. That is an interesting figure.

Sixty-seven percent would favor shifting production controls from acreage to bushel allotments. A farmer knows best about that, because for far too long, Mr. President, we have given bushel or hundredweight allotments for crops

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that are measured other than bushels and said, "Go out and produce but you can't produce more than so many bushels or so much per hundredweight," and the farmers know that full well. A farmer knows his land and he will put his least productive land out of production and fertilize, plant closer, and raise that much more on the remaining acreage. So farmers know and are ready to make the sacrifice to go to some kind of an acreage program that would begin to cut down on the oversupply that they recognize is a major problem with which we are dealing now.

Sixty-two percent favored a Marketing Certificate Program. What is a Marketing Certificate Program? A Marketing Certificate Program is a Government program where you can only produce the amount granted you by the Government. Is that Government control of agriculture? Of course it is. But the farmers, who by and large have been those who want to plant and plant and plant, recognize that fencerow to fencerow production has been a major reason for getting them into the situation they face today, and they are saying, 62 percent of them in Kansas, that they favor a Marketing Certificate Program.

Mr. President, I suggest that that would not have been the case had those same farmers been surveyed a few years ago. But the farmers themselves recognize the depths of the problem.

Finally, I believe we have a survey result here which tells the story, the true story concerning so-called flexible parity plans that are being advanced. Seventy-eight percent of the responses said no, when asked the question: "Would you be willing to accept lower loan rates or target prices in exchange for lower setaside requirements?"

Farmers know overproduction is a problem and do not want to plant fencerow to fencerow. Let us not force them into overproduction. Let us not force them into subsidizing the rest of the country with food so cheap that it mandates their economic failure.

Mr. President, the 4-year freeze on target prices and the wheat referendum are essential parts of this 1985 farm bill. I urge this body in the strongest possible way not to change that.

I also urge this body, do not retreat behind closed doors with hours and hours of quorum calls where essentially nothing happens on the floor of the Senate. We should be out here voting on the bill that was duly sent to the floor by the Agriculture Committee. Now, if it is not the will of the Senate that that bill as reported should become law, then let us get on with the business of considering amendments, changes, hopefully improvements, to that bill by rollcall votes. I also hope that we untie the knot that the Senate has been tied into by the leadership that essentially prevents other pieces of legislation or other amendments being offered. I hope that we would turn the Senate free to work its will on the farm bill which is essential, a key responsibility that we hold.

I hope, Mr. President, that we could move forward during the daylight hours. I am continually frustrated by the fact that a productive afternoon like today has essentially up until now gone for naught, and I suspect that maybe we will be here after 6 o'clock, 7, 8, or 9 or else we will adjourn early and start over again tomorrow with the laborious back-room bickering that unfortunately has taken the action away from where it should be, the floor of the Senate.

#### EXHIBIT 1

[From the Washington Post, Nov. 16, 1985]

#### MYTHS ABOUT FARMERS FROM JESSE HELMS

(By David Pryor and David Boren)

Millions of Americans have been confused by a set of myths about farmers and farm programs. A well-written piece by Sen. Jesse Helms that appeared in The Post ["The Struggling Family Farmer Will Be the Victim," op-ed, Oct. 24] contributed even more to this confusion. It is now time to separate the myths and the facts.

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First is the myth that what happens on the farm bill is not important to the 97 percent of Americans who don't live on farms. The fact is that \$133 billion of farm debt is held by farmers who have difficulty paying it on time. This figure approaches the \$166 billion owed to U.S. banks by developing nations.

All Americans recognize the threat posed to our whole economy by a possible default on the Third World debt. When will we wake up to the danger posed by a possible collapse of American agriculture?

The second myth is that farmers are being subsidized unfairly by the rest of us. The fact is that in the larger sense it is the farmer who is subsidizing the rest of the U.S. economy.

Americans today spend less than 15 percent of their disposable income on food, by far the lowest in the world. In Western Europe, the figure is well above 20 percent, and it is above 30 percent for most of the world. Government payments to farmers do not begin to equal the money that American consumers are able to keep in their pockets because of the food bargain they receive from American farmers.

The third myth is that farmers are somehow inefficient and poor managers who cannot compete in free world markets without government help. The fact is that our farmers are the most cost-effective and productive in the world. They want a chance to compete in the free market but in fact have to compete with the treasuries of other nations, which are subsidizing their farm exports. Our farmers must also overcome the negative effects of trade embargoes and overvalued dollars imposed upon them by our own government.

Fourth, the myth perpetuated by the Helms article is that most farmers are experiencing no financial trouble. The fact is that, according to the U.S. Department of Agriculture itself, 58 percent of family farms are under serious financial stress. They hold 67 percent of all farm debt.

How could Helms assert that 72 percent of all farmers are not in trouble? It's easy, if you include "hobby farmers" in the average and count them as farmers. There are 634,000 hobby farmers who farm 50 acres or less and do not depend upon farming for a living. Family farmers are only 34 percent of all farmers, but they account for over 90 percent of all farm production. They are the ones who must be preserved, and not the hobby or weekend farmers.

Fifth, the myth is that if we lower the deficiency payment limit under current farm programs from \$50,000 to \$25,000 we would help family farmers by targeting benefits away from the big farms. The fact is that a \$25,000 payment limit would exclude over half the family farms. A 539-acre wheat farm would bump up against the payment limitation, as would a 300-acre cotton farm.

Helms confuses deficiency payments with farm incomes. He makes it appear as if the government is providing guaranteed incomes to farmers of up to \$50,000 per year. Of course, if this were true, no family farmers would be in trouble. Deficiency payments make up some of the difference between the market price and the farmer's cost of production. They don't give the farm a profit or an income.

Using USDA figures and projecting the results under the bill now before the Senate, the average 600-acre family wheat farm would receive \$27,800 in deficiency payments but would average only \$7,646 in net income for the family. This represents the total payment for the labor of the entire family for a year and total return on an investment of an average of \$500,000.

There are better ways to target more of the help to the family-sized farms. The housewife in the largest city will wonder what happened to her food bargains once agriculture gets into the hands of only a few huge operators. We will all miss hard-working family farmers if we let them go out of business.

Mr. EXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, for the purpose of the record I inquire of the Chair what is the pending business?

The PRESIDING OFFICER. It is the Dole amendment in the second degree.

Mr. HELMS. And behind that is the amendment of the distinguished Senator from Alaska; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. Mr. President, the distinguished Senator from Mississippi is on his way to the Chamber to offer an amendment which is going to be accepted.

I ask unanimous consent upon the arrival of Mr. Cochran that the pending amendment be laid aside temporarily for consideration of the Cochran amendment alone, that no amendment to the Cochran amendment be in order, and that upon disposition of the Cochran amendment the Senate return to the present status in the legislation.

I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, let me inquire of the Chair if I am correct that there is also a motion to recommit involved in the legislative process now extant?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I ask the Chair if the unanimous consent request that I just propounded would cover also the motion to recommit.

The PRESIDING OFFICER. If the Senator wishes to add that.

Mr. HELMS. I do add that.

Let me ask the Chair if under the unanimous consent request just propounded, it agreed to, when the Cochran amendment has been disposed of one way or the other the legislative situation would be precisely then what it is now.

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I propound the unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

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AMENDMENT NO. 1056

(Purpose: To modify the loan program for extra long staple cotton)

Mr. COCHRAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Mississippi [Mr. Cochran], for himself, Mr. Domenici, Mr. Gramm, Mr. Bentsen, and Mr. DeConcini, proposes an amendment numbered 1056.

Mr. COCHRAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 158, after line 23, insert the following new section:

EXTRA LONG STAPLE COTTON

Sec. . Section 103(h) of the Agricultural Act of 1949 (7 U.S.C. 1444(h) is amended --

(1) in paragraph (2) --

(A) in the first sentence, by striking out "50 per centum in excess of the loan level established for each crop of strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States" and inserting in lieu thereof "85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period.";

(B) by striking out "November" in the last sentence and inserting in lieu thereof "December"; and

(C) by striking out in the last sentence ", or within 10 days after the loan level for the related crop of upland cotton is announced, whichever is later,"; and

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

"(19) Notwithstanding any other provision of law, this subsection shall not be applicable to the 1990 and subsequent crops of extra long staple cotton."

Mr. COCHRAN. Mr. President, I offer this amendment on behalf of myself and Senators Domenici, Gramm, Bentsen, and DeConcini.

Mr. President, the purpose of this amendment is to change the extra long cotton program.

Legislation now in effect requires the loan rate for ELS cotton to be at least 150 percent of the upland cotton loan rate. Since the upland cotton loan is determined by the moving average spot-market price, the ELS loan is affected by changes in upland cotton markets.

The Extra Long Staple Cotton Act of 1983, which I introduced, made significant changes in the ELS Cotton Price

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Support Program, primarily by lowering the average loan rate from 96.25 to 82.50 per pound and by providing for disposition of government stocks at prevailing market prices.

As a result, the ELS cotton situation has changed dramatically. ELS exports increased from 13,000 bales in 1982-83 marketing year to 36,000 bales in 1983-84 marketing year and to 90,000 bales in the 1984-85 marketing year. Exports are expected to exceed 90,000 bales in the marketing year ending July 31, 1986.

During the same period, surplus stocks have been reduced from 90,000 to 50,000 bales, despite an increase in production from 90,000 to 130,000 bales.

The ELS market outlook is positive. However, to insure the continuity of this successful program, the loan support level must be determined by ELS cotton prices, not upland cotton prices.

My amendment would first, base the ELS loan rate for the 1986 and subsequent crops on 85 percent of the most recent 5 year moving average, excluding the highest and lowest years, of ELS market prices, second, change the ELS program announcement date from November 1 to December 1, and third, change the program from permanent legislation and cause it to expire after the 1989 crop.

The board of directors of the Supima Association of America met on December 8, 1985 and agreed to these program changes. The National Cotton Council and the American Cotton Shippers support this amendment.

I also have a letter, dated October 23, 1985, from Secretary of Agriculture John Block supporting these changes.

Mr. President, I ask unanimous consent that the letter to me from Secretary Block be printed in the Record.

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

Department of Agriculture,

Office of the Secretary,  
Washington, DC, October 23, 1985.

Hon. Thad Cochran,  
U.S. Senate,  
Washington, DC.

Dear Senator Cochran: Thank you for your letter requesting the Department of Agriculture's (USDA's) position on the proposed legislation for extra long staple (ELS) cotton.

The Department supports this amendment. Legislation now in effect for ELS cotton is permanent legislation. Under the present statute, the ELS cotton loan rate must be at least 150 percent of the upland cotton loan rate and the ELS cotton target price is set at 120 percent of the ELS loan rate. Thus, both the loan rate and target price for ELS cotton would be affected by any revisions in the upland cotton loan rate. Because of the many changes being considered by the Congress with respect to the upland cotton loan rate, the ELS cotton industry is proposing to base the ELS loan rate on 85 percent of a 5-year moving average of ELS market prices, rather than on the loan rate for upland cotton. This formula would result in loan rates and target prices for ELS which are comparable to those applicable to the 1984 and 1985 crops.

In addition, the amendment would allow the ELS authority to expire after the 1989 crop along with the other commodity programs. This would give the Department and the Congress the opportunity to review the ELS program again at that time.

I hope this information will be helpful to you in considering changes to the legislation for ELS cotton.

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Sincerely,  
John R. Block, SECRETARY.

Mr. COCHRAN. Mr. President, I believe this amendment has been reviewed by the managers of the legislation. We appreciate the support of the cosponsors and those who helped in the development of the amendment.

Mr. HELMS. Mr. President, the able Senator from Mississippi is correct. We have examined the amendment and conferred with him on it. As he has said, it will keep extra long staple cotton competitive on a world market by tying the loan rate to an average price received by farmers in the immediately preceding 5 years excluding the high and low years.

In fact, I say to my friend from Mississippi, this is precisely the formula that some of us think ought to be applicable to all commodities. So I commend him on the amendment he is offering.

I might add, Mr. President, that recent history with the ELS Cotton Program provides an important lesson about market orientation, the lesson that market orientation and marketing in general produce favorable results.

In 1984 the ELS loan rate was dropped almost 15 percent. ELS cotton exports increased from 13,000 bales in the 1982-83 marketing year to 36,000 bales in 1983-84 marketing year and to 90,000 bales in the 1984-85 marketing year. Exports are expected to exceed 90,000 bales again in the 1986-87 marketing year.

During the same period, surplus stocks have been reduced from 90,000 bales to 50,000 bales despite an increase in production from 99,000 to 130,000 bales.

The amendment is acceptable on this side.

Mr. ZORINSKY. Mr. President, we have examined the amendment and urge its adoption. The amendment is supported by the extra long staple cotton industry and the Department of Agriculture. In addition, the amendment would allow the ELS authority to expire after the 1989 crop, along with other commodity programs. This would give the Department and the Congress the opportunity to review the ELS program again at that time.

The amendment would not increase the cost of the committee-reported bill and we recommend its adoption.

The PRESIDING OFFICER (Mr. McClure). Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Mississippi.

The amendment (No. 1056) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that the very same arrangement prevail in the case of an amendment to be called up by the distinguished Senator from Georgia, Mr. Mattingly, the same arrangement that prevailed with respect to the distinguished Senator from Mississippi.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? Hearing none, it is so ordered.

AMENDMENT NO. 1057

(Purpose: To permit family farmers with FmHA or SBA loans who are subject to foreclosure, bankruptcy or liquidation proceedings stemming from such loans to occupy temporarily the principal residence and adjoining land that was pledged as collateral for such loans)

Mr. MATTINGLY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia [Mr. Mattingly] proposes an amendment numbered 1057.

Mr. MATTINGLY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 357 of the bill, strike out line 16 and insert in lieu thereof the following:

"SETTLEMENT OF CLAIMS AND HOMESTEAD PROTECTION".

On page 357, line 17, strike out "Sec. 1707." and insert in lieu thereof "Sec. 1707. (a)".

On page 358, between lines 11 and 12, insert the following new subsection:

"(b)(1). As used in this subsection --

"(A) The term 'Administrator' means the Administrator of the Small Business Administration.

"(B) The term 'farm program loan' means any loan made by the Administrator under the Small Business Act (15 U.S.C. 631 et seq.) for any of the purposes authorized for loans under subtitles A or B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.)

"(C) The term 'homestead property' means the principal residence and adjoining property possessed and occupied by a borrower specified in paragraph (2) of this subsection.

"(D) The term 'secretary' means the Secretary of Agriculture.

"(2)(A) If the Secretary forecloses a loan made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), the Administrator forecloses a farm program loan made under the Small Business Act (15 U.S.C. 631 et seq.), or a borrower of a loan made or insured by either agency declares bankruptcy or goes into voluntary liquidation to avoid foreclosure or bankruptcy, the Secretary or Administrator must, upon application by the borrower, permit the borrower to retain possession and occupancy of any principal residence of the borrower, and no more than ten acres of adjoining land (including any farm buildings located thereon), pledged as collateral for such loan.

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"(B) The total value of the homestead property may not exceed \$250,000, as determined by an independent appraisal made within six months preceeding a borrower's application to retain possession and occupancy of such homestead property.

"(C) The period of occupancy of such homestead property under this subsection may not exceed five years, but in no case shall the Secretary or the Administrator grant a period of occupancy less than 3 years, subject to compliance with the provisions of paragraph (3).

"(3) To be eligible to occupy homestead property under this subsection, a borrower of a loan made or insured by the Secretary or the Administrator must --

"(A) apply for such occupancy during the three-year period beginning on the date of the enactment of this Act;

"(B) have exhausted all other remedies for the extension or restructuring of such loan, including all remedies authorized under subsection (d) of this section;

"(C) have made gross annual farm sales of at least \$40,000 in at least 2 calendar years during the 5 year period beginning on January 1, 1981, and ending on December 31, 1985 (or equivalent crop or fiscal years);

"(D) have received from farming operations at least 60 per centum of the gross annual income of the borrower and any spouse of the borrower during at least 2 years of such 5 year period;

"(E) have occupied the homestead property and engaged in farming or ranching operations on adjoining land, or other land controlled by such borrower, during such 5 year period;

"(F) during the period of occupancy of the homestead property, pay a reasonable sum as rent for such property to the Secretary or the Administrator in an amount substantially equivalent to rents charged for similar properties in the area in which the homestead property in good condition; and

"(G) during the period of occupancy of homestead property, maintain such property in good condition; and

"(H) agree to such other terms and conditions as are prescribed by the Secretary or the Administrator in order to facilitate the administration of this subsection.

"(4) Failure to make rental payments on the homestead property in a timely manner shall constitute cause for the termination of all rights of a borrower to possession and occupancy of such property under this subsection;

"(5) At the end of the period of occupancy described in paragraph (2) of this subsection, the Secretary or the Administrator shall grant to the borrower a first right of refusal to reacquire the homestead property on such terms and conditions (which may include payment of principal in installments) as the Secretary or the Administrator shall determine: PROVIDED, That at the time any reacquisition agreement is entered into, the Secretary or the Administrator may not demand a total payment of principal that is in excess of the total value of the homestead property as established under paragraph (2)(B) of this subsection."

Mr. MATTINGLY. Mr. President, I offer an amendment which will offer at least some relief for those farm families in this country who simply have no chance whatsoever of salvaging their farming operation. I earlier introduced this measure as the Family Farm Homestead Protection Act of 1985, S. 1196. I would like to discuss the provisions of the amendment and the rationale behind it for a few brief minutes.

I could stand here today and recite the well-known statistics about the current distressed economic situation which faces many of our agricultural producers in America, but that would only repeat what each of us already knows. Not long ago in a news story, Secretary of Agriculture Jack Block admitted that nearly 5 percent of our 2.3 million farmers will not survive the present crisis in agriculture. He freely acknowledged that nothing short of a massive, vastly

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expensive bailout would help save these earnest laborers who till the soil for the benefit of us all. Even without a \$200 billion deficit, a rescue mission of this magnitude would not likely gain political approval or public acceptance.

Present farm programs have a wealth of detractors and the media would have us believe that many farmers are nothing more than greedy, shiftless leeches sucking blood from the Federal Treasury. The rare news story which does not emphasize only the costs of the farm programs, goes to the other extreme in trying to pin the blame for current financial stress on the administration. Of course they generally fail to talk about the past mistakes in Government policy which have served to drive the costs of production sky high.

They do not tell the tale of the inflation during the last 3 years of the 1970's which pushed double-digit upper limits and interest rates in excess of 20 percent. Saddled with such tremendous increases in land and operating costs, it is no wonder that farming in this decade has become almost financially impossible. Add to these factors other policies which first encouraged expansion and production, then slammed shut the door on major export markets with ineffectual, selective embargoes. Considering these adverse economic elements, exacerbated by speculative lending binges in the commercial credit markets and fanned to an even hotter flame by misguided Government credit programs, one has to wonder that things are not even worse than they actually are.

Many now talk about making farm programs more market oriented. They insist that such changes in farm policy would allow American produced commodities and products to move in export trade more freely to the financial gain of the farmer. But this myopic view totally ignores the fact that our country has failed to formulate and implement a comprehensive, cohesive trade policy. We have failed to do those things necessary to ensure our own producers an opportunity to take advantage of their inherent competitive advantage in agricultural production.

For the past 5 years, Congress has been unable to summon the political courage necessary to forcefully address the predatory tactics of foreign competitors. We have been totally unwilling to say to our world trading partners that the day has come when their excessive production and export subsidies must end. We have waffled on the issue of demanding an end to their tariff and nontariff barriers which prevent the free flow of American goods and products into their countries.

So, Mr. President, I would urge my colleagues in the Senate to consider this modest proposal which I offer to help the most severely affected members of our farm population. Even more, I would also offer my sincere support of any and all efforts to strengthen the linkage between free and fair international trade rules and the orderly development of a long-term farm policy for this Nation's producers.

The Family Farm Homestead Protection amendment which I urge us to adopt today certainly is not intended to solve the serious, underlying problems facing American agriculture. Rather, it is a small -- but meaningful -- indication of the esteem in which the Congress holds those men and women of American agriculture who have devoted their time, talents, and energies to feed and clothe their fellow countrymen and women, and indeed much of the world.

This amendment is designed to help ease the pain currently experienced by those farm producers who simply will not survive the present crisis. Much of the personal and community shock which results from farm failures could be tempered if we could provide the farmer and his family some time to readjust their lives. What I am suggesting today for your consideration is a plan which would allow a bona fide family farmer to retain possession and occupancy of the family homeplace for a reasonable amount of time so that he can make the financial, emotional, and perhaps job training adjustments necessary to carry on a normal lifestyle.

The legislation would provide that a farmer who had occupied the family homeplace for at least 5 years and who had actually depended on farming for a livelihood could retain possession of the homestead residence and up to 10 acres of land for a period of 5 years following any bankruptcy, foreclosure or liquidation necessitated by his inability to pay farm indebtedness.

During this grace period he would pay Farmers Home Administration or the Small Business Administration, as the

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case may be, a portion of the family income as rent for the occupancy and use of the property. It will also help protect the land values which is a tremendous problem all across this country. If, by the end of the fifth year, the family could show repayment ability then they would be allowed to redeem the family homestead residence and the small amount of adjacent acreage.

Mr. President, this is such a reasonable approach to helping smooth the transition which some 120,000 farm producers will face if Secretary Blocks' estimates are correct. I think that we in Congress would be callous and cruel if we did not at least offer some type of escape valve for those who have devoted their best efforts only to see hopes and dreams of a lifetime dashed upon the rocks of faulty Government policies and stranded upon the reefs of unfair foreign trade tactics. I would suggest that this is probably the least we should do for these who have given in good faith their productive talents to the benefit of our country.

Let me suggest, Mr. President, that there should be little or no cost to the Treasury as a result of this proposal. In all probability the properties we are talking about would bring only a very small fraction of their book value if placed on today's depressed farm real estate market under forced sale. If held for 5 years they will certainly not bring any less should the family still be unable to redeem the homestead. They might even bring more at that time due to stabilization and improved economic conditions in the agricultural sector. During the grace period the Government would be receiving payments in the form of rent, which would further lessen the Treasury's loss on the original loan.

I have a great deal of confidence in the Members of the Senate and their knowledge about and concern for farm producers in this land. I simply urge constructive consideration of this suggestion. I will work with all of my concerned colleagues in every way possible to see this small flame of hope and opportunity kept alive for those in this distressed sector of our economy. Thank you.

I ask my colleagues to accept this amendment to this very important bill.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, this is a good amendment. I commend the able Senator from Georgia for offering it. In adopting such amendment, as he has indicated, the impact would be lessened on those Farmers Home Administration and Small Business Administration farm borrowers who find that continuation of their farming operation is not economically feasible. This measure would permit farm families who would lose their homes through foreclosure or liquidation, under certain circumstances, to remain living in their homes.

There is no doubt that the liquidation of a farming operation is a traumatic experience for the unfortunate farm family. Not only does the farmer lose his primary livelihood, but in many cases, he loses his residence if it was pledged as collateral for his farm indebtedness.

This amendment would enable significant numbers of farm families to continue living in their homes through the payment of reasonable rent to the Farmers Home Administration or the SBA and, hopefully, regain ownership within 5 years.

The committee bill, S. 1714, contains a provision which allows the Secretary of Agriculture broad discretion to settle claims of hopelessly delinquent FmHA borrowers. The bill provides for negotiations between the borrower and FmHA prior to liquidation or foreclosure to settle indebtedness. Hopefully, through such negotiations borrowers can retain some assets, specifically their homes.

The amendment offered by the Senator from Georgia would complement the "settlement of claims" provision in the committee bill. The language in this amendment requires the Secretary or the Small Business Administration to permit the borrower to rent back his residence and not more than 10 acres if the applicant is able to meet several eligibility requirements.

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Under this proposal, the family will pay a fair and equitable rent to continue living in the residence for up to 5 years during which time he would be able to purchase it back if his financial situations improves to the point where this is possible.

Mr. President, I believe this is a reasonable proposal that shows compassion for farm families who will experience the stress of liquidation or foreclosure in the future. I urge its adoption.

Mr. President, it has been cleared on this side. I urge adoption.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, I support Senator Mattingly's amendment and congratulate him for its introduction.

The amendment provides that if a farmer loses his home because it has been used as collateral on an FmHA and SBA loan, the farmer would be allowed, under certain conditions, to rent the residence from the Government for no more than 5 years.

Senator Mattingly's amendment would not interfere with the action taken by the committee. The committee agreed that the Secretary of Agriculture needed broader authority to settle the debt obligations of Farmer's Home Administration borrowers. This action was taken because the committee believed it was in the best interest of both the borrower and the Government to have greater flexibility to compromise repayment obligations.

The committee intended for the Secretary to work with severely delinquent borrowers, especially those who have adequately maintained security property and made every effort in good faith to live up to the terms of their loan agreement. This action would be taken prior to liquidation so that agreements could be reached that would allow the borrower to retain his home and some immediate real property thereby assisting the borrower in making a transition from agriculture to another livelihood.

I believe the Senator's amendment will help ease the trauma experienced by farmers and their families. I urge my colleagues to join me in supporting the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Georgia.

The amendment (No. 1057) was agreed to.

Mr. MATTINGLY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### AMENDMENT TO 1985 FARM LEGISLATION TO SAVE \$78.6 BILLION IN BUDGET OUTLAYS OVER THE NEXT 4 YEARS

Mr. THURMOND. Mr. President, I rise in support of the so-called Lugar-Dole compromise amendment. This compromise amendment would achieve savings of \$7.6 billion in budget outlays over the next 4 years.

Mr. President, under this amendment, target prices for feed grains, cotton, and rice in 1986 would be held to 1985 levels. The Secretary of Agriculture would be given authority to reduce target prices by up to 5 percent in each of the

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next 3 years. The amendment would also provide for an Acreage Reduction Program [ARP] for wheat. Other cost savings would be achieved by altering provisions in the conservation, export, and credit sections of the farm bill.

Mr. President, I believe that adoption of this amendment is a crucial step in the right direction. The amendment would make necessary adjustments in farm programs and thereby bring the projected spending levels under the farm bill closer in line with the budget resolution.

I was pleased that the Senate Agriculture Committee reported a farm bill which would give the Secretary of Agriculture discretion to low loan rates on feed grains, cotton, and rice. Lower loan rates would enable our farmers to better compete with foreign agricultural concerns. Fewer farmers would have their commodities placed under Government loan, thus saving valuable tax dollars.

However, as loan rates drop, deficiency payments for some farmers would rise to meet the target price. Therefore, any budget savings realized by lowering loan rates will be nullified if target prices are not also lowered to more realistic market levels.

According to the U.S. Department of Agriculture, \$83 out of every \$100 in direct payments last year went to farmers who were not facing severe financial stress. While we may temporarily help some farmers through deficiency payments, the end result would be an increase in the budget deficit, which already seriously threatens the financial health of our Nation's agricultural industry.

On this point, Mr. President, I would like to share with my colleagues the comments of two noted South Carolina agricultural economists. Professors J. Edwin Faris and Harold M. Harris, Jr., of Clemson University had the following to say regarding the impact of our huge Federal budget deficit on the farmer:

The result has been a strong U.S. dollar and high real interest rates. High interest rates are most harmful to highly capitalized industries dependent on borrowing, such as agriculture. The high value of the dollar is most injurious to industries dependent on export sales, such as agriculture. Because South Carolina farm income comes chiefly from export crops like soybeans, wheat, corn, cotton, and tobacco, the situation has been magnified here. Unless the Federal budget deficit is cured or partially monetized, South Carolina agriculture faces a difficult adjustment process. Thousands of South Carolina farmers will be forced from the land, and hundreds of millions of dollars worth of farm assets will be erased from the State's wealth as farm land values plummet.

In my opinion, this same analysis applies nationwide. It is clear that our current farm crisis is a fiscal crisis, characterized by farm foreclosures and farmer bank failures across the country. It is a cruel irony that the 1985 bumper crop, which should be a boon to our farmers, will only depress prices and hurt American farmers who suffer not from bad harvests, but financial circumstances largely beyond their control.

Spending more money and increasing the budget deficit will not help the farmer. The Farm Bureau in my home State of South Carolina has stated that the budget deficit is the farmer's biggest enemy. We have spent months proclaiming the need to balance the budget and reduce the Federal deficit. We passed a budget resolution that would accomplish those goals. The farm bill as reported by the Senate Agriculture Committee, however, is projected to cost almost \$20 billion more than what is provided for in the budget resolution. We must act now to bring farm program spending closer to the figures provided for in that resolution.

I commend the majority leader, Senator Dole, and Senator Lugar for their efforts to hammer out this compromise amendment to the farm bill. I urge my colleagues to support the Lugar/Dole amendment.

Mr. DOLE. Mr. President, it is my understanding that the managers of the bill are hoping that tomorrow morning we can lay down the dairy amendment and after the disposition of that amendment a number of others where we can set aside the pending amendment. We have had meetings in our offices this afternoon with the managers of the bill, myself, and Senator Melcher, and a series of other meetings today with farm representatives.

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It seems to me that we have known all along the big issue is going to be commodity price-support levels. Perhaps we can dispose of a number of other amendments in the interim. I find a willingness on both sides to do that. I thank my colleagues.

As I understand, the process is going on now to get a number of amendments ready to start on in the morning. Is that correct?

Mr. HELMS. That is correct.

Mr. Leader, if the majority leader will yield, I hope before we depart the Chamber this evening, to give you a list of four or five amendments that we will endeavor to dispose of tomorrow. The first one will be, if our hopes are realized, the dairy amendments or a dairy amendment.

Mr. DOLE. Let me indicate that it is almost imperative that we pass the bill this week. We can work late tomorrow night and Wednesday. Of course, on Thursday night the President will be addressing a joint session of Congress, so we will be in very late that evening and then again on Friday. It would seem to me it would be necessary to complete action this week so that the conference can start immediately after the recess and give the staff some time during the recess to lay out the differences in the various bills. It is our hope, or at least there is some glimmer of hope, that we might be able to work that out.

Mr. HELMS. Mr. President, if the distinguished majority leader will yield, is it too early to have both sides explore the possibility of time agreements on these amendments?

Mr. DOLE. I do not believe so.

The question is whether it is too early to explore time agreements. I know you have disposed of two or three amendments in fairly quick order. That leaves only 87 pending. I would guess that a good two-thirds of those may never be offered. I understand there is a willingness on both sides to enter into time agreements on certain specified amendments.

Mr. ZORINSKY. That is correct. We certainly have no objection to taking up the dairy bill in the morning. However, there is one Senator arriving shortly after caucus time. But we will notify all Senators that the vote will be sometime after the caucus.

Mr. DOLE. That will be up to the managers.

If we can follow up the dairy debate with another amendment, maybe there can be a couple of votes after the policy luncheons.

I thank my colleagues.

Mr. HELMS. Mr. President, in order to facilitate plans that we hope will materialize, let me do again what I have previously done this afternoon. That is to ask unanimous consent that when the Senate resumes S. 1714 tomorrow the motion to recommit and amendments thereto and the Stevens amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, for the purpose of which amendment? The dairy amendment?

Mr. HELMS. That is correct.

Mr. MELCHER. That is part of the request?

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Mr. HELMS. Yes.

Mr. President, I suggest the absence of a quorum.

Mr. BYRD. Reserving the right to object, Mr. President.

Mr. President, I apologize for delaying the Senate and delaying the parties who are having a colloquy in regard to the legislation pending. I remove my reservation.

I just wanted to be doubly sure. I had not been in on any of the earlier conversations. That is nobody's fault, but I just wanted to be sure this was cleared with some of the Senators who are absent.

I remove my objection.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, we understand on this side that there may be some little problem with that specific hour, but I hope that Senators will make appropriate accommodations to be over here and on the amendment. It is an important amendment and probably will give some indication of what happens to later amendments.

I think there is a willingness, from what I can determine this afternoon, on all sides to try to do something this week to get the bill into conference. We are exploring a number of possibilities on both sides. I think as far as this Senator knows, having met with the wheat growers, the corn growers, the farm credit people, and OMB today, everybody had pretty much the same view, along with others of my colleagues.

Mr. President, let me add one item. I think I understand this. Obviously, when an amendment comes up on dairy, it could be amended with anything else. It is my understanding that we are operating in good faith on both sides trying to dispose of some amendments. We are not going to have every amendment amended with a 4-year freeze or a 1-year freeze or whatever. Is that the understanding of the other side?

Mr. HELMS. That is my understanding, Mr. President, and I believe it is of all those who are interested in this legislation.

Mr. ZORINSKY. That is my understanding, also, Mr. President.

**SUBJECT:** AGRICULTURAL LAW (89%); AGRICULTURAL SUBSIDIES (79%); FARMERS & RANCHERS (79%); EXPORT TRADE (79%); AGRICULTURAL INCOME (59%); EXPORT PRICES (59%); BUDGET (59%); AGRICULTURAL PRICES (59%); PUBLIC POLICY (59%); LEGISLATIVE BODIES (59%); AGRICULTURAL MARKETING (59%); AGRICULTURE (59%); GOVERNMENT BUDGETS (59%); AGRICULTURAL LENDING (59%); APPROPRIATIONS (59%); AGRICULTURE REGULATION & POLICY (59%); POLITICAL PARTIES (59%); LEGISLATORS (59%); AGRICULTURE DEPARTMENTS (59%); FOOD CHARITIES (59%);